

**2010 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

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542

C/007/018 Incoming
cc: PFO

#3170

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March 3, 2011

Utah Coal Regulatory Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: 2010 Annual Report for Soldier Canyon Mine, C/007/018

To Whom It May Concern:

Enclosed please find two copies of the Annual Report for 2010 for the Soldier Canyon Mine, a printed paper copy and a pdf version on a CD.

Upon review of the "commitment and conditions" section on the 2010 Annual Report Form, we have determined that the commitments written do not represent what is in the approved M&RP.

Should you have any questions concerning this submittal, please contact me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

enclosures

cc: Chris Hansen (letter only)
Dave Spillman (enclosures)

File in:

Confidential

Shelf

Expandable

Date Folder 03072011 C/0070018

Incoming

RECEIVED

MAR 07 2011

DIV. OF OIL, GAS & MINING

SUFCO Mine

□

Skyline Mines

□

Dugout / Soldier Canyon Mines

Submit by Email

Print Form

Reset Form

Annual Report

Date

3/2/11

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 April 30, 2010. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name Canyon Fuel Company

Mine Name Soldier Canyon Mine

Permit Number C/007/0018

Permit expiration Date 2012-02-03

Operator Name

Phone Number +1 (435) 637-6360

Mailing Address PO Box 1029

Email esass@archcoal.com

City Wellington State UT Zip Code 84542

CERTIFIED REPORTS

DOGM File Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

Impoundments

- Required
 Not Required

Attached

Other:

OPERATOR COMMENTS

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP 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 the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Title: EXPERIMENTAL PRACTICE FIELD TRIALS.

Objective: Monitoring to support proposed Experimental Practice.

Frequency: Annual Evaluation in June.

Status: Ongoing.

Reports: Provide in annual report a comparison of growth on field trials with Douglas/Fir reference area..

Citation: App. 2-6 and Map 2-4.

OPERATOR COMMENTS

In the Soldier Canyon Mine approved M& RP there is no Appendix 2-6 or Map 2-4. No request for experimental practice was made by Soldier Canyon, or field trials with Douglas/Fir reference area. No commitment found in the Soldier Canyon permit documents to support this reference.

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

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 an attachment to this report or currently file with the Division.

OPERATOR COMMENTS

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

The Division is Requesting that each Permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

LEGAL/ FINANCIAL UPDATE

Includ

DOGM File Location

Ownership and Control	<input type="checkbox"/>	General Chapter 1, stand-alone 1" binder on file in SLC Division office.
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

Large empty rectangular area for reviewer comments.

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2009, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 R 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual Subsidence Map	No mining for 10+ years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map	No mining for 10+ years	<input 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"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

OTHER INFORMATION

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as Appendix E to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

LIST ATTACHMENTS:

REVIEWER COMMENTS

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

Pond Inspections

Soldier Cyn. Sediment Pond		Date		Time		Inspector(s) Signature		Quarterly Inspection Form	
Site: 002		2/5/10		1200		Vicky Miller Vicky Miller			
Permit # UT0023680		Action Required		Person Notified		Date Corrected		Comments/Remarks	
Stability of Pond		Yes	No	N/A					
Pond stability/weakness									
Erosion/Stability of banks									
Vegetation problem around pond									POND BOTTOM SNOW COVERED APPROX 12" ROAD DRAIN DRAINS & DITCHES FULL OF SNOW
Hazardous Condition									
Any visible contaminants									
Hazardous condition observed									
Inlet Conditions									
Inlet functioning									
Culvert(s)/ditches									
Principle & Emergency Spillways									
Water Discharging (rate)									
Pond water level									
Spillway is clear of debris									
Oil skimmer									
Emergency spillway									
Primary spillway									
Other Useful Information									
Last cleaning date for pond		Value	1998	Comments/Remarks		Sediment Storage Capacity/ Elevation		Value	Comments/Remarks
Primary Spillway elevation (ft)		6654.5				100% sediment storage capacity (acre/ft)		1.47	Elev. 6649.5, 4 feet
Emergency Spillway elevation (ft)		6654.5				60% sediment storage capacity (acre/ft)		0.88	Elev. 6647.5 feet
						Current sediment Volume (est.)		NA	
						Remaining storage capacity (est.)		NA	

Other Observations: LOWER GATE PUSHED TO END OF SHOP
 UPPER GATE BLOCKED BY SNOW PLOWED SNOW - NO GATE ACCESS
 APPROX 14" SNOW ON SITE
 Soldier Creek snow covered - NO SIGN OF FLOW
 GATE ON EAST PORTALS OPEN, LOCK MISSING - AGAIN

Soldier Cyn. Sediment Pond		Date	Time	Inspector(s) Signature		Quarterly Inspection Form	
		5/26/10	AM	VICKY MILLER			
Site: 002							
Permit # UT0023680							
Stability of Pond							
Pond stability/weakness							
Erosion/Stability of banks							
Vegetation problem around pond							
Hazardous Condition							
Any visible contaminants							
Hazardous condition observed							
Inlet Conditions							
Inlet functioning							
Culvert(s)/ditches							
Principle & Emergency Spillways							
Water Discharging (rate)							
Pond water level							
Spillway is clear of debris							
Oil skimmer							
Emergency spillway							
Primary spillway							
Other Useful Information							
Last cleaning date for pond	Value	Comments/Remarks	Sediment Storage Capacity/ Elevation	Value	Comments/Remarks		
Primary Spillway elevation (ft)	1998		100% sediment storage capacity (acre/ft)	1.47	Elev. 6649.54 feet		
Emergency Spillway elevation (ft)	6654.5		60% sediment storage capacity (acre/ft)	0.88	Elev. 6647.5 feet		
	6654.5		Current sediment Volume (est.)	10-15 %			
			Remaining storage capacity (est.)	85-90 %			
Other Observations: POND DRY							

Other Observations: _____

Soldier Cyn. Sediment Pond **Quarterly Inspection Form**

Date	8/17/10	Time	1010	Inspector(s) Signature	Vicky Wicker
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Site: 002	Permit # UT0023680	Person Notified	Date Corrected	Comments/Remarks
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Stability of Pond	Action Required	Yes	No	N/A	
Pond stability/weakness			X		
Erosion/Stability of banks			X		
Vegetation problem around pond			X		

Hazardous Condition					
Any visible contaminants			X		
Hazardous condition observed			X		

Inlet Conditions					
Inlet functioning			X		
Culvert(s)/ditches			X		

Principle & Emergency Spillways					
Water Discharging (rate)				N/A	
Pond water level				N/A	
Spillway is clear of debris			X		
Oil skimmer			X		
Emergency spillway			X		
Primary spillway			X		

Other Useful Information	Value	Comments/Remarks	Sediment Storage Capacity/ Elevation	Value	Comments/Remarks
Last cleaning date for pond	1998		100% sediment storage capacity (acre/ft)	1.47	Elev. 6649.54 feet
Primary Spillway elevation (ft)	6654.5		60% sediment storage capacity (acre/ft)	0.88	Elev. 6647.5 feet
Emergency Spillway elevation (ft)	6654.5		Current sediment Volume (est.)	15%	
			Remaining storage capacity (est.)	85%	

Other Observations: POND DRY - NO EVIDENCE OF RETENTION OF WATER

Soldier Cyn. Sediment Pond	Date	Inspector(s) Signature	Quarterly Inspection Form
	10/14/10	10:20	

Site: 002	Action Required		Person Notified	Date Corrected	Comments/Remarks
Permit # UT0023680	Yes	No	N/A		

Stability of Pond					
Pond stability/weakness					
Erosion/Stability of banks		X			
Vegetation problem around pond		X			

Hazardous Condition					
Any visible contaminants					
Hazardous condition observed		X			

Inlet Conditions					
Inlet functioning					
Culvert(s)/ditches		X			

Principle & Emergency Spillways					
Water Discharging (rate)					
Pond water level					
Spillway is clear of debris					
Oil skimmer					
Emergency spillway					
Primary spillway					

Other Useful Information	Value	Comments/Remarks	Sediment Storage Capacity/ Elevation	Value	Comments/Remarks
Last cleaning date for pond	1998		100% sediment storage capacity (acre/ft)	1.47	Elev. 6649.5.4 feet
Primary Spillway elevation (ft)	6654.5		60% sediment storage capacity (acre/ft)	0.88	Elev. 6647.5 feet
Emergency Spillway elevation (ft)	6654.5		Current sediment Volume (est.)	15%	
			Remaining storage capacity (est.)	85%	

Other Observations: POND WAS HAD WATER RECENTLY, BUT NO WATER IN THE POND
dURING THIS INSPECTION

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of 2
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Permit Number	ACT/007/018	Report Date	12/28/10
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	12/28/10		
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		

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

There were no signs of instability, structural weakness or other hazardous conditions observed at the sedimentation pond.

Sloughage and erosion of the Soldier Creek channel continues to occur adjacent to the incised pond. This has been the case since the pond was constructed and no significant change to this condition was observed.

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 style="padding-left: 40px;"><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>

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.

At the time of the inspection there was approximately 2 inches of snow on the ground. It also appeared that only a small volume of water had accumulated at the southern end of the pond.

There has been no discharge from the pond during 2010.

j. **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

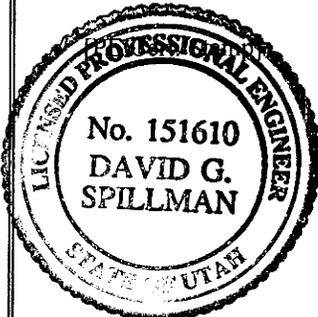
IMPOUNDMENT EVALUATION (IF NO, explain under Comments)

	YES	NO
1. Is impoundment designed and constructed in accordance with the approved plan?	X	
2. 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: 12/28/10

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