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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

October 27, 2017

Howard Strand, Field Branch Manager
Office of Surface Mining
1999 Broadway, Suite 3320
Denver, CO 80202-3050

Subject: Phase III Bond Release, South Fork Access Road, Canyon Fuel Company, LLC, Skyline Mine, C/007/0005, Task #5490

Dear Mr. Strand:

Enclosed is the Division's Decision Document for the Phase III bond release of the South Fork Breakout access road consisting of a total of .36 acres at the Canyon Fuel Company, LLC, Skyline mine. Canyon Fuel Company, LLC has requested bond release on this short segment of reclaimed road to accommodate a US Forest Service timber sale. The Company is only asking for a release from the reclamation bond obligations and is not currently requesting a reduction in the bond amount.

The Division finds that Canyon Fuel Company, LLC has met the regulatory requirements for Phase III bond release and recommends approval. We request the Office of Surface Mining's concurrence with this determination. A copy of the Phase III bond release inspection report is included in this package along with the documentation of events. Please provide your determination at your earliest convenience.

Thank you for your help during this process. If you have any questions, please feel free to call me at (801) 538-5325 or Priscilla Burton at (435) 613-3733.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
O:\007005.SKY\WG5490 PMLU\Letter to OSM.doc

UTAH DNR OIL, GAS & MINING

UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
Phase III Bond Release on .36 acre of South Fork Breakout Road

Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah

October 27, 2017

CONTENTS

* Action
* Background
* Summary of Findings
* Recommendation for Phase III Bond Release
* Chronology
* Technical Analysis
* Bond Release Inspection Report
* Affidavit of Publication

ADMINISTRATIVE OVERVIEW

Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah

March 29, 2017

ACTION

Canyon Fuel Company, LLC made application to the Division of Oil, Gas and Mining for a Phase III bond release on .36 acres of reclaimed disturbance associated with the South Fork Breakout access road. No bond money will actually be released. The area will be released from further reclamation liability.

BACKGROUND

The Mining and Reclamation Plan (MRP) for the Skyline Mine was originally approved by the Office of Surface Mining Reclamation and Enforcement (OSMRE) on June 20, 1980. The Permittee was Coastal States Energy Company and the Operator was Utah Fuel Company.

The permit was transferred from Coastal States Energy Company to Canyon Fuel Company, LLC on December 20, 1996.

The Skyline mine plan area incorporates federal coal leases, one Carbon County coal lease and fee lease. The surface disturbed area includes disturbances (surface facilities) on Forest Service lands and private land (Unit Train Loadout and Waste Rock Disposal sites). The access to the Waste Rock Disposal Pit is a private road and is not scheduled for reclamation.

The South Fork Breakout was installed in the early days of the mine and only used for a short period of time. The Breakout area was reclaimed in 2003 and the access road was completely reclaimed in 2005. The area consisting of .96 acres is classified as a Small Area Exemption and sediment control was accomplished using alternative methods rather than installing a sediment pond. All existing silt fencing was removed, with the exception of temporary silt fencing that was used during reclamation construction. Extreme surface roughening or "deep gouging" was used as the form of sediment control until vegetation was established.

The landowner of the area (U.S. Forest Service) has issued a timber sale for this area and intends to allow logging in this area. When Canyon Fuel Company originally applied for the bond release they also asked for a Post-Mining land use change to logging and indicated as much in the public notice. However, it was later determined that a land use change was not necessary, since the

pre-mining land use of the area included Forestry and logging is compatible with that land use. The Post-Mining land use is not changed. The .36 acre area is being released to accommodate the Forestry land use.

SUMMARY OF FINDINGS

The Phase III bond release was advertised for four consecutive weeks. No comments were received. The U. S. Forest Service is in favor of the bond release. A bond release inspection was conducted on June 28, 2017. No problems were identified. The technical analysis for the Phase III bond release has been completed with no remaining deficiencies.

RECOMMENDATION

Canyon Fuel Company, LLC has completed the reclamation responsibility for the .36 acre area at the South Fork Breakout. The Phase III bond release should be approved by the Division. The Permittee has not applied for any reduction in the bond amount, only a reduction in the area of permit liability in the amount of .36 acres.

BOND RELEASE CHRONOLOGY

Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah

October 27, 2017

June 21, 2017	Canyon Fuel Company, LLC submits application for Phase III bond release.
June 23, 2017	Division invites the agencies to collaborate and participate in the Bond Release Inspection.
July 5, 2017	Bond release application is considered to be administratively complete.
July 5, 2017	Division notifies other federal, state and local agencies about the Skyline Phase III bond release.
July 11, 18, 25, and August 1, 2017	The Skyline phase III bond release is published in the Sun Advocate s for four consecutive weeks.
September 1, 2017	End of public comment period and no comments received.
October 23, 2017	Canyon Fuel Company, LLC submits necessary updates to the application.
October 26, 2017	Clean copies of the application are received by the Division.
October 27, 2017	The Division approves the Phase III bond release conditioned upon OSM concurrence.

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JOHN R. BAZA
Division Director

Technical Analysis and Findings

Utah Coal Regulatory Program

October 27, 2017

PID: C0070005
TaskID: 5490
Mine Name: SKYLINE MINE
Title: PMLU & BOND RELEASE

Operation Plan

Mining Operations and Facilities

Analysis:

Te amendment meets the State of Utah R645 requirements for Mining Operations and Facilities; R645-301-231, 521 and 528. The following deficiency was addressed in the October 23, 2017 submittal:

Chapter 3, Page 3-72(a) includes a description of Area 32. The Division is recommending that the strike-out text be retained as it includes the historical chronology of the reclamation of the area which in turn determines when the period of extended responsibiity begins. The red-line portion of the text could be added to the text to read as follows:

Area 32. This area is a topsoil storage area in a side drainage of the South FOrk of Eccles Creek, as shown on Map 3.2.11-1. This area is an old roadbed that has been filled in with topsoil from the South Fork Breakout. The area was mulched and seeded in the fall of 1989. A thick cover has become established. There is no visible evidence of soil movement. The permitee ran a Sedcad program to demonstrate the run-off, so the area could be classified as an exempt area (See Vol 5 Sec. 21). The area was re-disturbed in 2003 to reclaim the South Fork Breakout area. The area was roughened and seeded in 2003' then re-disturbed in 2005 to eliminate the footprint of the former roadbed. Extreme surface roughening was the only form of sediment control until vegetation was established. In 2017, as part of a postmining land-use change and partial bond release, Area 32, was removed from the permit and disturbed areas.

The permittee included these suggested text changes in the final clean copy of the amendment.

jhelfric

Reclamation Plan

PostMining Land Use

Analysis:

The application meets the requirements of R645-301-413.300 for an alternative postmining land use, because, in 2017, the USFS included the reclaimed land in a timber sale. The reclaimed road is under federal ownership (about 0.15 mile or 0.36 acres). The reclaimed road will have a post mining land use change from wildlife/grazing to Forestry, to be used

for logging by Timberline Wood Products (USFS correspondence, Skyline Incoming 04062017.pdf).

The topsoil and subsoil piles shown on Dwg 3.2.11-1 Rev 1 at the North end of the road, were consumed in the 2005 reclamation of the South Fork Break Out. The reclaimed 0.6 acres South Fork break out (Chap 1, p. 1-37) will not be removed from the permit area, but will be eligible for Phase III bond release in 2018 (MRP, Sec. 4.7.8). The South Fork Break Out (listed on Chap 1, p. 1-37) was reclaimed in 2005 and supplemental husbandry was completed in 2012. The South Fork reclaimed area was well vegetated and stable on June 28, 2017.

Note: North of the disturbed area boundary, the South Fork access road is on land owned by Canyon Fuel, Co. (Dwg. 1.6-1). Paralleling the road, on the East side of the stream, the land is owned by the Oman Family Trust.

pburton

Road System Reclamation

Analysis:

The amendment meets the State of Utah R645 requirements for Road System Reclamation.

R645-301-542.630: The amendment addresses a 0.36 stretch of road that was originally constructed to access a 0.60 acre breakout in South Fork. The breakout was fully reclaimed in 2003, and reclamation of the road followed in 2005. The Permittee proposes to completely remove the 0.36 acres from the permit in anticipation of restoring the reclaimed road to forestry - an acceptable pre-mining land use as defined in Section 2-12 of the MRP. The road will be used by Timberline Wood Products to salvage insect-killed spruce timber in South Fork.

An inspection of the site was accomplished by the Division on 6/28/2017 and it was determined that reclamation efforts appeared successful. The road had been pocked and re-contoured, and vegetative cover had been well established.

jeatchel

Hydrological Information Reclamation Plan

Analysis:

The application meets the State of Utah R645 requirements for Hydrologic Information, Reclamation.

The Division conducted a bond release inspection on June 28th, 2017. The 0.36 acre area cited in the amendment for bond release was walked. The area is stable, free of erosion, and has been successfull regraded and revegetated back to the original contour of the surrounding terrain. The sediment and erosion controls taken during and after reclamation have been successful and the natural drainage patterns have been restored.

aumarva

Revegetation Standards for Success

Analysis:

The amendment meets the State of Utah R645 requirements for Mining Operations and Facilities; R645-301-357.210.

The last augmented seeding at the South Fork breakout, road and topsoil storage pad areas occurred in the fall of 2005. Additional shrub planting occurred in 2011 presumably as a measure to meet the woody species density requirement for the 10 year responsibility period that would have ended at the end of calendar year 2015. On June 21st, 2017 Canyon Fuel Company submitted a post-mining land-use change and bond release for the Forest Service portion of the access road to the reclaimed South Fork portal site. The road will be re-established to accommodate access to a timber sale.

A site visit/bond release inspection was conducted on June 28th, 2017. Persons in attendance walked the reclaimed road to the reclaimed South Fork portal. The reclaimed Forest Service road was stable and well vegetated. Since the PMLU for the .36 acres is a Forest Service access road no vegetation monitoring will be required for bond release.

jhelfric

Maps Bonded Area

Analysis:

The amendment meets the State of Utah R645 requirements for Bonded Area Maps.

R645-301-820.113: The Permittee proposes completely removing a 0.36 acre stretch of reclaimed road in South Fork from the permit in anticipation of restoring the road to forestry - an acceptable pre-mining land use as defined in Section 2-12 of the MRP. The road will be used by Timberline Wood Products to salvage insect-killed spruce timber in South Fork. Although the Permittee is not requesting a reduction of bond amount with this application, this modification would nevertheless release 0.36 acres from the reclamation bond. Maps 3.2.11-1 and 1.6-3 submitted in this amendment clearly illustrate the occlusion of the 0.36 acre road from the Permit Area.

jeatchel

Bonding Determination of Amount

Analysis:

Skyline Mine Post Mining Land Use Change for 0.36 acre portion of the South Fork Breakout meets the requirements of R645 301-830 Determination of Bond Amount and is recommended for approval, based on Skyline Mine is not currently requesting a reduction in the Bond amount and the unsold portion 0.60 acres will continue to be reclaimed per Canyon Fuel Company, LLC's Mining and Reclamation Plan. The modification releases 0.36 acres from Skyline Reclamation Bond so the US Forest Service can use the road portion of the breakout area as a logging road.

bwiser

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Inspection Report

Permit Number:	**C0070005**
Inspection Type:	BOND RELEASE
Inspection Date:	Wednesday, June 28, 2017
Start Date/Time:	6/28/2017 10:00:00 AM
End Date/Time:	6/28/2017 11:30:00 AM
Last Inspection:	

Inspector: Joe Helfrich,

Weather: Sunny warm 70

InspectionID Report Number: 5930

Accepted by: DHADDOCK
9/19/2017

Representatives Present During the Inspection:	
Company	Jeremiah Armstrong
Company	Gregg Galecki
OGM	Daron Haddock
OGM	Arati Umarvadia
OGM	Justin Eatchel
OGM	Joe Helfrich

Permitee: **CANYON FUEL COMPANY**
Operator: **CANYON FUEL COMPANY**
Site: **SKYLINE MINE**
Address: **HC 35 BOX 380, HELPER UT 84526**
County: **CARBON**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

10,958.09	**Total Permitted**
139.81	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] Federal
- [x] State
- [ ] County
- [x] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [ ] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a Phase III inspection of the reclaimed Forest Service road and evaluate the request to allow the road to be left as a commercial logging road as part of the postmining land-use of Forestry.

Inspector's Signature **Date** Monday, August 21, 2017

Joe Helfrich,
Inspector ID Number: 1

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

1594 West North Temple, Suite 210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	✔	☐	✔	☐
2. Signs and Markers	☐	☐	☐	☐
3. Topsoil	☐	☐	☐	☐
4.a Hydrologic Balance: Diversions	☐	☐	☐	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☐	☐	☐	☐
4.c Hydrologic Balance: Other Sediment Control Measures	✔	☐	✔	☐
4.d Hydrologic Balance: Water Monitoring	☐	☐	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5. Explosives	☐	☐	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☐	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☐	☐	☐
8. Noncoal Waste	☐	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☐	☐	☐
10. Slides and Other Damage	☐	☐	☐	☐
11. Contemporaneous Reclamation	✔	☐	✔	☐
12. Backfilling And Grading	✔	☐	✔	☐
13. Revegetation	✔	☐	✔	☐
14. Subsidence Control	☐	☐	☐	☐
15. Cessation of Operations	☐	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	✔	☐	✔	☐
16.b Roads: Drainage Controls	☐	☐	☐	☐
17. Other Transportation Facilities	☐	☐	☐	☐
18. Support Facilities, Utility Installations	☐	☐	☐	☐
19. AVS Check	☐	☐	☐	☐
20. Air Quality Permit	☐	☐	☐	☐
21. Bonding and Insurance	☐	☐	☐	☐
22. Other	☐	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

The aplication for the post mining land-use change and phase III bond release on the Forest Service access road for .36 acres was received by the Division on June 21, 2017. The road was used to gain access to the South fork of Eccles creek breakout. The parcel is located in township 13 south, Range 6 East, Section 24 a portion of the NESW and was reclaimed several years ago. After reviewing the application and inspecting the area, it is clear that the post mining land use will not actually be changed. The current MRP lists Forestry as land use for the area and having a logging road is certainly consistent with that land use. The U. S. Forest Service has issued a timber sale in the area and has indicated their desire to have the road left for logging. The MRP is being amended to show a change in the reclamation plan for the area so the road can be left rather than totally reclaimed. A notice of the .36 acre bond release will be published in the Sun Advocate on July 11, 18, 25 and August 1, 2017.

4.c Hydrologic Balance: Other Sediment Control Measures

The site has been well stabilized with no signs of sediment leaving the permitted areas.

11. Contemporaneous Reclamation

The South Fork area has been reclaimed and shows good vegetation over the majority of the site. Only .36 acres associated with the access road will be released from liability at this time. The remainder of the South Fork Portal area will remain in the permit and is still slated for full reclamation as shown in the plan.

12. Backfilling And Grading

The south fork breakout was reclaimed in 2003 and the access road in 2005. The road is stable and is showing no signs of erosion.

13. Revegetation

The road is well vegetated blending in well with the surrounding vegetation.

16.a Roads: Construction, Maintenance, Surfacing

The area being evaluated was an access road for the South Fork Portal area. The road has been completely reclaimed and it is difficult to tell that there was ever a road here. The backfilling and grading blend in with the surrounding hillside. Vegetation has become well established although since the road is to be used as a commercial logging road vegetation is not required. There are no signs of instability or erosion.

ATTACHMENT A – Photos June 28, 2017 site visit

PHOTO 1

June 28, 2017

PHOTO 2

June 28, 2017

PHOTO 3

June 28, 2017

PHOTO 4

June 28, 2017

ATTACHMENT A – Photos June 28, 2017 site visit

PHOTO 5

June 28, 2017

PHOTO 6

June 28, 2017

PHOTO 7

June 28, 2017

PHOTO 8

June 28, 2017

ATTACHMENT A – Photos June 28, 2017 site visit

PHOTO 9

June 28, 2017

PHOTO 10

June 28, 2017

PHOTO 11

June 28, 2017

PHOTO 12

June 28, 2017

ATTACHMENT A – Photos June 28, 2017 site visit

PHOTO 9

June 28, 2017

PHOTO 10

June 28, 2017

PHOTO 11

June 28, 2017

PHOTO 12

June 28, 2017

OGMCOAL DNR <ogmcoal@utah.gov>

Fwd: 06212017 South_Fork_Breakout_Post-mining&Bond_release - Invitation to collaborate

1 message

Daron Haddock <daronhaddock@utah.gov> Fri, Jun 23, 2017 at 8:16 AM
To: Alexis Long <along1@osmre.gov>, "Olsen, Darren G -FS" <dgolsen@fs.fed.us>, "Salow, Jeffrey - FS" <jsalow@fs.fed.us>, "Rigby, Steven W." <swrigby@blm.gov>, "McKenzie, Jefferson" <jmckenzi@blm.gov>, Makeda Hanson <makedatrujillo@utah.gov>, OGMCOAL DNR <ogmcoal@utah.gov>

Hi everyone,
I am forwarding this application for bond release at the Skyline mine. It is for release of of a very small area of approximately .36 acres of road that was reclaimed a number of years ago. The Forest Service has issued a logging permit for the area and the logging company intends on using the reclaimed road as a logging road. Of course the Skyline mine does not want to be responsible for re-disturbance of the road and is asking for a post-mining land use change and bond release. Of course timing is critical, as the logging company plans to enter the area very soon. We have scheduled an inspection of the area on June 28th at 10:00 am in order to document the conditions prior to the logging. I apologize for short notice, but we felt it necessary to get to the site before it gets re-disturbed. You are invited to attend the inspection, but certainly understand that with such short notice that may not be possible. We will take lots of photos and document the site conditions. The bond release process is still going to take some time, as the Company still needs to advertise for 4 weeks followed by a 30 day comment period. Please let us know of any concerns you may have or if there is anything else we can provide. Thanks. Daron

——— Forwarded message ———
From: **Gregg Galecki (via Google Drive)** <drive-shares-noreply@google.com>
Date: Wed, Jun 21, 2017 at 10:25 AM
Subject: 06212017 South_Fork_Breakout_Post-mining&Bond_release - Invitation to collaborate
To: daronhaddock@utah.gov
Cc: suzannesteab@utah.gov, priscillaburton@utah.gov

Gregg Galecki has invited you to **contribute to** the following shared folder:

06212017 South_Fork_Breakout_Post-mining&Bond_release

Open

Google Drive: Have all your files within reach from any device.
Google Inc. 1600 Amphitheatre Parkway, Mountain View, CA 94043, USA

Google

–

Daron R. Haddock

Coal Program Manager
Utah Division of Oil, Gas & Mining
(801) 538-5325

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Jenni Fasselin, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State of Utah a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah legals.com website, the first publication was on the 11th day of July, 2017, and that the last publication of such notice was in the issue of such newspaper dated the 1st day of August, 2017

Jenni Fasselin

Jenni Fasselin – Publisher

Subscribed and sworn to before me this 1st day of August, 2017.

Linda Thayn

Notary Public My commission expires January 10, 2019 Residing at Price, Utah

Publication fee, $ 604.80

LINDA THAYN
NOTARY PUBLIC-STATE OF UTAH
COMMISSION# 680835
COMM. EXP. 01-10-2019

LEGAL NOTICE

Canyon Fuel Company, LLC, has filed a complete application with the Division of Oil, Gas, and Mining for a revision of the existing Mining and Reclamation Plan, C/0070005 for the Skyline Mine. Canyon Fuel Company, LLC operates the Skyline Mines with surface facilities located in Eccles Canyon which is approximately 4 miles southwest of the town of Scofield, Utah. The revision changes the post-mining land use for a portion of the South Fork Breakout.

Post-mining land use will be changed for a 0.36-acre portion of the South Fork Breakout from wildlife habitat & grazing to logging to accommodate a US Forest Service timber sale. The 0.36 acres will be released from Skyline's Reclamation Bond obligations. Skyline is not currently requesting a reduction in the Bond amount. The remaining 0.60-acre portion will continue to be reclaimed per Canyon Fuel Company, LLC's Mining and Reclamation Plan.

A legal description of the proposed areas for these new surface facilities is described as follows:

Areas Authorized for Coal Mining and Reclamation Activities

Township 12 South, Range 6 East, SLBM
Section 24: Portions of NE/SW

Total acres within the affected area: 0.96 acres currently under reclamation. 0.36 acres are to be removed, with 0.60 acres remaining under reclamation after post-mining land use change.

The address of the applicant is:
Canyon Fuel Company, LLC
225 North 5th Street, Suite 900
Grand Junction, CO 81501

After filing, copies of this permit application will be available for inspection at the following location: Utah Division of Oil, Gas, and Mining, 1594 West North Temple, Suite 1210, Salt Lake City Utah, and the Division of Oil, Gas, and Mining website under the Coal Permit files.

Written comments or requests regarding this permit renewal must be made within 30 days of the last publication of this notice, and may be addressed to the Utah Division of Oil, Gas, and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate July 11, 18, 25 and August 1, 2017.