

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	April 22, 2014
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	March 28, 2014		
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 approximately 120 gpm 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 pond was predominantly frozen and the banks were covered with snow. The road embankment along the south side of the pond will be monitored for stability. The pond was cleaned during the 2nd Quarter 2012.</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: 122,317 ft³ (based on 2012 survey) 60% Elevation: 8571.52 feet ASL (above sea level) 100% Elevation: 8573.71 feet ASL A survey of the pond will be completed in 2014, but only a minor delta of material is forming at the inlet of the 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: 285,327 ft³ Required runoff storage: 163,010 ft³ 100% Sediment storage: 122,317 ft³ 60% Sediment storage: 73,902 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.

The water level in the pond was approximately level with the outlet, and was discharging approximately 120 gpm 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 appear to be functioning as designed, but were covered with snow. 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 ft³ of sediment storage is available in the pond. Based on a sediment elevation of 8566.27 feet, the sediment level is at approximately 23 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. Adelman Date: 4-22-14

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	April 22, 2014
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	March 25, 2014		
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.</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: 4591 ft³ 60% Elevation: 7914.54 feet ASL (above sea level) 100% Elevation: 7915.29 ASL</p> <p>The sediment level in the pond was measured using a Total Station survey of the entire pond in 4th quarter 2013. The survey indicated the average elevation of existing sediment is approximately 7911.76.</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: 47,715 ft³ (as surveyed in 2013) Required runoff storage: 43,124 ft³ 100% Sediment Storage: 4591 ft³ (as surveyed in 2013) 60% Sediment Storage: 2,755 ft³ (as surveyed in 2013)</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.

Water / ice elevation was 0.22 feet below the spillway during the inspection. The pond was covered with ice and the banks were covered in snow.

The pond discharged twice during the quarter during the quarter on March 25 and 31, with the average discharge being 7 gpm. During the spring runoff, coal fines and water were running on top of the ice, but the water quality of the samples were compliant. 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. 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.

The pond will be evaluated for cleaning 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. Skyline is also looking at modifying the current sediment trap system to possibly contain more sediment prior to reaching the pond.

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 0.5 feet below the spillway to slightly above 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 1st quarter 2014.

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

Qualification Statement

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Signature: _____

Sugg A. Saleh

Date: _____

4-22-14

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	April 22, 2014
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	March 26, 2014		
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. The banks of the pond are normally well-vegetated, but were covered in snow during the 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: 26,734 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 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 estimated average sediment elevation is approximately 7855.0 with no significant additional sediment since last quarter..</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. The storage volumes below are based on 2012 survey. Total volume of pond at Spillway: 61,770 ft³ Required runoff storage: 35,036 ft³ 100% Sediment storage: 26,734 ft³ 60% Sediment storage: 16,040 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 out slopes of embankments, etc.

This pond did not discharge during the 1st quarter of 2014, therefore no water samples were obtained. The pond contained minor water in the east half of the pond with the west half being snow covered 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 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 1/2 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 1st 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

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Signature:

Suey A. Jalubini

Date: 4-22-14

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			
Permit Number	C/007/005	Report Date	April 22, 2014
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	March 26, 2014		
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>			
<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: 740 ft³ 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 contained a small puddle during the inspection. It was hard to gauge the amount of sediment because a majority of the pond was covered with snow.</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principal Spillways Elevation: 8076.32 feet ASL (per C. Ware survey) Emergency Spillway Elevation: 8076.73 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</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 1st quarter of 2014, therefore no water samples were obtained. The pond did not receive substantial runoff during the quarter, with the ditches functioning as designed. 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 snow covered during the inspection.

The as-built survey determined the sediment storage for the pond is 740 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 periodically during the 1st quarter 2014. The pond was snow covered with a small area of water present during the inspection. Field observations estimate the current sediment storage capacity is approximately 90 percent of the 740 cu-ft capacity. Minimal run off was encountered during the quarter, with the pond functioning as designed.

Qualification Statement

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Signature: *Gregg A. Jankovich* Date: 4-22-14