IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	**Report Date**	October 14, 2013
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 21, 2013
Inspected By	Gregg Galecki
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No signs of instability were observed. No hazardous conditions were observed during the inspection of the pond. The pond was not discharging during 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 road embankment along the south side of the pond will be monitored for stability. The pond was cleaned during the 2nd Quarter 2012.

Required for an impoundment which functions as a SEDIMENTATION POND.

2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.

Sediment Storage Capacity: 122,317 ft^3 (based on 2012 survey)
60% Elevation: 8571.52 feet ASL (above sea level)
100% Elevation: 8573.71 feet ASL
The sediment depth was not measured during the inspection, but will be surveyed in the 4th quarter.

3. Principle and emergency spillway elevations.

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: 285,327 ft^3
Required runoff storage: 163,010 ft^3
100% Sediment storage: 122,317 ft^3
60% Sediment storage: 73,902 ft^3

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 outslopes of embankments, etc.

The water level in the pond was 0.10 feet below the outlet, and was not discharging during the inspection. 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 and ditches are 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 turbidity curtains were functioning as designed. 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 2012, a significant amount of sediment was removed from the pond providing additional space. The minimum water elevation was approximately zero (during cleaning) or roughly 14.6 feet below the discharge structure in the center of the pond. Based on the 2012 survey and depth measurements, approximately 122,317 ft^3 of sediment storage is available in the pond. Based on a sediment elevation of 8566.27 feet, the sediment level is at approximately 19 percent of the sediment capacity – indicating not all of the sediment was completely removed during cleaning. Spill Kits were labeled and full of supplies. No appreciable amount of sediment was deposited in the pond during the quarter based on visual observations of the inlet to the pond.

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:** Gregg A. Galecki **Date:** 10-16-13

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	**Report Date**	October 16, 2013
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 21, 2013
Inspected By	Gregg Galecki
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No instability of the embankment or hazardous conditions was noted during the inspection.

Required for an impoundment which functions as a SEDIMENTATION POND.

2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.

Sediment Storage Capacity: 4591ft^3
60% Elevation: 7914.54 feet ASL (above sea level)
100% Elevation: 7915.29 ASL

The sediment level in the pond was measured using a Total Station survey of the entire pond in 4th quarter 2013. The survey indicated 4591ft^3 of storage is available for sediment in the pond.

3. Principle and emergency spillway elevations.

Principle Spillway Elevation: 7919.7 feet ASL
Emergency Spillway Elevation: 7922 feet ASL
Total volume of pond at Spillway: 47,715 ft^3 (as surveyed in 2013)
Required runoff storage: 43,124 ft^3
100% Sediment Storage: 4591 ft^3 (as surveyed in 2013)
60% Sediment Storage: 2,755 ft^3 (as surveyed in 2013)

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.

Water elevation was 0.25 feet below the spillway during the inspection.

The pond did not discharge 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.

Three (3) turbidity curtains contain a majority of material in the upper, southeast side and south sides (inlets) of the pond where sediment can be periodically removed. The turbidity curtains were repositioned during the quarter to better contain sediment. 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.

Cleaning of the pond will be scheduled in the Spring of 2014. Adequate sediment storage is available based on two (2) reasons: 1) at last year's rate of accumulation we have over nine (9) months of storage capacity available; and 2) a dribble-pan has been installed on the primary conveyor belt which will feed a majority of the material that previously was washed to the sediment pond, back into the coal stream being shipped.

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. The average depth of the water ranged from approximately 0.8 feet below the spillway to approximately the discharge level of the spillway during the quarter. The estimated sediment storage capacity available remains close to 4,600 cu-ft – as surveyed during the 4th quarter 2013.

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 A. Galuchi **Date:** 10-16-13

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	**Report Date**	October 14, 2013
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 21, 2013
Inspected By	Gregg Galecki
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No instability, structural weakness or other hazardous condition was noted at the site during the quarterly pond site inspection. The banks of the pond are well-vegetated.

Required for an impoundment which functions as a SEDIMENTATION POND.

2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.

Sediment Storage Capacity: 9,939 ft^3
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 September 2012. 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 available storage is at roughly 26,734 ft^3.

3. Principle and emergency spillway elevations.

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. The storage volumes below are based on 2012 survey.
Total volume of pond at Spillway: 61,770 ft^3
Required runoff storage: 35,036 ft^3
100% Sediment storage: 26,734 ft^3
60% Sediment storage: 16,040 ft^3

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 2013, therefore no water samples were obtained. The pond contained approximately 3.66 feet of water during the inspection, which is close the maximum amount observed in many years. 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 was partially cleaned in September 2012, and the capacity land surveyed. Based on the survey, the pond has a sediment capacity of approximately 26,734 cu-ft. Additional cleaning of the pond will be conducted in 2014, and the volume will be resurveyed.

The current sediment storage capacity is based on the 2012 survey. The perimeter footprint of the pond did not change during the cleaning project, only the depth of the pond was modified. When the water recedes, which is typical, the east ½ of the pond has a significant hole to store sediment – providing adequate sediment storage for at least another year.

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 have been noted in the geometry of the pond since the last inspection. The pond retained water periodically during the 3rd quarter. The bottom of the pond was approximately 3.0 feet below the discharge pipe during the inspection. Based on the current sediment level measured at the decant pipe, the accumulated sediment is approximately zero percent of the 26,734 cu-ft sediment 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 typically tends to accumulate at the inlet. Pooling at the outlet was occurring during the inspection, and this will continue to be observed during the coming months. 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:** Gregg A. Hadley **Date:** 10-16-13

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	**Report Date**	October 14, 2013
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 21, 2013
Inspected By	Gregg Galecki
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No instability, structural weakness or other hazardous condition was noted at the site during the quarterly pond site inspection.

Required for an impoundment which functions as a SEDIMENTATION POND.

2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.

Sediment Storage Capacity: 740 ft^3
60% Elevation: 8072.15 feet ASL (above sea level) per as-built survey
100% Elevation: 8072.6 ASL per as-built survey
Current Sediment Level Elevation: The pond was dry during the inspection, with the exception of a small puddle on the NW side. Only a small delta of sediment was observed at the inlet to the pond

3. Principle and emergency spillway elevations.

Principal Spillways Elevation: 8076.32 feet ASL (per C. Ware survey)
Emergency Spillway Elevation: 8076.73 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: 740 cu-ft
60% Sediment Storage: 444 cu-ft

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 2013, therefore no water samples were obtained. The pond receive noticeable amounts of runoff during the quarter. The out slopes of the pond embankment do not appear to present any type of hazardous conditions, however some spraying of weeds is recommended in the future. Both the inlet and outlet are clear and appear to be ready to function as designed. The inlet ditches were cleaned during the quarter and were functioning as designed. No instability was noted in the pond embankment.

The as-built survey determined the sediment storage for the pond is 740 cu-ft. The pond will be resurveyed in the 4th Quarter 2013.

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 water periodically during the 3rd quarter 2013. A small puddle was present in the bottom of the pond during the inspection. Field observations estimate the current sediment storage capacity is approximately 100 percent of the 740 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:** Gregg A. Dalchi **Date:** 10-16-13