

Outgoing
C0070005
#3519
R



JON M. HUNTSMAN, JR.
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Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

June 9, 2010

Wess Sorenson, Mine Manager
Canyon Fuel Company, LC
HC 35 Box 380
Helper, Utah 84526

Subject: 2009 Annual Report Review, Skyline Mine, C/007/0005, Task ID #3519, Outgoing File

Dear Mr. Sorenson:

The Division staff has completed the 2009 Annual Report Review. Enclosed is a copy of the review for Skyline Mine, C/007/0005 completed on June 7, 2010.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Permit Supervisor

DRH/sqs
Enclosure
O:\007005.SKY\FINAL\reviewletter.doc

This Annual Report shows information the Division has for your mine. Please review the information to see if it is current. If the information needs to be updated please do so in this document. At the end of each section the operator is asked to verify if the information is correct. Please answer these questions and make all comments on this document. Submit the completed document and any additional information identified in the Appendices to the Division by April 30, 2010. During a complete inspection an inspector will check and verify the information. To enter text, click in the cell and type your response. You can use the tab key to move from one field to the next. To enter an X in a box, click next to the box, right click, and select properties, then the checked circle, then hit enter, or hit the unchecked circle if the X is to be removed.

GENERAL INFORMATION

Permittee Name	Canyon Fuel Company, LLC
Mine Name	Skyline Mine
Operator Name (If other than permittee)	
Permit Expiration Date	April 30, 2012
Permit Number	C/007/0005
Authorized Representative Title	Wess Sorensen, Mine Manager
Phone Number	(435) 448-2619
Fax Number	(435) 448-2632
E-mail Address	wsorensen@archcoal.com
Mailing Address	Skyline Mine HRC 35 Box 380 Helper, UT 84526
Designated Representative	Gregg Galecki
Resident Agent	Corporation Trust Company
Resident Agent Mailing Address	Corporation Trust Company 1209 Orange Street Wilmington, DE
Number of Binders Submitted	2

Operator, please update any incorrect information.

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expiration Date
MSHA Mine ID(s)	1211-UT-09-01566	Skyline Mine #3	N/A
	1211-UT-0901566-01	Skyline Mine Waste Rock Disposal	N/A
MSHA Impoundment(s)	None		
NPDES/UPDES Permit(s)	UT 0023540-01, 02, 03	UPDES Permit for Skyline Mine, Rail Loadout, Waste Rock Disposal Site, Winter Quarters Ventilation Pad.	11/30/14
Storm Water Permit	UT0023540	Incorporated into UPDES Permit	11/30/14
PSD Permit(s) (Air)	10092	Official Site Identification	N/A
	147-98	Approval Order	

Other

MSHA Mine ID(s)	1211-UT-09-01566-03	Skyline Temporary Waste Rock Disposal Site	N/A
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Operator, please update any incorrect information.

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

Certified Reports:	Required		Included Included	or DOG M file location Vol, Chapter, Page
	Yes	No		
Excess Spoil Piles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Refuse Piles	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Submitted via email on 4/13/09, 7/23/09, 11/3/09, 1/25/10.
Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Submitted via email on 1/25/10.
Other				

Operator Comments:**Inspector:**

Has the operator complied with this section? Yes No

Inspector Comments: Information was submitted via emails as indicated above. Information not replicated in the 2009 annual report. Information is currently on file with the Division.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Admin R645-301-100
Soils R645-301-200

Title: WASTE ROCK SAMPLING

Objective: To document chemical characteristics and support reclamation plan using less than four feet of cover and to protect surface and groundwater.

Frequency: During periods of deposition at the waste rock site.

Status: Quarterly sampling, 1 sample per 2000 tons hauled to disposal site.

Reports: Annual reporting.

Citation: Vol. 3, Section 4.4, pg. 4-30, 2nd para. And 1988 Soils Guidelines Table 6.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Skyline deposited only approximately 900-1,000 tons of material to the site in 2009. Material consisted of native colluvium that had accumulated under the Overland conveyor.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: The amount deposited to the site is under the 2,000 ton limit requiring sampling during this time frame.

Soil Scientist Comments: Inspection Report 2109 outlines the conditions at the waste rock site on August 25, 2009 as follows: "143,000 Tons of coal mine waste was removed from the site since June 2008. There has been no expansion upslope as described in the MRP. The upper terrace at the site has expanded into the NE draw to accommodate a waste rock pile (3% of the 143,000 Tons or approximately 4,000 Tons of waste rock) and topsoil and subsoil piles."

Title: SUBSOIL SAMPLING AT WASTE ROCK SITE.

Objective: To provide chemical characteristics of purchased subsoil.

Frequency: Sample purchased subsoil for parameters in Table 1 of the Utah 1988 Guidelines.

Status: Ongoing with contemporaneous reclamation at the waste rock site.

Reports: None specified. Suggest verbal communication with Division and lab analysis to be included in bond release application.

Citation: Vol. 3, Section 4.6.4.1, pg. 4-38a, 3rd para. And pg. 4-38b.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Skyline Mine did not purchase any subsoil in 2009 for contemporaneous reclamation activities.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: No subsoil was purchased in the current review period of 2009.

Title: SAMPLING PRIOR TO SLURRY PLACEMENT IN ABANDON UNDERGROUND WORKINGS.**Objective:** Protection of groundwater.**Frequency:** Every 450 ft. of advance.**Status:** Ongoing.**Reports:** Notification if parameters are out of compliance with Guidelines for Topsoil and Overburden.**Citation:** Volume 2, Incorporation of 97K-1and Section 1.2 (at the end of Section 3.2) and Section 3.2.8.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

Skyline did not pump any slurry into abandoned underground workings in 2009.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** No slurry placement underground occurred in 2009.**Title: SAMPLING OF WASTE ROCK IN TEMPORARY STOCKPILES.****Objective:** Protection of surface and groundwater.**Frequency:** If remains in temporary location longer than three months.**Status:** 1 sample/ 2000 tons of temporary stockpiled material.**Reports:** Annual reporting not specified, but assumed to be the same as disposal site sampling (previous paragraph on same page).**Citation:** Vol. 3, Section 4.4, pg. 4-30, 3rd para. And 1988 Soils Guidelines Table 6.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

The temporary stockpile remained small throughout 2009, requiring no sampling.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** The size of the temporary material was not large enough to require a sample in 2009.

Title: CULTURAL RESOURCES

Objective: If during the course of mining operations, previously unidentified cultural resources are discovered, the Permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the Permittee of necessary actions required. The Permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.

Frequency: As needed.

Status: Ongoing.

Reports: Annual.

Citation: Permit Condition Sec. 16.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

No previously unidentified cultural resources were discovered in 2009.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: No unidentified cultural resources were discovered in 2009.

Title: MACROINVERTEBRATE SURVEYS

Objective: To determine if mining and mining related activities are impacting the perennial streams located in Woods, Eccles, Burnout and James Canyons.

Frequency: Fall and Spring every three years beginning in 2007.

Status: Sampling has been conducted in 2007 and 2008. Next sampling date is fall 2011

Reports: Annual.

Citation: Appendix A-3, Volume 2, The Macro benthos of Burnout and James Canyon Creek. Benthos of Boardinghouse & Eccles Creek, Fall 2001. Macroinvertebrates of Eccles Creek, October 2004. Volume 1A, Section 2.8, pages 2-71, 71A, B, C, Section 2.8, table 2.8-1a.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

The 2007-2008 reports for James, Burnout, Eccles, Woods Canyons are submitted.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: A macroinvertebrate survey has been submitted with the 2009 annual report. The report needs to be reviewed by the assigned Division Hydrologist.

Hydrologist comments: Three reports were submitted: the Winter Quarters and Woods Creeks report documents pre-mining subsidence conditions; the Eccles Creek report mainly addresses the effects of the increased discharge from the mine, and the Burnout – James Canyon Creeks report reflects impacts from subsidence.

Biologist Comments:

Dr. Shiozawa conducted the James Canyon and Burnout Creek surveys in September of 2007 and July 2008. Three samples were taken in both canyons with a modified box sampler. Both Canyons had fewer taxa than previous years. Total invertebrate densities in both streams declined but were within expected ranges. Biomass was low or normal in both canyons. According to the CTQa value, burnout canyon had a slight decrease in habitat quality and James canyon had a slight increase in habitat quality. Burnout canyon's low taxa, low density, diversity and very low biomass may be due to high density of small tiger trout in the stream and high runoff resulting in over-bankfull discharge. The change in data at James Canyon may have been caused by the reinvasion and successful reproduction of trout.

Dr. Shiozawa conducted the winter canyon and wood's canyon surveys in October 2007 and July 2008. These data provide the second year baseline data for the canyons prior to undermining. Between 2003 and 2008 (both baseline monitoring years) there has been some variation in data. These variations could be due to stream side grazing, increased surface runoff, or other environmental factors. This variation will be important to note when looking at future studies during and after undermining.

Dr. Shiozawa conducted the Eccles Creek macroinvertebrate survey in September of 2007 and July of 2008. This survey was conducted to monitor changes caused by the increased water discharge into the stream. Some measures such as total density and CTQa indicate a considerable improvement in habitat quality of a few sites between 2001 and 2007. However, all other measures indicated that Eccles Creek has not yet recovered from the increased flow. Due to the gradient of the stream channel and the increased discharge, Dr. Shiozawa concluded that the stream cannot return to its previous state. The stream would only possibly recover with a reduction of flow or an increased input of loose, coarse material into the stream. The discharge into eccles creek will cease after reclamation of the mine. The mine is responsible for restoring the stream health and habitat to baseline conditions.

Title: FISH SURVEYS

Objective: To determine if mining and mining related activities are impacting the perennial streams located in Eccles Canyon.

Frequency: In the Fall Every three years beginning in 2007.

Status: Ongoing. Most recent surveys were conducted in 2007. Next survey due in 2010.

Reports: Annual.

Citation: Volume 1A, Section 2.8, page 2-71.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

The next scheduled electro fishing exercise is in 2010.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: Not required this year, 2009.

Title: Vegetation survey program for the Winter Quarters and Woods Stream channels.

Objective: Baseline and monitoring surveys for vegetation along stream channels.

Frequency: Baseline survey of entire length of channels in 2005, monitoring surveys two years prior and during undermining of specific lengths of the channels, and follow-up surveys two years after undermining.

Status: Ongoing

Reports: Division's Annual Report

Citation: Vol. A-2 2nd volume; Vol. A-3 2nd volume.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

The Mt. Nebo report is included with this report.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: Dr. Patrick Collins of Mt. Nebo Scientific conducted The Riparian Plant Community Monitoring Report in 2009. Baseline and yearly monitoring data has been collected in specific stream reaches before, during and after mining since 2005. The 2009 sample sites were located in Winter Quarters Canyon including the section 11 drainage, no name drainage, box canyon, and bob's canyon. Overall, the forage trend was stable in the monitoring sites. Some sites had a slight decrease in riparian vegetation width.

Title: TOPSOIL SAMPLING.**Objective:** To determine fertilizer application rate.**Frequency:** At final reclamation sample topsoil for N, P, K, Fe, Mg, Mn, Zn, Ca and pH.**Status:** Analysis of redistributed topsoil.**Reports:** None specified. Suggest verbal communication with Division and lab analysis to be included in bond release application.**Citation:** Vol. 3, Section 4.5, pg. 4-32, 2nd para.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

No soil was redistributed in 2009.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** No information submitted in the 2009 annual report.

Landuse, Cultural Resources, Air Quality R645-301-400

Engineering R645-301-500

Geology R645-301-600

Hydrology R645-301-700

Title: Age-monitoring of Water.**Objective:** Understand possible sources of groundwater inflows**Frequency:** When inflows of 800 gpm are encountered.**Status:** No significant inflows in the North Lease.**Reports:** As needed.**Citation:** Volume 1, Page 2-35b, Paragraph 2.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

No sustained inflows > 800 gpm have been encountered in the North Lese area of Mine #3. No additional age dating water analysis was collected in 2009.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** No new inflows of 800 gpm were encountered in 2009. No information or samples are included in the 2009 annual report.

Title: Measurement of Sediment Yield.**Objective:** Understand how much excess sediment the mine is contributing to Eccles Creek.**Frequency:** Annually.**Status:** Ongoing.**Reports:** Annually.**Citation:** Volume 1a, Page 2-43a, Paragraph 2.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

This study was discontinued per section 2.4.4 (pages 2-45 and 2-46 of (M&RP). Average discharges are currently below 5,000 gpm.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** No longer required.**Title: North Lease Perennial Stream Flow Measurement.****Objective:** Understand the impact of longwall mining on perennial portions of streams in Winter Quarters and Woods Canyons.**Frequency:** Monthly, June through October and when accessible, 1 year prior to, during and 1 year after undermining.**Status:** Ongoing.**Reports:** Quarterly to database - we should ask for a better map, or list of undermined dates for these sites yearly, otherwise it is impossible to tell if they are within the timeframes.**Citation:** Volume 1a, Page 2-44a, Paragraph 5.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

Monthly monitoring was conducted June through October 2009 with the information provided in the Database. An amendment to the monitoring program was approved in 2009, which reduced the number of sampling locations based on multiple year monitoring. Additional monitoring sites will be added and dropped from the program as mining advances.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:** Information provided in the database. This information should be reviewed by the assigned Division Hydrologist to determine the content and applicability.**Hydrologist comments:** The "NL"-series of monitoring stations monitor flow in perennial reaches of streams in Winter Quarters and Woods Canyon for one year prior to, during, and one year after longwall undermining. The data have been included with the quarterly data submittals.

Monitoring was discontinued at NL-13 and NL-14 because Panel 1-Left completed undermining that reach of stream in November 2006. Based on past results, the plan was amended in 2009. The spacing between these "NL"-series monitoring points was extended to approximately 850 feet, with the remaining sites located roughly at the center of the panels while those over the gate roads have been dropped.

Drawing 2.3.6-2 should be updated *at least* annually to show the relationship of these monitoring points to the progress of the longwall operation and the updated map included in the Annual Report.

Title: Monthly Reporting of Pumped Flows to Electric Lake and Eccles Creek.

Objective: Be aware at all times, of the volume of water being pumped out of the Skyline Mine, and to which drainage.

Frequency: Cumulative monthly flows.

Status: Ongoing.

Reports: Monthly - first week.

Citation: Permit Condition 2.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

The information continues to be updated and provided to the Division on a monthly basis.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: Information is submitted to the Division on a monthly basis and is on file with the Division.

Bonding & Insurance R645-301-800

Other Commitments

*Reminder: If equipment has been abandoned during 2009, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments: No additional information submitted in the 2009 annual report.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to

ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

Legal / Financial Update **Required** **Included** **or** **DOGM File location**
 Yes No Included Vol, Chapter, Page

Department of Commerce, Annual Report Officers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other				
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Submitted by V. Miller in March 2020. Stand-alone Volume "General Chapter 1".

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments: On file with the Division.

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2009, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Confidential information is limited to:

R645-300-124.310. Information that pertains only to the analysis of the chemical and physical properties of the coal to be mined, except information on components of such coal which are potentially toxic in the environment.

R645-300-124.330. Information on the nature and location of archeological resources on public land and Indian land as required under the Archeological Resources Protection Act of 1979 (P. L. 96-95, 93 Stat. 721, 16 U.S.C. 470).

R645-301-322, Fish and Wildlife Information; R645-301-322.100, the scope and level of detail for such information will be determined by the Division in consultation with state and federal agencies with responsibilities for fish and wildlife and will be sufficient to design the protection and enhancement plan required under R645-301-333 and R645-301-322.230, other species or habitats identified through agency consultation as requiring special protection under state or federal law; R645-301-333.300, Include protective measures that will be used during the active mining phase of operation.

The Division will provide procedures, including notice and opportunity to be heard for persons both seeking and opposing disclosure.

Map Number(s)	Map Title/ Description		
Annual subsidence map	Cumulative Subsidence 1982 - 2009		
Mine map	Skyline Mine; Mine 3 -- Levels 2 and 3; As Mined 2009		
Other maps		Confidential	
		Yes	No
Projected Mining	Skyline Mine 3 – Level 3; Projected Mining January 2010 through 2020	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Operator Comments:**Inspector:**

Has the operator complied with this section? Yes No

Inspector Comments: All three (3) maps listed above are included in the 2009 annual report. All maps contain stamps by qualified personnel. Reviewed each map individually and found that each map met the requirements.

OTHER INFORMATION

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as Appendix E to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

Additional attachment to this report? Yes No

Conveyor Bench: Treatment No. 3 vegetation Monitoring Report

Operator Comments:**Inspector:**

Has the operator complied with this section? Yes No

Inspector Comments:

A vegetation monitoring report for the Conveyor Bench: Treatment area no. 3 was submitted in the annual report. Dr. Patrick Collins of Mt. Nebo Scientific conducted the report in 2009. This area involved practice revegetation sections related to the installation of the coal conveyor belt system in the 1980s. The data collected will be used to assess whether or not the existing vegetation has reached the target cover value. The practices conducted at Treatment area no. 3 include annual supplemental broadcast seeding and fertilization. The vegetation cover in the area was estimated at 54.25 % and the success standard was 20%. So the area is greatly achieving success.

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

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APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

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APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

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APPENDIX D

Mine Maps

As required under R645-302-525-270

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APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

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