



**U. S. DEPT. OF THE INTERIOR**  
**OFFICE OF SURFACE MINING**  
**Mine Site Evaluation**  
**State Program**

NOV 09 2010



1. Permittee/Person <b>CANYON FUEL CO</b>		9. Permit Number <b>UT-007-005</b>	10. Permit Type <b>PP</b>
2. Address <b>225 NO. 5TH ST SUITE 900</b>		11. Field Visit Date <b>10/20/2010</b> <small>mm - dd - yyyy</small>	12. Purpose <b>O</b>
3. City <b>Grand Junction</b>	4. State <b>CO</b>	13. SRA Present <b>Y</b>	14. Permit Status <b>A</b>
5. Zip Code <b>81501</b>	6. Phone Number <b>(970) 263-5130</b>	15. Site Status <b>AP</b>	16. Facility Type <b>BEFG</b>
7. Operator Name, if Different than Permittee		17. OSM Office # <b>140</b>	18. CCID #
8. Mine Name <b>SKYLINE MINE</b>		19. Land Code <b>SF</b>	20. M.S.H.A ID # <b>42-01566</b>
		21. State Abrev. <b>UT</b>	22. County Name <b>CARBON</b>
		23. AVS Permittee Entity ID Number <b>060080</b>	24. State Office

25. Hours	26. Signature Block	27. Reviewing Official:
<b>3.0</b> a. Permit Review	<i>Christine Belka</i>	<i>J. F. [Signature]</i>
<b>5.0</b> b. Site Visit Time	Signature: <b>Christine Belka ID # 182</b>	Signature:
<b>12.0</b> c. Travel Time	Printed Name:	Review Date: <b>11/2/2010</b> <small>mm - dd - yyyy</small>
<b>4.0</b> d. Report Writing	Date: <b>11/02/2010</b>	Is Supplemental MSE Page Used Y/N <b>Y</b>

Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12

Oxx... Oversight  
 Axx... Assistance

RFx... Reclamation Fees  
 Fxx... Federal Actions

CCR... Citizen Complaint Referral (non site visit)  
 CC... Citizen Complaint (initial site visit)  
 CCF... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14

A... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.  
 IN... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.  
 BR... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)

AB... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)  
 AB1... Bond Forfeiture: Bond forfeiture officially in process or completed, and, reclamation in progress or not yet commenced.  
 AB2... Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.  
 AB3... Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.  
 NA... Not Applicable: When site is unpermitted.

Site Status Codes — Item 15

ND... No Disturbance: No coal mining and reclamation operations have been started.  
 EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.  
 AP... Active Coal Producing: Coal surface mining activities are occurring.  
 AN... Active Non-Producing: Active non-producing facility such as tipple or preparation plant.  
 NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.

MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.  
 TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).  
 P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.  
 P2... Phase II Release: At least Phase II bond release for the entire permitted area.  
 P3... Phase III Release: Reclamation completed and the RA has released all bond.

NS... Non-Site Visit: Status of site not determined.  
 FP... Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.  
 FR... Forfeited and Reclaimed: Forfeiture reclamation completed.  
 FO... Abandoned Site: Abandoned site that is permitted but there is no bond.  
 WC... Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes — Item 16

A... Surface  
 B... Underground  
 C... Preparation Plant

D... Ancillary (Haulroad, Conveyor, and/or Rails)  
 E... Refuse and/or Impoundment  
 F... Loading Facility and/or Tipple  
 G... Stockpiles

H... Exploration Permits  
 I... Notice of Intent to Explore  
 J... Exempt 16 and 2/3  
 K... Government Financed Construction Exemption

L... Remining site permitted under 30 CFR 785.25

**Small Business Regulatory Enforcement Fairness Act (SBREFA)**  
**Your Comments Are Important**

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a-business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

# U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

## Mine Site Evaluation

State Program  
Continuation Page

Permittee/ Person CANYON FUEL CO

Permit Number UT-007-005

Field Visit Date 10/20/2010

### 28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

- |   |  |   |
|---|--|---|
| <p><b>A. Administrative</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Mining within Valid Permit</li> <li>2. <u>1</u> Mining within Bonded Area</li> <li>3. <u>1</u> Terms &amp; Conditions of Permit</li> <li>4. <u>1</u> Liability Insurance</li> <li>5. <u>1</u> Ownership and Control</li> <li>6. ___ Temporary Cessation</li> <li>7. ___ AML Rec. Fees -- Non-Respondent</li> <li>8. ___ AML Rec. Fees -- Failure to Pay</li> </ol> <p><b>B. Hydrologic Balance</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Drainage Control</li> <li>2. <u>1</u> Inspections &amp; Certifications</li> <li>3. <u>1</u> Siltation Structures</li> <li>4. <u>1</u> Discharge Structures</li> <li>5. <u>1</u> Diversions</li> <li>6. <u>1</u> Effluent Limits</li> <li>7. ___ Ground Water Monitoring</li> <li>8. <u>1</u> Surface Water Monitoring</li> <li>9. ___ Drainage -- Acid-Toxic Materials</li> <li>10. <u>1</u> Impoundments</li> <li>11. ___ Stream Buffer Zones</li> </ol> <p><b>C. Topsoil &amp; Subsoil</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Removal</li> <li>2. ___ Substitute Materials</li> <li>3. <u>1</u> Storage and Protection</li> <li>4. ___ Redistribution</li> </ol> | <p><b>D. Backfilling &amp; Grading</b></p> <ol style="list-style-type: none"> <li>1. ___ Exposed Openings</li> <li>2. ___ Contemporaneous Reclamation</li> <li>3. ___ Approximate Original Contour</li> <li>4. ___ Highwall Elimination</li> <li>5. ___ Steep Slopes (includes downslope)</li> <li>6. ___ Handling of Acid &amp; Toxic Materials</li> <li>7. ___ Stabilization (rills and gullies)</li> </ol> <p><b>E. Excess Spoil Disposal</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Placement</li> <li>2. <u>1</u> Drainage Control</li> <li>3. <u>1</u> Surface Stabilization</li> <li>4. <u>1</u> Inspections &amp; Certifications</li> </ol> <p><b>F. Coal Mine Waste (Refuse Piles/Impoundments)</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Drainage Control</li> <li>2. <u>1</u> Surface Stabilization</li> <li>3. <u>1</u> Placement</li> <li>4. <u>1</u> Inspections and Certifications</li> <li>5. <u>1</u> Impounding Structures</li> </ol> <p><b>G. Use Of Explosives</b></p> <ol style="list-style-type: none"> <li>1. ___ Blaster Certification</li> <li>2. ___ Distance Prohibitions</li> <li>3. ___ Blast Survey/Schedule</li> <li>4. ___ Warnings &amp; Records</li> <li>5. ___ Control of Adverse Effects</li> </ol> | <p><b>H. ___ Subsidence Control Plan</b></p> <p><b>I. Roads</b></p> <ol style="list-style-type: none"> <li>1. ___ Road Construction</li> <li>2. ___ Certification</li> <li>3. ___ Drainage</li> <li>4. ___ Surfacing and Maintenance</li> <li>5. ___ Reclamation</li> </ol> <p><b>J. Signs &amp; Markers</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Signs</li> <li>2. <u>1</u> Markers</li> </ol> <p><b>K. ___ Distance Prohibitions</b></p> <p><b>L. Revegetation</b></p> <ol style="list-style-type: none"> <li>1. ___ Vegetative Cover</li> <li>2. ___ Timing</li> </ol> <p><b>M. ___ Postmining Land Use</b></p> <p><b>N. Other</b></p> <p style="margin-left: 20px;">General _____</p> <p style="margin-left: 20px;">Performance _____</p> <p style="margin-left: 20px;">Category _____</p> <p style="margin-left: 20px;">___ 1) _____</p> <p style="margin-left: 20px;">___ 2) _____</p> <p style="margin-left: 20px;">___ 3) _____</p> |
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#### Performance Standard Categories 30 CFR Counterpart

<p><b>A. Administrative.....(816/817.22)</b></p> <ol style="list-style-type: none"> <li>1. Valid Permit.....773.11</li> <li>2. Mining within Bonded Area.....773.11</li> <li>3. Terms &amp; Conditions of Permit.....773.17</li> <li>4. Liability Insurance.....800.60</li> <li>5. Ownership and Control.....778.13</li> <li>6. Temporary Cessation.....842.11(e) &amp; 816/817.131</li> <li>7. AML Rec. Fees -- Non-Respondant.....870.15(b)</li> <li>8. AML Rec. Fees -- Failure to Pay.....870.15(a)</li> </ol> <p><b>B. Hydrologic Balance.....(816/817.41-57)</b></p> <ol style="list-style-type: none"> <li>1. Drainage Control.....45</li> <li>2. Inspections &amp; Certifications.....49(a)(10)</li> <li>3. Siltation Structures.....46</li> <li>4. Discharge Structures.....47</li> <li>5. Diversions.....43</li> <li>6. Effluent Limits.....42</li> <li>7. Ground Water Monitoring.....41(c)</li> <li>8. Surface Water Monitoring.....41(e)</li> <li>9. Drainage--Acid - Toxic Materials.....41(f)</li> <li>10. Impoundments.....49</li> <li>11. Stream Buffer Zones.....57</li> </ol> <p><b>C. Topsoil &amp; Subsoil.....(816/817.22)</b></p> <ol style="list-style-type: none"> <li>1. Removal.....22(a)</li> <li>2. Substitute Materials.....22(c)</li> <li>3. Storage and Protection.....22(c)</li> <li>4. Redistribution.....22(d)</li> </ol> <p><b>D. Backfilling &amp; Grading.....(816/817.95-107)</b></p> <ol style="list-style-type: none"> <li>1. Exposed Openings.....816/817.13, 14, 15, &amp; 823.11 &amp; 21</li> <li>2. Contemporaneous Reclamation.....100</li> <li>3. Approximate Original Contour.....102(a)(1)</li> <li>4. Highwall Elimination.....102(a)(2)</li> <li>5. Steep Slopes (includes downslope).....107</li> <li>6. Handling of Acid &amp; Toxic Materials.....102(c)</li> <li>7. Stabilization (rills and gullies).....95(b)</li> </ol>	<p><b>E. Excess Spoil Disposal.....(816/817.71-74)</b></p> <ol style="list-style-type: none"> <li>1. Placement.....71(e)</li> <li>2. Drainage Control.....71(f)</li> <li>3. Surface Stabilization.....71(g)</li> <li>4. Inspections &amp; Certifications.....71(h)</li> </ol> <p><b>F. Coal Mine Waste (Refuse Piles/Impoundments) .....(816/817.81-84)</b></p> <ol style="list-style-type: none"> <li>1. Drainage Control.....83(a)</li> <li>2. Surface Stabilization.....83(b)</li> <li>3. Placement.....83(c)</li> <li>4. Inspections and Certifications.....83(d)</li> <li>5. Impounding Structures.....84</li> </ol> <p><b>G. Use of Explosives.....(816/817.61-68)</b></p> <ol style="list-style-type: none"> <li>1. Blaster Certification.....61(c)</li> <li>2. Distance Prohibitions.....61(d)</li> <li>3. Blast Survey/Schedule.....62-64</li> <li>4. Warnings &amp; Records.....66 &amp; 68</li> <li>5. Control of Adverse Effects.....67</li> </ol> <p><b>H. Subsidence Control Plan.....(817.121-122)</b></p> <p><b>I. Roads.....(816/817.150-151)</b></p> <ol style="list-style-type: none"> <li>1. Road Construction.....150(c)</li> <li>2. Certification.....151(a)</li> <li>3. Drainage.....150(b)-151(d)</li> <li>4. Surfacing and Maintenance.....150(e)-151(d)</li> <li>5. Reclamation.....150(f)</li> </ol> <p><b>J. Signs &amp; Markers .....(816/817.11)</b></p> <ol style="list-style-type: none"> <li>1. Signs.....11(a),(b),&amp;(c)</li> <li>2. Markers.....11(a),(b),(d),(e),&amp;(f)</li> </ol> <p><b>K. Distance Prohibitions.....(761.11)</b></p> <p><b>L. Revegetation.....(816/817.111-116)</b></p> <ol style="list-style-type: none"> <li>1. Vegetative Cover.....111 &amp; 116</li> <li>2. Timing.....113</li> </ol> <p><b>M. Postmining Land Use.....(816/817.133)</b></p>
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## Skvline Complete Oversight Inspection

Utah Division of Oil, Gas and Mining Permit ID # C/007/0005  
Wednesday October 20, 2010 10:30 – 3:30

### Participants:

Gregg Galecki, Canyon Fuel Company (CFC)  
Karl Houskeeper, Division of Oil, Gas and Mining (DOGGM)  
Christine Belka, Office of Surface Mining (OSM), Badge ID # 182

Weather conditions: clear, warm (50's), recent rain

### Signs and Markers

Mine identification signs are in place at all mine access points from the county road except at the new Winter Quarters vent shaft pad (currently under construction, sign has been ordered). Blue disturbed area markers are in place around all disturbed areas. Silt fence is also installed around coal piles to aid in retaining coal within approved areas. The explosives storage area was well marked and maintained. All topsoil piles are marked except the pile currently under construction at the Winter Quarters vent shaft pad. This topsoil pile will be seeded and top dressed this fall and a sign will be installed. Stream buffer zone signs will also need to be installed at the edge of the Winter Quarters vent shaft pad.

### Hydrology/Sediment Control

The Facilities Area Pond (001) was recently cleaned. Bottom elevations were being surveyed at the time of inspection to determine current capacity. The Loadout Pond (002) was holding water but not discharging. Turbidity curtains are in place in both ponds. Silt fence surrounding the coal stockpile at the loadout area is meant to assist in retaining coal material atop the pad; straw bales provide sediment control between the pad area and Eccles Creek.

The Waster Rock Site Pond (003) was holding water but not discharging. All diversions were clear and well-maintained. The main topsoil pile by the facilities area is well-vegetated. The small topsoil pile by the waste rock site is sparser, but does not currently pose an erosion concern.

### Waste Rock Site

Coal material has been "remined" from the refuse pile, adding capacity without the need to expand the pile. Slopes are stable and runoff reports to the pond. Small topsoil pile is composed of imported material (pre-law area). A sinkhole by the topsoil pile formed over historic mine workings. An old Abandoned Mine Lands project area is adjacent to the waste rock site.

### Current Construction

The Winter Quarters vent shaft pad is currently under construction. The Hilfiker wall is being constructed in lifts (approximately 24" lifts) and the pad area is being cleared of topsoil and leveled. The substation pad within the 2.34 ac disturbance area has been completed. The electrical substation will be installed next spring. Two types of ventilation entry have been permitted (vertical and slope), but CFC may elect to only install one. This will be decided next

year. Fence posts have been installed along the upper portion of the pad area, fencing material will be installed soon. Signs have not been installed yet (noted above).

General Notes

The facilities / materials storage areas are orderly. Explosives containment structures are well-maintained and labeled. A temporary gob pile has been established by the Facilities Area Pond (001). This material will be washed and sent to the Savage Coal Terminal.

Records check:

Quarterly pond inspection reports current through October 18, 2010

Waste rock site inspection report October 19, 2010

DOGM permit renewal April 30, 2005

DOGM /OSM inspection reports dated 2005 through 2007 kept in paper file, recent inspection reports are maintained electronically

Performance bond of \$5,137,000 held through St. Paul Fire and Marine

Liability insurance through Acord expires July 31, 2011

UPDES permit UT0023540 renewed December 1, 2009

Discharge monitoring reports current through September 2010 (submitted October 18, 2010)

SPCC Plan updated October 18, 2010

Division of Air Quality annual emissions inventory not required, as specified in a January 28, 2010 letter from DAQ to CFC

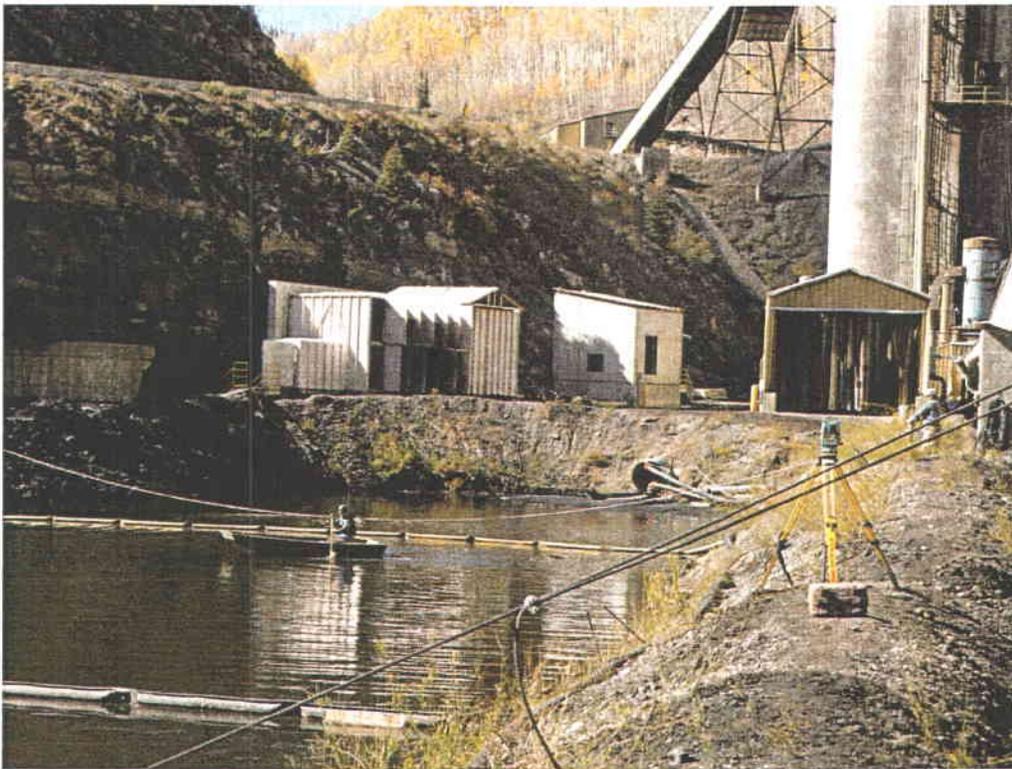
Maintenance items noted:

Install signs and markers at Winter Quarters vent shaft pad (mine identification, topsoil, stream buffer zone). No violations were issued as a result of this inspection.

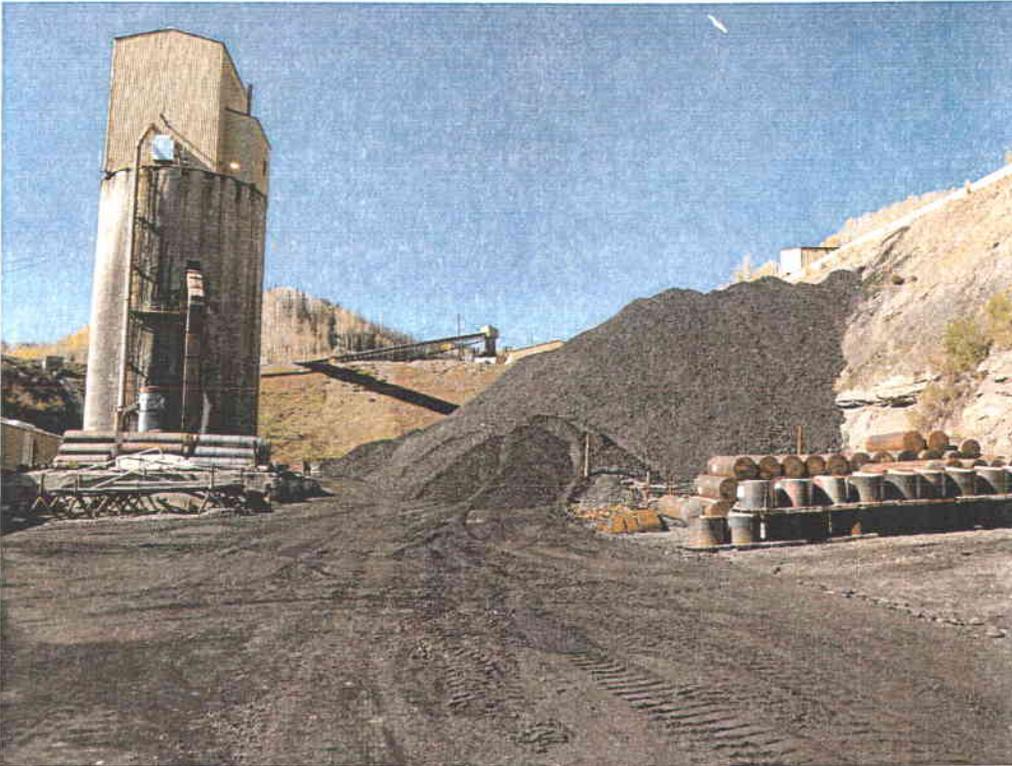
Photographs taken:



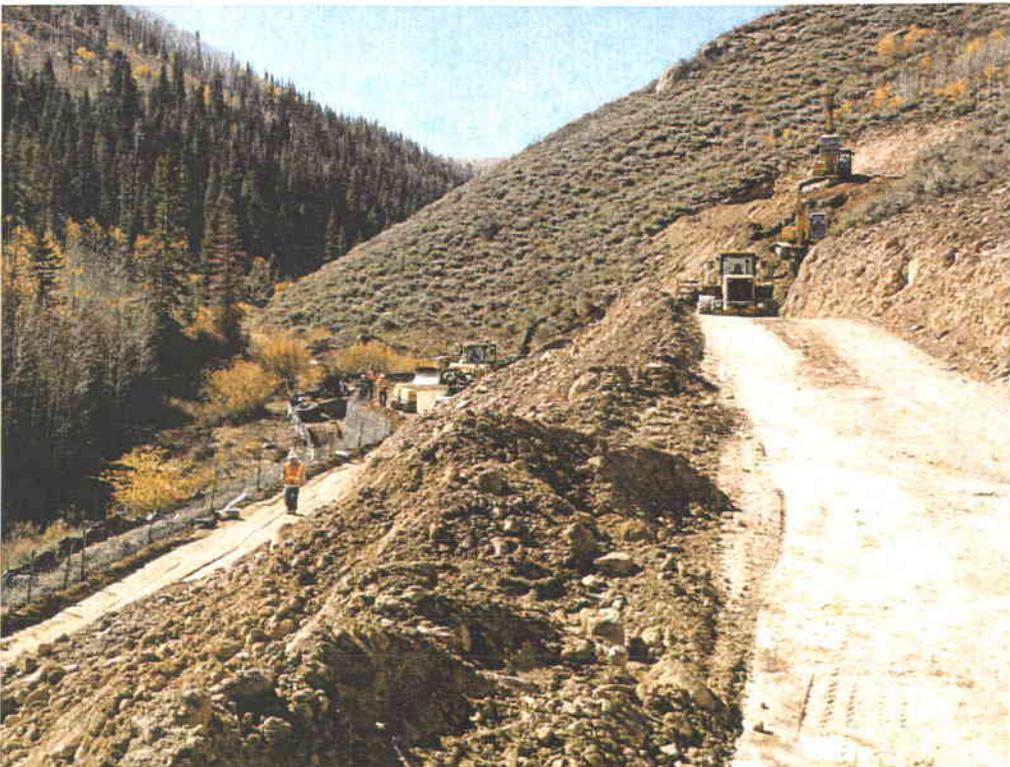
Facilities area topsoil stockpile - well vegetated and marked.



Mine staff surveying pond bottom elevation, estimating capacity.



Temporary gob pile - to be removed.



Winter Quarters vent shaft pad under construction.