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CC: "Galecki, Gregg" <GGalecki@archcoal.com>
Date: 11/1/2011 7:40 AM
Subject: Skyline 3rd Quarter Pond and Refuse Pile Inspections
Attachments: 3rd 2011 Refuse Pile Inspection.pdf; 3rd 2011 pond inspections.pdf

Karl,
Attached for your records are the 2011 3rd Quarter Pond and Refuse Pile Inspection reports for the Skyline Mine.

Let me know if you have any questions,

Gregg A. Galecki
Environmental Engineer
Canyon Fuel Company, LLC
Skyline Mine
(435)448-2636

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IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	October 6, 2011
Mine Name	Skyline Mine		
Company Name	Canyon Fuel Company		
Impoundment Identification	Impoundment Name	Mine Site Sediment Pond	
	Impoundment Number	001	
	UPDES Permit Number	UT0023540	
	MSHA ID Number	NA	
IMPOUNDMENT INSPECTION			
Inspection Date	September 28, 2011		
Inspected By	Gregg Galecki		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No signs of instability were observed. No hazardous conditions were observed during the inspection of the pond. The pond was discharging at approximately 35 gpm at the time of the inspection. The pond is incised, with all the banks appearing stable. Particular attention was paid to the pond banks looking for signs of instability or structural weakness. The pond was cleaned during the 3rd Quarter 2010.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Storage Capacity: 86,721 ft³ (based on 2010 survey) 60% Elevation: 8571.26 feet ASL (above sea level) 100% Elevation: 8573.03 feet ASL The sediment was 10.55 feet below the surface or an elevation of 8569.05feet. A delta was present at the inlet of the sediment pond.</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principal and Emergency Spillway Elevations: 8579.6 feet ASL (The outlet structure for Pond 001 serves as both the Principal and Emergency Spillways) Total volume of pond at Spillway: 249,731 ft³ Required runoff storage: 163,010 ft³ 100% Sediment storage: 86,721 ft³ 60% Sediment storage: 52,032 ft³</p>		

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT

- 4. Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on out slopes of embankments, etc.

Water level at discharge point (8579.62 ft ASL) was essentially level with the spill point (0.02'); discharging at 35 gpm. The sediment pond discharged periodically during the quarter. A sample of the mine discharge water, (normally) including this pond's discharge, is taken on weekly basis throughout the quarter as required by the Mine's UPDES permit. On a biweekly basis the water sample is analyzed for total iron. Weekly samples include oil and grease, total dissolved solids, total suspended solids, pH and conductivity. Flow is recorded by in-line flow meters.

Surface water is collected from the upper mine pad and discharged to the pond through a culvert located on the west end of the pond. The culvert is functioning as designed. The outlet structure was working as designed and appears to be in good working condition. The pond is an incised structure.

A series of turbidity curtains are installed in the pond to help reduce the suspended load within the pond. The spillway was clear of debris and was functioning as designed.

- 5. Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The overall geometry or footprint of the pond has not changed. However during cleaning in 2010, the south and southwest portions of the pond are deeper than previously surveyed. The minimum water elevation was approximately 0.01 feet below the spillway structure. Based on the 2010 survey and depth measurements, approximately 86,721 ft³ of sediment storage is available in the pond.

Based on a sediment elevation of 8569.05 feet, the sediment level is at approximately 23 percent of the sediment capacity. An estimated 72,000 ft³ of material was removed from the pond during the cleaning in 2010.

Turbidity curtains were functioning as designed. Spill Kits were labeled and full of supplies.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: *Suey A. Juleshi* Date: 10-6-11

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	October 6, 2011
Mine Name	Skyline Mines		
Company Name	Canyon Fuel Company		
Impoundment Identification	Impoundment Name	Rail Loadout Sediment Pond	
	Impoundment Number	002	
	UPDES Permit Number	UT0023540	
	MSHA ID Number	NA	
IMPOUNDMENT INSPECTION			
Inspection Date	September 27, 2011		
Inspected By	Gregg Galecki		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No instability of the embankment or hazardous conditions was noted during the inspection. The inlet was re-armored with rip rap during the quarter, correcting an earlier structural weakness.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Storage Capacity: 9,572 ft³ 60% Elevation: 7914.27 feet ASL (above sea level) 100% Elevation: 7914.85 ASL Based on a survey of the sediment level in the pond early in the 3rd quarter, the pond was drained and the sediment removed (sediment removal 8/29-8/31). The pond was re-surveyed once the sediment removal was complete.</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principle Spillway Elevation: 7919.7 feet ASL Emergency Spillway Elevation: 7922 feet ASL Total volume of pond at Spillway: 52,696 ft³ Required runoff storage: 43,124 ft³ 100% Sediment Storage: 9,572 ft³ 60% Sediment Storage: 5,743 ft³</p>		

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outlopes of embankments, etc.

Minimal water was in the pond at the time of the inspection due to draining for sediment removal.

The pond has not discharged during the quarter. The pond embankment appears stable and without noticeable erosion. Both the inlet and outlet are functioning as designed. The footprint of the pond remains unchanged.

Two turbidity curtains contain a majority of material in the upper, west side and south sides (inlets) of the pond where sediment can be periodically removed. The pond currently has three (3) turbidity curtains. All three (3) turbidity curtains were functioning as designed during the inspection. The discharge pipe or outlet is in good condition and functioning as designed.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The geometry of the pond remains consistent. A land survey of the pond will be conducted once sediment removal is complete. The survey will outline average and maximum depth, and sediment storage volume. Minor water existed in the pond during the inspection as it was drained to remove sediment.

The pond is routinely inspected on a weekly basis during weekly water monitoring.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: Greg T. Salcedo Date: 10-6-11

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	October 17, 2011
Mine Name	Skyline Mines		
Company Name	Canyon Fuel Company		
Impoundment Identification	Impoundment Name	Waste Rock Site Sediment Pond	
	Impoundment Number	003	
	UPDES Permit Number	UT0023540	
	MSHA ID Number	NA	
IMPOUNDMENT INSPECTION			
Inspection Date	September 27, 2011		
Inspected By	Gregg Galecki		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No instability, structural weakness or other hazardous condition was noted at the site during the quarterly pond site inspection.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Storage Capacity: 9,939 ft³ 60% Elevation: 7857.2 feet ASL (above sea level) 100% Elevation: 7858.1 ASL Current Sediment Level Elevation: The pond was cleaned of sediment in August 2007. The pond was resurveyed to estimate the available sediment capacity following the cleaning. A bedrock shelf exists in the bottom of the pond, enabling portions of the pond to be deeper in areas where the shelf does not exist. The sediment level is 1.99 feet below the decant pipe or an elevation of 7856.1 ft.</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principal and Emergency Spillways Elevation: 7864.0 feet ASL (The outlet of Pond 003 serves as both the principal and emergency spillway). A manual decant pipe in the pond marks the sediment cleanout elevation of 7858.1 feet. Total volume of pond at Spillway: 61,850 ft³ Required runoff storage: 35,036 ft³ 100% Sediment storage: 9,939 ft³ (based on 2007 survey) 60% Sediment storage: 5,963 ft³ (based on 2007 survey)</p>		

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on out slopes of embankments, etc.

This pond did not discharge during the 3rd quarter of 2011, therefore no water samples were obtained. The pond did contain moderate amounts of water during the inspection. The out slopes of the pond embankment do not appear to present any type of hazardous conditions. No instability was noted in the pond embankment. The pond embankment is stabilized with native grasses – and portions of the out slope of the embankment were widened in 2010 to accommodate the existing road on top of the embankment. The pond was thoroughly cleaned in August 2007, and the capacity land surveyed. Based on the survey, the pond has a sediment capacity of approximately 9,939 cu-ft.

The current sediment storage capacity is based on the 2007 survey. The perimeter footprint of the pond did not change during the cleaning project, only the depth of the pond was modified.

The pond is routinely inspected during weekly water monitoring.

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

No changes or modifications from the cleaning have been noted in the geometry or perimeter footprint of the pond since the last inspection. The pond retained water during some of the 3rd quarter. The water in the pond was approximately 0.3 feet below the discharge pipe during the inspection. Based on the current sediment level measured at the decant indicates the accumulated sediment is approximately 30 percent of capacity. Since the pond collects water only periodically, and a rock outcrop exists in the middle of the pond, sediment does not fill the pond uniformly and tends to accumulate at the inlet. Field observations estimate the current sediment storage capacity is approximately 45 percent of the 9939 cu-ft capacity. Minimal run off was encountered during the quarter, with the pond functioning as designed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature:  Date: 10-17-11

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	October 17, 2011
Mine Name	Skyline Mines		
Company Name	Canyon Fuel Company		
Impoundment Identification	Impoundment Name	Winter Quarters Ventilation Facility Sediment Pond	
	Impoundment Number	004	
	UPDES Permit Number	UT0023540	
	MSHA ID Number	NA	
IMPOUNDMENT INSPECTION			
Inspection Date	September 28, 2011		
Inspected By	Gregg Galecki / Carl Winters		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No instability, structural weakness or other hazardous condition was noted at the site during the quarterly pond site inspection. The pond was constructed during the quarter.</p>			
<p>Required for an impoundment which functions as a SEDIMENTATION POND.</p>	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Storage Capacity: 1,108 ft³ 60% Elevation: 8071.55 feet ASL (above sea level) Designed elevation prior to as-built survey 100% Elevation: 8072.1 ASL Designed elevation prior to as-built survey Current Sediment Level Elevation: The pond was built in the 1st Qtr 2011. The pond has been surveyed, and final information is being input into an as-built drawing. During the inspection no appreciable amount of sediment has been deposited in the pond.</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principal Spillways Elevation: 8076.32 feet ASL (per C. Ware survey) Emergency Spillway Elevation: 8076.81 feet ASL (per C. Ware survey) Total Volume of pond at Spillway: 4914 cu-ft (per C. Ware survey) Required runoff storage: 4,182 cu-ft 100% Sediment Storage: 732 cu-ft 60% Sediment Storage: 439 cu-ft</p>		

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

This pond did not discharge during the 3rd quarter of 2011, therefore no water samples were obtained. The pond was activated March 20, 2011. The pond did not receive substantial runoff during the quarter. The out slopes of the pond embankment do not appear to present any type of hazardous conditions. Both the inlet and outlet are clear and appear to be ready to function as designed. No instability was noted in the pond embankment. The pond embankment was hydro-seeded during the quarter to establish vegetation on the outslopes.

The as-built survey determined the sediment storage for the pond is 732 cu-ft.

The pond is routinely inspected during weekly water monitoring.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The pond was constructed during the 1st Qtr 2011. No changes or modifications have been noted in the geometry or perimeter footprint of the pond since construction. The pond was functioning, and contained minor water during the 3rd quarter 2011. No water was present during the inspection. Field observations estimate the current sediment storage capacity is approximately 100 percent of the 732 cu-ft capacity. Minimal run off was encountered during the quarter, with the pond functioning as designed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: *Supp. A. Gulali* Date: 10-17-11

INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE			
Permit Number	C/007/005	Report Date	October 14, 2011
Mine Name	Skyline Mines		
Company Name	Canyon Fuel Company, LLC		
Excess Spoil Pile or Refuse Pile Identification	Pile Name	Skyline Waste Rock Site	
	Pile Number	1211-UT-09-01566-01	
	MSHA Mine ID Number	42-01566	
Inspection Date	September 28, 2011		
Inspected By	Gregg Galecki / Carl Winters		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Quarterly	
		Attachments to Report? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
Field Evaluation			
<i>No significant problems with the waste site were observed during the 3rd quarter 2011.</i>			
1. Foundation preparation, including the removal of all organic material and topsoil. No contemporaneous reclamation was performed at the site during the quarter.			
2. Placement of underdrains and protective filter systems. No underdrains are present or required at this site. Areas that are to final grade are capped with the prescribed amount of topsoil, seeded, top-dressed with straw, then held in place with a matting material.			
3. Installation of final surface drainage systems. Existing surface is not at final contour. Therefore, final surface drainages have not yet been constructed. All surface runoff from the refuse pile is treated by the sediment pond. No water is allowed to impound on the pile. Runoff from the main access road below the sediment pond is treated by straw bale and silt fence dikes.			
4. Placement and compaction of fill materials. Approximately 528 tons of rock from the Winter Quarters Ventilation Facility (WQVF) was hauled to the site during the 3 rd quarter 2011. Waste rock typically deposited at the site will be placed in lifts of 24-inches or less and compacted in place using a tracked dozer and sheeps-foot roller or another method to insure stabilization at final placement.			
5. Final grading and revegetation of fill. When the waste rock is placed permanently, contemporaneous reclamation of the waste rock pile will take place as the site is backfilled. The backfill slopes are built to 1 1/2h:1v or less and seeded as described in the final reclamation plan. The seed mix specified in the Reclamation Plan is planted after the placement of topsoil.			
6. Appearances of instability, structural weakness, and other hazardous conditions. No obvious instability or structural weakness was noted during the 3 rd quarter 2011 inspection. No signs of slumping or heating			

INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE

were observed. The highwall that reappeared due to the removal of material continues to be monitored to ensure no loose coal or rock is retained on the highwall. Material from the Winter Quarters site will be placed against the highwall to minimize the highwall exposure. No hazardous conditions were noted on the highwall during the inspection.

The sedimentation pond retained only minor water, not covering the entire bottom of the pond. Drainage ditches reporting from the pile to the Sedimentation pond were functioning as designed.

No hazardous conditions were observed at the time of the inspection.

7. **Other Comments. Describe any changes in the geometry of the Excess Spoil/Refuse Pile structure, instrumentation, average and maximum lifts of materials placed in the pile, elevations of active benches, total and remaining storage capacity of the structure, evidence of fires in the pile and abatement of such fires, volumes of materials placed in the structure during the year, and any other aspect of the structure affecting its stability or function which has occurred during the reporting period.**

Historic records indicated the total storage capacity was approximately 334,125 tons. An application to expand the size of the refuse pile was approved February 29, 2008. A portion of the expansion area has been used for topsoil storage. Approximately 528 tons of material was hauled to the site during the 3rd quarter 2011.

Certification Statement

I hereby certify that; I am experienced in the construction of earth and rock fills; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of earth and rock fills in accordance with the certified and approved designs for this structure; that the fill structure has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself, or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

By: Carl W. Winters, Engineering Manager

(Full Name and Title)

Signature:  Date: October 24, 2011

