



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070005
#3786
OK

June 9, 2011

Wess Sorensen, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, UT, 84526

Subject: 2010 Annual Report Review Completion, Mine, C/07/0005, Task ID #3786

Dear Mr. Sorenson:

The Division staff has completed the review of the 2010 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 2, 2011. Please submit the following items as a separate application with a C1/C2 form for approval and incorporation into the official mining and reclamation plan. Please submit by July 14, 2011.

- In accordance with R645-301-525.240, please resubmit the mine workings map including the five-year mining projection for incorporation into the M&RP.
- In accordance with R645-301-632, please resubmit the cumulative subsidence map into the M&RP.

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
Coal Program Manager

DRH/sqs
Enclosure
cc: Price Field Office
O:\007005.SKY\2011 Skyline Annual Report Review letter.doc

Submit by Email

Print Form

Reset Form

Annual Report

Date

6/13/11

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 31, 2011**. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name	<input type="text" value="Canyon Fuel Company LLC"/>	Mine Name	<input type="text" value="Skyline Mine"/>
Permit Number	<input type="text" value="C/007/0005"/>	Permit expiration Date	<input type="text" value="2012-04-30"/>
Operator Name	<input type="text" value="Gregg A. Galecki"/>	Phone Number	<input type="text" value="+1 (435) 448-2636"/>
Mailing Address	<input type="text" value="HC 35 Box 380"/>	Email	<input type="text" value="ggalecki@archcoal.com"/>
City	<input type="text" value="Helper"/>	State	<input type="text" value="UT"/>
		Zip Code	<input type="text" value="84526"/>

CERTIFIED REPORTS

DOGM File Location or Annual Report Location

- Excess Spoil Piles Required Not Required
- Refuse Piles Required Not Required
- Impoundments Required Not Required

<input type="text"/>
<input type="text" value="1st Qtr emailed 3/11/11; 2nd Qtr-4Qtr submitted electronically 8/5,11/3, and 1/19/11, respectively."/>
<input type="text" value="submitted via email 3/10/11"/>
<input type="text"/>

Other:

OPERATOR COMMENTS

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

The Division received refuse pile inspections/certifications through out the 2010 evaluation year by e-mail immediately after the inspections/certifications as required by the regulations. An annual pond inspection/certifications for 2010 was received by the Division through an e-mail.
Reviewed by Priscilla Burton on April 18, 2011. 1st Qtr Refuse pile certification was provided by email on 3/11/10. 2nd - 4th Qtr certifications were provided electronically on 8/5/10, 11/3/2010, and 1/19/2011.

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 additional written response is required, it should be filed as an attachment to this report.

Title: Vegetation surveys for Winter Quarters and Woods Stream Channels

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

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

Status: Ongoing

Reports: Annual reports

Citation: Vol. A-2 volume 2, Vol. A-3, volume 2.

OPERATOR COMMENTS

Submitted in hard copy - March 2011

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

This is a duplication of the commitment below. Please see comments in North Lease Vegetation survey commitment below. This commitment will be removed. (IC)

Title: NORTH LEASE VEGETATION SURVEY

Objective: Determine effects of long wall mining on riparian area habitat in comparison with baseline data provided in Appendix A2.

Frequency: Two years prior to and two years after longwall undermining of any section of perennial stream.

Status: ongoing

Reports: Annual

Citation: Volume 1A, Section 2.7, pages 2-61d.

OPERATOR COMMENTS

See Above; submitted in hard copy - March 2011

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Reviewed by Ingrid Campbell (5/16/2011). The Riparian Plant community monitoring report for selected reaches in Winter Quarters Canyon was conducted and written by Dr. Patrick Collins of Mt. Nebo Scientific in 2010. The report is completed before, during and after undermining to monitor potential impacts to riparian plant communities along the stream sides of Winter Quarters Canyon. Baseline

data for the canyon was collected in 2005. Qualitative and quantitative data were collected in an attempt to show major changes in riparian vegetation that could be caused by undermining. Overall, the riparian vegetation in the canyon appeared to be stable, producing about 400-1000 lbs/acre annually, and had about 24-49% vegetative cover. No discussion was included in the report.

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 COMMENTS

A total of approximately 6,937 tons of Waste Rock was hauled to the site in 2010. A total of four (4) samples were collected. Hard copies of the lab analysis were submitted to the Division in March 2011.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

(Jim Smith, 11 April 2011) Based on the information on the lab sheets (received with the Annual Report on 30 Mar 2011), it appears all four samples were collected at the same time, rather than throughout the year as material was deposited on the waste pile.

Reviewed by Priscilla Burton on April 18, 2011. The waste rock site was active only during the 3rd and 4th quarters of 2010. 3,500 Tons of waste from the mine sediment pond clean out were hauled to the site in the 3rd Qtr (incoming 11/3/2010). 3,317 Tons of waste from the Winter Quarters construction site was hauled to the waste rock site in the 4th Qtr (incoming 1/19/2011). This activity corresponds to the two sets of samples received by Inter-Mountain Labs, Sheridan Wyoming on 11/19/2010 and two on 1/21/2011. The analyses do not indicate toxic or acid-forming characteristics.

Title: FISH SURVEYS

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

Frequency: In the Fall Every three years beginning in 2007

Status: 2007 fall reports complete, next survey due fall 2010 for Eccles and Winter Quarters. Burnout, James, and Woods requirements are complete.

Reports: Annual

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

OPERATOR COMMENTS

2010 Fish survey for Eccles Creek submitted in hard copy in March 2011. Woods and Winter Quarters survey incorporated into M&RP 2/9/11; Appendix Volume A-3, Volume 2.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Reviewed by Ingrid Campbell (5/16/2011). The Fall 2010 Estimates of Cutthroat Trout Population Densities in Eccles Creek was conducted by Dr. Dennis Shiozawa in September of 2010. The report compares the fish densities and species composition in the three reaches in 2010 to those recorded in 2004 and 2007. The lower Eccles Creek station had a total population estimate of 109 fish in 2007 and 64 fish in 2010; 45% less than 2007. The Upper Eccles Creek had a 52% decline in fish from 2007 to 2010. The middle Eccles Creek station did not change in density between the two time periods. The size composition data between 2004 and 2010 showed that the stream trout population was robust and in better condition in 2007 than in 2004. In 2010, there appeared to be a decline in age 0+ fish

suggesting either less in-stream spawning or lower survival of fry in the stream. Overall, the 2010 data indicated an unstable or fluctuating fish population. Dr. Shiozawa indicated that the only possible mitigation to a declining population would be migration of fish into Eccles Creek from downstream locations. Dr. Shiozawa found several possible factors that could be involved in the decline of fish populations. Armoring of the stream channel by calcium carbonate has eliminated adequate habitat for fish spawning and reduces shelter for small trout. Also, harvest of large fish could result in a reduction of recruitment. The survivability of the trout population in Eccles Creek depends in part on its isolation from other drainages.

Woods and Winter Quarters Fish reports were submitted in Feb. 2011 for incorporation into Appendix A-3 of Volume 2. The Fall 2010 Estimates of Cutthroat Trout Population Densities in Winters and Woods Canyon Creek was conducted by Dr. Dennis Shiozawa in September of 2010. The report compares the fish densities and species composition in the two streams in 2010 to those recorded in 2002. The below pad station in Winter Quarters Canyon had an estimated density per linear meter of .34, and the above pad station had a density of .427. The Woods canyon stream had an estimated density per linear meter of .053 at the upper station and zero fish at the lower station. Woods Canyon did not have any trout in recorded in the 2002 survey. Dr. Shiozawa made several conclusions regarding the data from Woods Canyon Creek. First, the low density indicates that the stream is not favorable for maintaining a trout population. Second, the lack of young of the year fish in Woods indicates no successful reproduction in the spring of 2010. Third, the lack of a clear age 1 cohort strongly supports a lack of successful reproduction in 2009. And Fourth, the absence of larger size classes suggests that the fish may be age class 2 (spawned in 2008). These conclusions suggest that the fish in Woods Canyon Creek have not yet reached the age at which they can reproduce.

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 -**Please submit updates to drawing 2.3.6-2 annually to show the relationship of these monitoring points to the progress of the longwall operation.**

Citation: Volume 1a, Page 2-44a, Paragraph 5.

OPERATOR COMMENTS

The As-mined map has been updated and submitted in March 2010. NL sites to be monitored in 2011 include NL-3, NL-5, NL-7, NL-9, NL-15, NL-17, NL-18, NL-24, NL-26, NL-30, and NL-31.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

(Jim Smith, 11 April 2011) The copy of Map DWG. NO. 2.3.6-2 submitted on Jan 11, 2011 was last updated in Sept. 2010 and shows the extent of longwall mining and the relationship to surface-water monitoring as of Sept. 2010. Flow data for the NL-sites are reported quarterly to the database.

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the Status item. These commitments are included for information only, and do not currently require action.

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 COMMENTS (Optional)

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: 2007 Fall and 2008 Sp reports complete. Next survey due in fall 2011.

Reports: Annual

Citation: Appendix A-3, Volume 2, Volume 1A, Section 2.8, pages 2-71, 71A, B, C, Section 2.8, table 2.8-1a

OPERATOR COMMENTS (Optional)

Table 2.8-1a was modified and incorporated 2/9/11 to change the survey to Spring and Fall 2011.

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 COMMENTS (Optional)

No topsoil was re-distributed in 2010.

[REDACTED]

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 COMMENTS (Optional)

No topsoil was purchased for the Waste Rock site for contemporaneous reclamation in 2010.

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 COMMENTS (Optional)

No significant inflows (greater than 800 gpm) were encountered in the North Lease in 2010.

Title: SAMPLING PRIOR TO SLURRY PLACEMENT IN ABANDON UNDERGROUND WORKINGS.

Objective: Protection of groundwater.

Frequency: Every 450 ft. of advance.

Status: Report if placed slurry in abandon underground workings in previous year.

Reports: Notification if parameters are out of compliance with Guidelines for Topsoil and Overburden..

Citation: Volume 2, Incorporation of 97K-1 and Section 1.2 (at the end of Section 3.2) and Section 3.2.

OPERATOR COMMENTS (Optional)

No slurry was place in underground workings in 2010.

Title: SAMPLING OF WASTE ROCK IN TEMPORARY STOCKPILES.

Objective: Protection of surface and groundwater

Frequency: 1 sample/ 2000 tons of temporary stockpiled material

Status: If remains in temporary location longer than three months

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 COMMENTS (Optional)

See Waste Rock Sampling; page 3 of this report.

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 an attachment to this report or currently on file with the Division.

Please List Attachments:

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

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 an attachment to the report.

LEGAL/ FINANCIAL UPDATE

Included

DOG M File Location or Annual Report Location

Officers and Directors	<input type="checkbox"/>	Submitted by V. Miller as Stand-alone Volume "General Chapter 1"
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

[Empty box for reviewer comments]

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2010, are to be provided to the Division as an attachment 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.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Cumulative Subsidence 1982-2010		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Skyline Mine; Mine 3 - Levels 2 and 3; As Mined 2011		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projected Mining		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

Reviewed by James Owen on 6/2/2011. A cumulative subsidence map was submitted as part of the 2010 annual report. No information was provided to delineate how much subsidence occurred by year or within the last year. The map does not show the mine workings on it, but other mine maps were submitted that allows a side by side comparison to take place.

A map showing the areas mined was included in the annual report.

A map showing the mining projections for 2011 and an additional five (5) years is included, but marked confidential. Discussions could take place whether this information is considered confidential or not, but regardless the information is available for review by the Division.

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 an attachment 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.

Please List Attachments:

REVIEWER COMMENTS