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:	**C0070018**
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, November 16, 2016
Start Date/Time:	11/16/2016 10:00:00 AM
End Date/Time:	11/16/2016 12:00:00 PM
Last Inspection:	Wednesday, August 17, 2016

Inspector: Karl Houskeeper,

Weather: Clear Skies, Temp. 38 Deg. F.

InspectionID Report Number: 5698

Accepted by: DHADDOCK
11/22/2016

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

Current Acreages

6,624.64	**Total Permitted**
24.32	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] Federal
- [x] State
- [ ] County
- [ ] 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:

Checked in at the Dugout Mine Office. Met with Bill King. Bill provided the required paperwork items needed for the complete inspection.

Karl R. Houskeeper

Inspector's Signature:

Karl Houskeeper,
Inspector ID Number: 49

Date Wednesday, November 16, 2016

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

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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

Permit C/007/0018 from the Division of Oil, Gas & Mining is effective February 3, 2012 and expires February 3, 2017. This permit also requires electronic submission of all water quality information into the Division's Water Quality Database.

Air Quality Permit DAQE-334-94 became effective on April 25, 1994 and still remains effective to present date.

UPDES Permit UT-0023680 became effective on September 1, 2011 and expires at midnight on August 31, 2016. The permit is extended until a new one is issued.

The Soldier Canyon Mine Site has a SPCC Plan in place. The plan is dated October 2010. This plan was revised dated December 2011. The plan is P.E. dated, Stamped and signed by a Utah P.E. on November 14, 2012.

Reclamation Agreement for the Soldier Canyon mine was signed by both parties on August 23, 2013.

The insurance for the Solider Canyon Mine is through National Union Fire Insurance Company, Policy # GL6576428. The policy is effective beginning February 1, 2016 and expires on February 1, 2017. This policy included explosion coverage. The minimum insurance levels have been met. The policy holder is listed as the State of Utah. The cancellation clause is acceptable to the Division.

2. Signs and Markers

The mine identification sign at the main facility and topsoil storage area were observed. The signs contained the name, address, phone number and mining permit number of the operator as required by law. The signs are compliant.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Third Quarter 2016 sediment pond inspection was done on 09/15/2016. No problems were noted.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for August, September and October 2016 were reviewed. No discharges took place.

5. Explosives

No explosives are maintained on site currently.

20. Air Quality Permit

Air Quality Permit DAQE-334-94 became effective on April 25, 1999 and still remains effective to present date.

21. Bonding and Insurance

Current bond is $1,593,000.00.