

**2005 ANNUAL REPORT
TO THE
UTAH DIVISION OF OIL, GAS AND MINING**

**SOLDIER CANYON MINE
C/007/018**

Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, UT 84542

RECEIVED
MAR 07 2006
DIV. OF OIL, GAS & MINING

To enter text, click in the box and type your response. If a box already contains an entry select the entry and type the replacement. You can use the **tab** key to move from one field to the next. To select a check box, click in the box or type an x.

GENERAL INFORMATION

| | |
|--|--|
| Permitte Name | Canyon Fuel Company, LLC |
| Mine Name | Soldier Canyon Mine |
| Operator Name (If other then permittee) | |
| Permit Expiration Date | February 3, 2007 |
| Permit Number | C/007/018 |
| Authorized Representative Title | Erwin Sass |
| Phone Number | (435) 637-6360 |
| Fax Number | (435) 636-2897 |
| E-mail Address | esass@archcoal.com |
| Mailing Address | PO Box 1029, Wellington, UT 84542 |
| Designated Representative | |
| Resident Agent | C.T. Corporation Systems |
| Resident Agent Mailing Address | 50 West Broadway, Salt Lake City, UT 84104 |
| Number of Binders Submitted | (1) One Binder, Two Copies |

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

| Permit Type | ID Number | Description | Expiration Date |
|-----------------------|-------------|------------------------------|------------------|
| MSHA Mine ID(s) | 42-00077 | | N/A |
| MSHA Impoundment(s) | N/A | | |
| NPDES/UPDES Permit(s) | UT 0023680 | UPDES Discharge Permit | March 31, 2006 |
| PSD Permit(s) (Air) | DAQE-334-94 | Air Quality Permit | N/A |
| Other | | | |
| Storm Water Permit | UTR000574 | Storm Water Discharge Permit | December 1, 2006 |
| | | | |
| | | | |

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

| Certified Reports: | Required | | Included or on file with DOGM | | Comments |
|--------------------|--------------------------|--------------------------|-------------------------------|--------------------------|----------|
| | Yes | No | Included | On File | |
| Excess Spoil Piles | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Refuse Piles | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Impoundments | X | <input type="checkbox"/> | X | <input type="checkbox"/> | |
| Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

| Technical Data: | Required | | Included or on file with DOGM | | Comments |
|---|--------------------------|--------------------------|-------------------------------|--------------------------|----------|
| | Yes | No | Included | On file | |
| Climatological | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Subsidence Monitoring | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Vegetation Monitoring | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Raptor Survey | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Soils Monitoring | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Water Monitoring | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| First quarter | X | <input type="checkbox"/> | <input type="checkbox"/> | X | |
| Second quarter | X | <input type="checkbox"/> | <input type="checkbox"/> | X | |
| Third quarter | X | <input type="checkbox"/> | <input type="checkbox"/> | X | |
| Fourth quarter | X | <input type="checkbox"/> | <input type="checkbox"/> | X | |
| Geological / Geophysical | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Engineering | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Non Coal Waste / Abandoned Underground Equipment* | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | |
| Other Data | <input 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"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

*Reminder: If equipment has been abandoned during 2005, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

2005 CERTIFIED IMPOUNDMENT REPORTS

| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 1 of 2 | |
|--|--|-------------------------------------|----------|
| Permit Number | ACT/007/018 | Report Date | 02/13/06 |
| Mine Name | Soldier Canyon Mine | | |
| Company Name | Canyon Fuel Company, LLC | | |
| Impoundment Identification | Impoundment Name | Surface Facility Sedimentation Pond | |
| | Impoundment Number | None | |
| | UPDES Permit Number | UT0023680 | |
| | MSHA ID Number | Impoundment -None (Mine - 42-00077) | |
| IMPOUNDMENT INSPECTION | | | |
| Inspection Date | 12/27/05 | | |
| Inspected By | David G. Spillman | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | Routine Quarterly Inspection & Annual Certification | | |
| <p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p><i>There were no signs of instability, structural weakness or other hazardous conditions observed at the sedimentation pond.</i></p> <p><i>Scourage and erosion of the Soldier Creek channel continues to occur adjacent to the incised pond. This has been the case since pond construction. While this erosion may require some future maintenance activities, it does not appear that such activities are required at this point in time.</i></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><i>Sediment Storage Capacity (as designed) - 100% = 1.47 acre-feet @ an elevation of 6,649.5 feet</i></p> <p><i>- 60% = 0.88 acre-feet @ an elevation of 6,647.5 feet</i></p> <p><i>The existing sediment level was observed to be well below the established clean-out elevation.</i></p> | | |
| | <p>3. Principle and emergency spillway elevations.</p> <p><i>Principal Spillway Elevation - 6,654.5 feet</i></p> <p><i>Emergency Spillway Elevation - 6,654.5 feet</i></p> | | |
| <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.</p> <p><i>At the time of the inspection, only a small volume of water was observed at the southern end of the pond.</i></p> <p><i>There has been no discharge from the pond during 2005.</i></p> | | | |

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.

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: _____ Date: _____

CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)

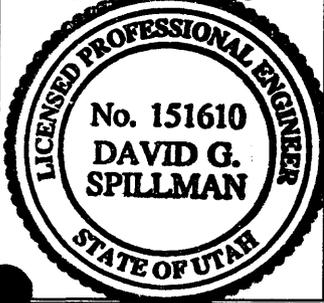
| | YES | NO |
|--|-----|----|
| 1. Is impoundment designed and constructed in accordance with the approved plan? | X | |
| Is impoundment free of instability, structural weakness, or any other hazardous condition? | X | |
| 3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection? | X | |

COMMENTS AND OTHER INFORMATION

Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify 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 or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

[PE Cert. Stamp]



By: David G. Spillman, Technical Services Manager
(Full Name and Title)

Signature: David G. Spillman Date: 02/13/06

P.E. Number & State: No. 151610, State of Utah

| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 1 of 2 | |
|---|---|-------------------------------------|----------|
| Permit Number | ACT/007/018 | Report Date | 02/13/06 |
| Mine Name | Soldier Canyon Mine | | |
| Company Name | Canyon Fuel Company, LLC | | |
| Impoundment Identification | Impoundment Name | Sewage Lagoon | |
| | Impoundment Number | None | |
| | UPDES Permit Number | None | |
| | MSHA ID Number | Impoundment -None (Mine - 42-00077) | |
| IMPOUNDMENT INSPECTION | | | |
| Inspection Date | 12/27/05 | | |
| Inspected By | Dave Spillman | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | Routine Quarterly Inspection & Annual Certification | | |
| <p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p><i>There were no signs of instability, structural weakness or other hazardous conditions observed during this inspection.</i></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>N/A</p> | | |
| | <p>3. Principle and emergency spillway elevations.</p> <p>N/A</p> | | |
| <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.</p> <p><i>The sewage lagoon is designed for total containment and has never discharged.</i></p> | | | |

3. 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.

At the time of the inspection, both the south cell and the north cell were dry with the exception of about 1 inch of snow accumulation. It was also observed that some work had recently been initiated to remove major root forming vegetation from the lagoon cells and embankment. Rocky Mountain Excavation has been hired by Dugout to remove the vegetation and clean ditches as required. This work is expected to be completed in the near future.

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: _____ Date: _____

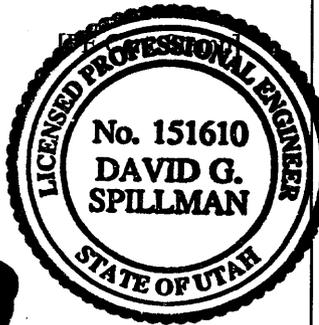
CERTIFIED REPORT

| IMPOUNDMENT EVALUATION (If NO, explain under Comments) | YES | NO |
|--|-----|----|
| 1. Is impoundment designed and constructed in accordance with the approved plan? | X | |
| Is impoundment free of instability, structural weakness, or any other hazardous condition? | X | |
| 3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection? | X | |

COMMENTS AND OTHER INFORMATION

Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify 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 or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.



by: David G. Spillman, Technical Services Manager
(Full Name and Title)

Signature: David G. Spillman Date: 02/13/06

P.E. Number & State: No. 151610, State of Utah

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

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APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

CONTENTS

REFER TO THE GENERAL CHAPTER ONE

APPENDIX D

Mine Maps

As required under R645-302-525-270

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NO MINING IN 2005

APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

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