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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 1, 2014

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

Subject: 2013 Annual Report Review Completion, Skyline Mine, C/007/0005, Task ID #4557

Dear Mr. Sorensen:

The Division staff has completed the review of the 2013 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on July 1, 2014. There are several biology reporting issues which need resolution.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325 or Joe Helfrich at 801-538-5290.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
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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@bowieresources.com
City	Helper		
State	Utah	Zip Code	84526

DOGGM File Location or Annual Report Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

submitted quarterly in electronic format on 7/15/13(1st and 2nd), 10/17/13, and 2/19/14.

Impoundments

- Required
 Not Required

submitted quarterly in electronic format on 4/29/13, 7/18/13, 10/16/13, and 2/19/14.

Other:

OPERATOR COMMENTS

REVIEWER COMMENTS

- Met Requirements Did Not meet Requirements

The sediment pond inspection reports were reviewed during complete inspections conducted quarterly through 2013. The 1st quarter 2013 sediment pond inspections were done on March 23, 2013, 2nd quarter 2013 on May 31, 2013, 3rd quarter 2013 on September 21, 2013 and 4th quarter 2013 on December 17, 2013. Every report was certified by a Utah P.E. meeting and surpassing the required annual P.E. certification. (KRH)

The refuse pile quarterly inspections and certification by a Utah P.E. for 2013 were done as follows: 1st quarter 2013 on March 23, 2013, 2nd quarter 2013 on June 26, 2013, 3rd quarter 2013 on September 24, 2013 and 4th quarter 2013 on December 17, 2013. (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

A total of approximately 1,358 tons of material was hauled to the waste rock site in 2013. Since a minimum of 2,000 tons was not deposited, no samples were collected in 2013.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Priscilla Burton, 4/11/2014. As discussed with Mr. Galecki on 4/11/2014, the requirement for sampling is on a rolling basis and he will continue to track the volume of waste hauled to the site. When the amount of 2,000 tons has accumulated on site, the material will be sampled for acid/toxic characteristics.

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 .pdf file titled, "2013 Wildlife Survey Report_8.9.13_complete" has been submitted previously in the North Lease Modification application, but it is attached to this Annual report as well. 2013 subsidence is included in the report.

Reviewer Comments Met Requirements Did Not Meet Requirements

It is not clear from the maps that the 2013 raptor survey adequately covered projected subsidence from the time the survey was conducted to the next 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: Spring 2012 report due to Division. next sampling should be fall 2014/spring 2015.

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

The Woods-Winter Quarters Creek Fall 2011 report is attached to this Annual report. The .pdf file is title, "Canyon14.WQ11.SepOct.macro.final".

Reviewer Comments Met Requirements Did Not Meet Requirements

This commitment requires that the fall and spring surveys begin in 2007. Having said that a spring not a fall survey should have been conducted in 2011. The permittee needs to explain why this didn't happen since the fall survey in this report is for 2011. This report is also missing the spring 2012 report both of which should have been included in the previous year's annual report . It is suggested that in addition to meeting the requirements of this section of the annual report the permittee meet with Division staff to determine an appropriate amount of time to submit monitoring data to the Division.

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

The 2013 Riparian Vegetation report is attached to this Annual Report. The .pdf file is titled, "canyon14.WQ13.rip.rpt.final".

Reviewer Comments Met Requirements Did Not Meet Requirements

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.

Operator Comments

The Fall 2013 Cutthroat Trout Population Density survey was conducted, but the report is not available from the consultant at the time of this report. It will be submitted when the Operator receives the report.

Reviewer Comments Met Requirements Did Not Meet Requirements

The response to this commitment is not acceptable. It is suggested that the permittee meet with Division staff to determine an appropriate amount of time to submit the requisite monitoring data to the Division.



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: 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)

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

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 1982-2013	Subsidence 2013 Final	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Skyline Mine Mine 3 As Mined 2013	As Mined 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Skyline Mine Mine 3 - Level 3 Projected Mining 2014	Projected Mining	<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.

Mine maps were provided with the annual report. A cumulative subsidence map was included using contours to update the subsidence measurements recorded for aerial monitoring. (JCO)