



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

| | |
|------------------|-------------------------------|
| Permit Number: | C0070005 |
| Inspection Type: | COMPLETE OVERSITE |
| Inspection Date: | Wednesday, September 26, 2018 |
| Start Date/Time: | 9/26/2018 9:00:00 AM |
| End Date/Time: | 9/26/2018 4:00:00 PM |
| Last Inspection: | Thursday, August 16, 2018 |

| Representatives Present During the Inspection: | |
|------------------------------------------------|------------------|
| OSM | Daniel MacKinnon |
| Company | Gregg Galecki |
| OGM | Steve Demczak |

Inspector: Steve Demczak

Weather: Sunny, 70's, Dry Conditions

InspectionID Report Number: 6249

Accepted by: DHADDOCK

10/5/2018

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 |
| 139.45 | Total Disturbed |
| 0.36 | Phase I |
| 0.36 | Phase II |
| 0.36 | Phase III |

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

This inspection was a complete oversight at Skyline mine. We inspected the mine, loadout, Swens Canyon, refuse pile, and Winter Quarters. No violations were issued with minor maintenance needed on site.

Stephen J. Demczak

Inspector's Signature:

Steve Demczak,
Inspector ID Number: 39

Date Thursday, September 27, 2018



Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining. telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

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 performance 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 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Signs and Markers | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Topsoil | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.a Hydrologic Balance: Diversions | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.b Hydrologic Balance: Sediment Ponds and Impoundments | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.c Hydrologic Balance: Other Sediment Control Measures | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.d Hydrologic Balance: Water Monitoring | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.e Hydrologic Balance: Effluent Limitations | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Explosives | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Disposal of Excess Spoil, Fills, Benches | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Coal Mine Waste, Refuse Piles, Impoundments | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Noncoal Waste | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Slides and Other Damage | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Contemporaneous Reclamation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Backfilling And Grading | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Revegetation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Subsidence Control | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 15. Cessation of Operations | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.a Roads: Construction, Maintenance, Surfacing | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 16.b Roads: Drainage Controls | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 17. Other Transportation Facilities | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Support Facilities, Utility Installations | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 19. AVS check | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 20. Air Quality Permit | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Bonding and Insurance | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 22. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

1. Permits, Change, Transfer, Renewal, Sale

DOGMA Permit – Expires on April 30, 2022, and the permit is signed by both parties.
Air quality – DAQE-AN0092007-03
UPDES Permit- Ut0023540, Expires on April 30, 2020
SPCC Plan – Last reviewed, by the permittee was on January 16, 2016 by a P.E.

2. Signs and Markers

The identification signs were inspected and it meets the requirements of the R645 Coal Rules. See Photo

3. Topsoil

I inspected the topsoil piles and I did not see any signs of wind or water erosion. The topsoil piles appear to be stable and protected by a berm. See Photo

4.a Hydrologic Balance: Diversions

The diversions were open and functioning as designed. There was one culvert inlet at Swen Canyon that needs two shovels full of sediment out of it. This is a 30 second job. Permittee will clean inlet. A road side diversion between upper and lower pad at bend in road was cleaned out of sediment during inspection.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

I inspected the sediment ponds throughout the property. They contained some water but were not discharging. It is unlikely these structures will discharge in the near future. The embankments appear to be stable. Inlets and outlets would function as designed. I did not see any hazardous conditions to these structures. The permittee conducted a second quarter sediment pond inspection on June 16, 2018. No hazardous conditions were reported.

The mine site sediment pond needs to be cleaned out. It appears that the sediment level is near the required clean out level or clean out sediment capacity. Permittee has scheduled clean out of this pond in October.

4.c Hydrologic Balance: Other Sediment Control Measures

Silt fences were inspected and comply with the requirement of the R645 Coal Rules.

4.d Hydrologic Balance: Water Monitoring

Water monitoring information is taken by the permittee and is sent electronically to the Division in Salt Lake City. This information is reviewed and analyzed by the Division staff. A report is written.

7. Coal Mine Waste, Refuse Piles, Impoundments

We inspected the refuse pile and it appears to be stable. I did not notice any hazardous conditions to the embankments. The refuse pile is active. The permittee conducted a fourth quarter refuse pile inspection on June 29, 2018. This document is P.E. certified. No hazardous conditions were reported. See Photos

8. Noncoal Waste

The property was clear of non-coal waste materials such as oil, trash and grease cans.

10. Slides and Other Damage

No slides or other damage was noticed during the inspection. The mine site and loadout appear to be stable.

14. Subsidence Control

An annual subsidence survey report is needed for last year to complete the requirements of the Annual Report for 2017. This is being addressed in the amendment process by the Division.

16.a Roads: Construction, Maintenance, Surfacing

The roads were compacted with no dust control problem.

16.b Roads: Drainage Controls

I inspected the road diversions and culverts throughout the property. They were functioning as designed. Minor cleaning of sediment at bend in road between upper and lower pad was done during inspection. See Photos

18. Support Facilities, Utility Installations

No new facilities constructed since the last inspection.

19. AVS check

AVS checks are made in Salt Lake City.

21. Bonding and Insurance

The current bond is \$5,799,000. The bond from St. Paul Fire and Marine Insurance Company was released on February 4, 2009 and Bond #SUR0000311 issued by Rockwood Casualty Insurance Company was accepted as a replacement in the same amount. The insurance policy is by Central Insurance Services will expire on February 1, 2019. The policy meets the minimum requirements of the R645 Coal Rules.



CANYON FUEL CO., LLC
SKYLINE MINES

225 No. 5th St. - Suite 900
Grand Junction, CO 81501
Phone 970-263-5130

MSHA:

Skyline No. 1 42-01435
Skyline No. 3 42-01566
ACT: C/007/005















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