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Governor

GREG 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

Inspection Report

Permit Number:	C0070005
Inspection Type:	IND COMP OVERSITE
Inspection Date:	Wednesday, March 14, 2012
Start Date/Time:	3/14/2012 7:30:00 AM
End Date/Time:	3/14/2012 2:00:00 PM
Last Inspection:	Tuesday, February 14, 2012

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. Varied 29 - 45 Deg. F.

InspectionID Report Number: 3045

Accepted by: jhelfric

3/20/2012

Representatives Present During the Inspection:	
Company	Austin Belcher
OSM	Christine Belka
OGM	Karl Houskeeper

Permittee: **CANYON FUEL COMPANY**
 Operator: **CANYON FUEL COMPANY**
 Site: **SKYLINE MINE**
 Address: **HC 35 BOX 380, HELPER UT 84526**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

121.97	Total Permitted
121.97	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Christine Belka with the Office of Surface Mining arrived at the Price Field Office at 7:30 am to conduct an Independent Complete Oversight of the Skyline Mine. As the assigned Division Inspector I was invited to attend the inspection. We immediately proceeded to the Skyline Mine.

Upon arrival at the Skyline Mine we met with Austin Belcher, as Gregg Galecki was not present. Gregg is off on training in St. George.

The records were reviewed in the office prior to the field inspection. All areas of the mine site were visited.

The following permit conditions have been met or are being met:

- 1) Water Monitoring data is being submitted in an electronic format to the Division.
- 2) Canyon Fuel Co. must submit cumulative monthly flow data for discharges into Electric Lake and Eccles Creek. This condition is being met.

Inspector's Signature: _____

Date: Wednesday, March 14, 2012

Karl Houskeeper,
Inspector ID Number: 49



Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit C/007/005 was issued effective 04/30/2007 and expires 04/30/2012.

-Certificate of Insurance policy number GL093-61-11, issued 07/31/2011 and terminates 07/31/2012.

-UPDES permit # UT0023540 effective 12/01/2009 and expires @ midnight 11/30/2014.

-Air Quality permit DAQE-AN0092007-03, issued June 24, 2003.

-SPCC Plan dated 12/2//09. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E. on 12/30/09.

2. Signs and Markers

The Mine ID signs (Main Facility, Load-out, Waste Rock Site, and Winter Quarters Facility)are located at the point of public access to the permit areas and contained the required information. The topsoil sign on the large topsoil pile behind the Main Building is down and needs to be repaired and/or replaced. All other signs and markers are in accordance with the coal rules.

3. Topsoil

See item 2.

4.a Hydrologic Balance: Diversions

Some diversions are open and functional. Many diversions are still snow covered and are not visible at this time.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

All sediment ponds were viewed during the inspection. The main sediment pond (pond 1) and the load-out sediment (pond 2) are frozen over, The sediment ponds at the Waste Rock Site (pond 3) and Winter Quarters)pond 4) are just snow covered with a small amount of residual water.

The fourth quarter 2011 sediment pond inspections were done on December 15, 2011. They are compiled into a report dated January 2, 2012 and P.E. certified, dated, signed and stamped on January 4, 2012 by a Utah P.E.

4.c Hydrologic Balance: Other Sediment Control Measures

The silt fences located at the Winter Quarters Facility need to be monitored, repaired as necessary coming out of the winter season. Portions appear to be collapsed from winter conditions.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports were reviewed. The last set of DMR's available for inspection were for January 2012. No parameters were exceeded.

5. Explosives

The cap and powder magazines at the Main Facility and the Winter Quarters Facility were observed during the inspection. No problems were noted with these structures.

7. Coal Mine Waste, Refuse Piles, Impoundments

Material from the Main Facility and from the Winter Quarters Facility was actively being hauled to the waste rock site.

The materials were being spread and compacted as it was dumped on the waste rock site surface. The pile appeared stable. No visible hazards were observed.

The fourth quarter 2011 refuse pile inspection was conducted on December 15, 2011. The information was compiled into a report dated January 6, 2012. The report was P.E. certified, dated, signed and stamped January 6, 2012.

8. Noncoal Waste

Areas observed were free of noncoal waste materials.

20. Air Quality Permit

The Air Quality Permit Approval Order DAQE-AN0092007-03 was issued on June 24, 2003. The permit remains effective.

21. Bonding and Insurance

The current bond is \$5,137,000.00 as of September 19, 2006. The previous bond amount was \$5,076,000.00. The bond from St. Paul Fire and Marine Insurance Company was released on February 4, 2009 and Bond #SUR0000311 issued by Rockwood Casualty Insurance Company was accepted as a replacement in the same amount.