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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 4, 2013

Wes Sorensen, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: 2012 Annual Report Review Completion, Mine, C/007/0005, Task #4312

Dear Mr. Sorensen:

The Division staff has completed the review of the 2012 Annual Report. The requirements for each commitment have been met. Enclosed is a copy of the review with each reviewer's comments completed on June 4, 2013.

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

PWB/DRH/sqs

Enclosure

cc: Price Field Office

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Print Form

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Annual Report

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 the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION			
Company Name	Canyon Fuel Company LLC	Mine Name	Skyline Mine
Permit Number	C/007/0005	Permit expiration Date	April 30, 2017
Operator Name	Gregg A. Galecki	Phone Number	+1 (435) 448-2636
Mailing Address	HC 35 Box 380	Email	ggalecki@archcoal.com
City	Helper		
State	Utah	Zip Code	84526

DOGM File Location or Annual Report Location

Excess Spoil Piles

- Required
- Not Required

Refuse Piles

- Required
- Not Required

submitted quarterly in electronic format on 4/17/12, 8/10/12, 10/26/12, and 1/13/13, respectively.

Impoundments

- Required
- Not Required

Submitted quarterly in electronic format - same dates as Refuse Pile reports.

Other:

OPERATOR COMMENTS

REVIEWER COMMENTS

- Met Requirements Did Not meet Requirements

The sediment pond and refuse pile quarterly reports were submitted in electronic format on 4/17/12, 8/10/12, 10/26/12, and 1/04/13. (KRH)

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan 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: 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, one sample per 2000 tons hauled to the disposal site.

Reports: Annual report

Citation: MRP, Volume 3, Section 4.4, page 4-30, 2nd paragraph and 1988 Soils Guidelines Table 6.

Operator Comments

Samples WR2012-1 through WR2012-17 were collected and analyzed. Analysis is included with the electronic submittal; a .pdf document titled WasteRockSamples.pdf. All samples were considered non-toxic and are placed in an area with a minimum of 4 feet of cover.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed 4/19/2013, PWB. A total of 34,345 tons were hauled to the site in 2012 (Quarterly reports received on 4172012, 8202012, 10262012, and 01042013 detail the tonnage.) Seventeen samples taken in 2012 were analyzed in two batches by InterMountain Labs (IML), Sheridan WY. Each sample represents approximately 2,000 Tons hauled to the site. The IML reports indicate extreme pH values and high SAR values for that waste hauled in the latter part of the year and sampled on January 9, 2013. This material will not be conducive to vegetative growth and should be buried beneath less toxic material at final grading.

Title: RAPTOR SURVEYS

Objective: To monitor known nest locations and identify new raptor nests that could be impacted from subsidence or new surface facilities. Damaged nests will be replaced immediately with an artificial structure in consultation with DWR.

Frequency: Annually and according to the Division's Raptor Survey Guidelines

Status: Ongoing

Reports: Annual report

Citation: MRP, Chapter 4, Section 4.18, page 4-103

Operator Comments

A report is included with the electronic submittal; an adobe file document titled 2012Subsidence Memo_raptor.pdf.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell on May 17, 2013. A brief technical memo is included in the annual report from Western Land Services regarding the 2012 raptor surveys over subsidence areas. The memo does not state which nests were surveyed. The nests in the areas surveyed were inactive in both the initial and follow up surveys. In the future, the company should provide the nest location data of the survey.

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: Next surveys due in fall 2011/ Spring 2012. These reports have not yet been submitted to the Division.

Reports: Annual

Citation: MRP, 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

Sample collection frequency was modified in January 2011, collecting samples in Spring and Fall 2011 to accommodate available Lab personnel scheduling at BYU. To date, the 2011 Spring report for Woods and Winter Quarters Creeks is being submitted electronically with this form titled, 'Canyon13.WQ11.Jul.macro.final.pdf'. On May 15, 2013, the Eccles Creek July 2011 and September 2011 report was submitted electronically with this modified form titled, 'Canyon13.Eccles11.Jul.macro.final'. The Woods and Winter Quarters Fall 2011 reports will be submitted as they become available.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell (5/15/2013): The macroinvertebrates in Eccles Creek were surveyed in July of 2011. The following results were obtained: number of taxa increased in 2011, Total densities equaled or exceeded the baseline estimates. Individual densities showed a skewed abundance which may indicate a stressed environment. Biomass levels indicated that it may be on a decreasing trend and that the community may be trending toward species adapted to highflows. The CTQa/BCI values indicated stressed waters and low water quality. Diversity indices do not show recovery at the stream sites. Woods Canyon and Winter Quarters were surveyed in July 2011 as well. These samples were strongly influenced by a spring flood. Densities were significantly lower for 2011 and changes were detected in the water chemistry indices. These surveys are still documenting the prevailing conditions of the streams, therefore a full interpretation of data was not completed.

Title: NORTH LEASE VEGETATION SURVEY

Objective: To determine the effects of longwall mining on riparian vegetation along Winter Quarters and Woods Canyon stream channels.

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

Status: Ongoing, **Please include a discussion of possible impacts from mining on riparian vegetation in report from qualified biologist.**

Reports: Annual

Citation: MRP, Volume 1A, Section 2.7, pages 2-61d; A-2 volume 2, and A-3 Volume 2

Operator Comments

Submitted electronically with this report, the file titled, 'canyon13.WQ12.rip.rpt.complete.final.veg.pdf.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell 5/16/2013. The riparian plant community in winter quarters and woods canyons was monitored by Dr. Collins in August of 2012. The selected reaches monitored have been undermined and are undergoing subsidence until at least 2014. Most sites had a forage trend that was stable or increasing.

FUTURE COMMITMENTS AND CONDITIONS

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" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: FISH SURVEY

Objective: To determine if mining and mining related activities are impacting the perennial streams located in Eccles, and Winter Quarters. Woods, Burnout and James Canyon Surveys are complete.

Frequency: In the fall every three years beginning in 2007.

Status: 2010 surveys complete. Next survey due in 2013.

Reports: Annual

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

Title: TOPSOIL SAMPLING

Objective: To determine fertilizer application rate.

Frequency: At final reclamation sample redistributed topsoil for N, P, K, Fe, Mg, Mn, Zn, Ca and pH.

Status: At final reclamation

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

Citation: MRP, Volume 3, Section 4.5, page 4-32, 2nd paragraph.

Title: SUBSOIL SAMPLING AT WASTE ROCK SITE

Objective: To provide chemical characteristics of purchased subsoil.

Frequency: Once. 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: MRP, Volume 3, Section 4.6.4.1, page 4-38a, 3rd paragraph, and page 4-38b.

Title: AGE-MONITORING OF WATER

Objective: To understand the possible sources of groundwater inflows.

Frequency: When inflows of 800 gpm are encountered.

Status: No significant inflows in the North Lease.

Reports: Immediately notify Division

Citation: MRP, Volume 1, page 2-35b, paragraph 2.

Title: SAMPLING PRIOR TO SLURRY PLACEMENT IN ABANDONED UNDERGROUND WORKINGS

Objective: Protection of groundwater

Frequency: Every 450 feet of advance

Status: Report if placed slurry in abandoned underground workings.

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

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

Title: SAMPLING OF WASTE ROCK IN TEMPORARY STOCKPILES

Objective: Protection of surface and groundwater

Frequency: one sample per 2000 tons of temporary stockpiled material if remains in temporary location longer than three months.

Status: Ongoing

Reports: Not specified. Assumed to be the same as disposal site sampling (previous paragraph on same page.)

Citation: MRP, Volume 3, page 4-30, 3rd paragraph, and 1988 Soils guidelines, table 6.

OPERATOR COMMENTS (OPTIONAL)

No Waste Rock was stored more than three (3) months in a temporary stockpile during 2012. All material was hauled, placed, and sampled at the Waste Rock site.

REVIEWER COMMENTS

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

Subsidence details included an updated cumulative subsidence contour map (1982-2012). Observed and reported subsidence is within the expected ranges as described in the approved MRP. Current and projected mining maps were also provided.

MAPS

Copies of mine maps, current and up-to-date, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. 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 1982-2012		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Skyline Mine...Projected Mining 2013-2017		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Skyline Mine, Mine 3, As Mined 2012		<input type="checkbox"/>	<input 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"/>

Reviewer Comments Met Requirements Did Not Meet Requirements

Please note that mine maps are not confidential per R645-300-124.300. Confidentiality is limited to the information specified in R645-300-124.310, R645-300-320, and R645-300-124.330. One (1) set of the above-listed maps were hand-delivered to the UDOGM-PIC located in Salt Lake City, Utah on March 27, 2013. The cited maps have the required original certification.