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DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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August 3, 2016

Corey Heaps, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: 2015 Annual Report Review Completion, Skyline Mine, C/007/0005, Task ID #5144

Dear Mr. Heaps:

The Division staff has completed the review of the 2015 Annual Report. Enclosed is a copy of the review with each reviewer's comments.

As noted in the reviewer comments in the map section, please submit revised maps by no later than September 9, 2016.

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

DRH/sqs
Enclosure
O:\007005.SKY\WG5144 Annual Report\ReviewCompletionLetter.doc



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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	2017-04-30
Operator Name	Skyline Mine, Gregg Galecki	Phone Number	+1 (435) 448-2636
Mailing Address	HC 35 Box 380	Email	ggalecki@bowieresources.com
City	Helper		
State	Utah	Zip Code	84526

DOGM File Location or Annual Report Location

Excess Spoil Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Refuse Piles	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Submitted quarterly in electronic format on 5/1/15 (1st), 8/12/15 (2nd), 11/18/15 (3rd) and 2/22/16 (4th), respectively.
Impoundments	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Submitted quarterly in electronic format on 4/22/15 (1st), 8/7/15 (2nd), 11/13/15 (3rd), and 2/22/16 (4th), respectively.
Other:		

OPERATOR COMMENTS

REVIEWER COMMENTS

Met Requirements
 Did Not meet Requirements

The Permittee submitted the refuse pile inspections quarterly in electronically on 5/1/15, 8/12/15, 11/18,15 and 2/22/16. The inspection reports were completed by Carl Winters, a Utah PE certified professional engineer. The field inspections state that all foundation preparation was completed according to design specification. The reports detail that all slopes showed no signs of instability such as rills, gullies, or sloughage. The Permittee has addressed the requirements of this commitment. (CP)

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 4,928 tons of material were hauled to the waste rock site in 2015. Two (2) samples were collected and analyzed by Inter-Mountain labs. Sample report titled, "Waste Rock Samples 2015".

Reviewer Comments Met Requirements Did Not Meet Requirements

7/28/2016, PWB. Two samples (WR2015-1 and 2015-2) were sent to Intermountain Labs on 3/21/2016. There was no chain of custody showing the date of sampling in 2015. The samples were almost purely sand (90%) in texture with near neutral pH and low boron, selenium values and very moderate SAR values and about 20% carbon (coal). The samples had low neutralization potential (about 20 Tons/1000 Tons), but also had minimal acid forming potential. Should this material remain on the surface at final reclamation, it will require an organic amendment to improve its texture and increase water and nutrient holding capacity. In the future, the operator should use a chain of custody form to document sampling and transfer dates.

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: As Available

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

Operator Comments

A .pdf report titled, "2015 Power line & Vent Report 08.16.15" outline the raptor survey for Swens Canyon and the power line corridor. A juvenile northern goshawk nest was located near the power line corridor that may need to be mitigated during construction. Wildlife biologist Mace Crane indicated he wouldn't be surprised if the nest was not used again in the future due to the size of the tree and location. A second .pdf file report titled, "2015 NOG Bleeder Shaft and Subsidence Report 8.16.15.pdf" (outlines the raptor survey in Woods Canyon, identifying any nests potentially affected by subsidence related to current mining activities.

Reviewer Comments Met Requirements

Did Not Meet Requirements

4/1/16: The Permittee provided reports as required. The 2015 wildlife survey covered the 2015, 2016, and 2017 mining panels and the NOG Bleeder Shaft locations and the Powerline and Ventilation Facility. Northern goshawk protocol surveys, general raptor surveys, American three-toed woodpecker, and general wildlife surveys were conducted as required. The potential subsidence area survey includes 2015, 2016, and 2017 mine panels. With the exception of one Northern Goshawk nest along the proposed powerline route, there were no other active nests documented. There were no aural or visual observations of American three-toed woodpecker during the course of the 2015 surveys.

The Permittee must coordinate with the DOGM Biologist (Lisa Reinhart) and USFS Biologist (Jeff Jewkes) to determine appropriate monitoring/mitigation measure for the Northern Goshawk nest that was located prior to installation of the powerline. (LR)

Title: MACROINVERTEBRATE SURVEYS

Objective: To determine if mining and mining related activities are impacting Eccles Creek.

Frequency: Conduct studies in the fall for two consecutive years then two years off.

Status: Surveys due for 2015/2016 then 2019/2020

Reports: Annual

Citation: MRP, Appendix A-3, Volume 2, Volume 1A, Section 2.8, pages 2-70-2-71C Section 2.8, table 2.8-1a

Operator Comments

A .pdf file report titled "Final Eccles Creek Report 2015" provides macroinvertebrate data working towards indexing the health of Eccles Creek.

Reviewer Comments Met Requirements

Did Not Meet Requirements

4/1/16: The Permittee provided a Macroinvertebrate Assessment of Eccles Creek for 2015. The assessment was conducted by Bio-West, Inc out of Logan, UT. The assessment concludes that continued monitoring within these three Eccles Creek stations is recommended to track changes though time and identify potential avenues for remediation. Using the current methodology for future monitoring will enable statistical comparisons of metrics and quantitative assessments to determine whether changes within the system are mathematically significant. The sampling methods, reporting, and analysis of means as contained in the report will allow for statistical analysis with calculations of error and significance. (LR)

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 riparian vegetation survey titled, "canyon16.WQ15.rip.rpt.FINAL" is attached to this report.

Reviewer Comments Met Requirements Did Not Meet Requirements

4/1/16: The Permittee provided the report titled "Riparian Plant Community Monitoring in Selected Reaches of Woods Canyon" for the year 2015, prepared by Mt. Nebo Scientific, Inc. Only Woods Canyon was included in the study area in 2015 due to the mining progress. (LR)

Title: FISH SURVEY

Objective: To determine if mining and mining related activities are impacting fish in Eccles Creek.

Frequency: In the fall every three years.

Status: Survey due 2016

Reports: Every three years

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

Operator Comments

An electro-fish survey will be conducted in 2016.

Reviewer Comments Met Requirements Did Not Meet Requirements

Not required for 2015.

Title: Topsoil nutrient sampling during construction of the NOG Bleeder

Objective: Determine N:P:K status of salvaged topsoils, because this analysis was not included with the soil survey

Frequency: once Fall 2015 or if construction is delayed, prior to construction

Status: Submit with 2015 annual report

Reports: Annual

Citation: Conditional approval of NOG Bleeder Shaft Task 4883. Outgoing folder 9212015.4883.doc

Operator Comments

Construction has not been initiated at the North of Graben Bleeder site. N:P:K analysis of the topsoil will be conducted at the site prior to construction.

Reviewer Comments

Met Requirements

Did Not Meet Requirements

7/28/2016, PWB.

Title: SUBSIDENCE MONITORING

Objective: To document the amount of subsidence that has occurred.

Frequency: Annually

Status: Ongoing

Reports: Annual Update of Drawing 4.17.3-1 and digitized area survey information and results of on the ground visual inspection.

Citation: MRP, Chapter 4, page 4-97 thru 4-99a

Operator Comments

The Cumulative Subsidence 1982-2015 map has been submitted with this report. Note that the 2015 data is identified as PRELIMINARY. The information is labeled in the manner due to the survey showing subsidence outside the anticipated angle-of-draw zones typically seen. This will be field checked with established data points located in the field in 2016. Both ground and aerial (helicopter) visual inspections of the subsided areas did not identify any adverse surface impacts related to subsidence.

Reviewer Comments

Met Requirements

Did Not Meet Requirements

The Permittee included a subsidence mine map and summary table with the annual report. The subsidence map shows the subsidence contours for the Skyline Mine as of 2015, specifically around the Huntington creek. The subsidence contours ranged from zero to 20 feet. The Permittee has addressed the requirements of this commitment. (CP)

7/28/2016, PWB. Mine entries run perpendicular to the Burn Out and James Canyon drainages. Subsidence contours from 0 to -10 feet are also perpendicular to the existing contours. There is a potential for surface expression of subsidence in these drainages. The 2016 reconnaissance inspection should include these drainages.

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.

Operator Comments

No subsoil was purchased that was used in contemporaneous reclamation in 2015.

Reviewer Comments Met Requirements Did Not Meet Requirements

7/28/2016, PWB.

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.

Operator Comments

No significant inflows of 800 gpm were encountered during mining in 2015.

Reviewer Comments Met Requirements Did Not Meet Requirements

This corresponds with what is typically seen in the North Lease. (AD)

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).

Operator Comments

No slurry was place underground in 2015.

Reviewer Comments Met Requirements Did Not Meet Requirements

7/28/2016, PWB.

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: 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)

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REVIEWER COMMENTS

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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

7/28/2016, PWB. A report titled, "Results of the 2015 Geomorphic Evaluation of Eccles Creek" by EarthFax Engineering, dated October 2015 was included in the 2015 Annual Report. This report evaluates the geomorphic conditions of Eccles Creek at three reference reaches in 2015 as compared with the same reaches in 2001 to 2006. A summary states that at EC1 and EC 2, Eccles Creek had aggraded. This was less evident at EC3, which is downstream of Whiskey Creek. The White Oak mine access road pad and culvert which has been in place in Eccles Creek since 1983, was removed in November 2015. This pad and culvert removal could have an impact on future channel morphology up and down stream.

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 1982-2015 2015 Preliminary	Cumulative Subsidence 2015	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2016 5-year Timing		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
As mined 2015		<input checked="" 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.

7/28/2015, PWB. Panels should be labeled on all maps. Some existing workings may need to be shown for continuity on the 5 year projection, because panels appear to begin out of thin air. There is overlap in the same panels for 2016 and 2017 on the 5 year projection. This may be due to two seams being mined. If so, two separate maps should be provided (one for each seam). The permit boundary on the 2015 as-mined map is not completed on the south west corner of the map. The 5-year projection should also include the current permit boundary. (The subsidence map should also have a permit boundary.) On the 2015 as mined map, the difference between orange, red, and gray (mined out) panels should be differentiated in the legend along with an identification of the seam being mined.