



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Company, Name, Title. Row 1: Vicky S. Miller, Environmental Specialist. Row 2: Karl Houskeeper, Environmental Scientist III.

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070018), Inspection Type (COMPLETE), Inspection Date (Thursday, June 29, 2006), Start Date/Time (6/29/2006 11:00:00 AM), End Date/Time (6/29/2006 3:00:00 PM), Last Inspection (Friday, March 10, 2006).

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Partly Cloudy, Temp. 89 Deg. F.

InspectionID Report Number: 999

Accepted by: pgrubaug
7/11/2006

Permittee: CANYON FUEL COMPANY LLC
Operator: CANYON FUEL COMPANY LLC
Site: SOLDIER CANYON MINE
Address: PO BOX 1029, WELLINGTON UT 84542
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Values: 6,624.64 Total Permitted, 24.32 Total Disturbed, Phase I, Phase II, Phase III.

Mineral Ownership

- Checked: Federal, State. Unchecked: County, Fee, Other.

Types of Operations

- Checked: Underground. Unchecked: Surface, Loadout, Processing, Reprocessing.

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

Permit Condition: Canyon Fuel Company has just one permit condition for the Soldier Canyon Mine; to submit water quality data in an electronic format through the Electronic Data Input web site.

Permitting Actions: None

Inspector's Signature:

Date Thursday, June 29, 2006

Karl Houskeeper, Environmental Scientist III
Inspector ID Number: 49

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and 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 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 type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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

The DOGM permit is effective 2/3/2002 and expires 2/3/2007. Other documents include the following:

- Certificate of Insurance issued 07/31/2005 and terminates 07/31/2006.
- Reclamation agreement is dated May 9, 2001 and is signed by both parties.
- UPDES permit UT0023680 effective 4/01/2006 and expires midnight 3/31/2011.
- Air Quality permit DAQE 334-94, issued 04/25/1994.
- SPCC Plan dated 12/3/2004.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The pond was inspected on March 9, 2006 and June 3, 2006. The pond was found dry and stable on both inspections.

4.d Hydrologic Balance: Water Monitoring

First quarter 2006 water monitoring information is in the EDI website and uploaded. Second quarter 2006 water monitoring has been collected. Water monitoring is current.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring report for may 2006 shows that no discharge occurred.

18. Support Facilities, Utility Installations

Vandalism has taken place on several occasions at the mine facilities. Cable, transformers and oil have been stolen. The theft of the transformers from pole mounted locations spilled oil from the transformers onto the ground. The oil is non PCB and has been absorbed with absorbent material in the spill kits located at the mine facility. The oil did not leave the road and diversion area and did not enter the pond.

The operator is in the process of taking added security measures.

20. Air Quality Permit

The Air Quality Permit DAQE 334-94 issued April 25, 1994 remains in effect.

21. Bonding and Insurance

The current Bond is \$1,593,000 from St Paul Fire and Marine Insurance Co. Bond No. 400SA1918.

The Insurance is through Ace American Insurance Co. Policy No. HDOG21723198.