

INSPECTION REPORT

Partial Complete XXX Exploration
 Inspection Date: 01/15/2003 Time: 10:00am-4:00pm
 Date of Last Inspection: 12/17/2002

Mine Name: Savage Coal Terminal County: Carbon Permit Number: C/007/022
 Permittee and/or Operator's Name: Savage Industries, Inc.
 Business Address: 5250 South 300 West, Suite 200, SLC, Ut 84107/PO Box 587, Wellington, Ut 84542
 Company Official(s): Dan Guy, Body Rhodes
 State Official(s): Stephen J. Demczak Federal Official(s): None
 Weather Conditions: Sunny, cold
 Type of Mining Activity: Underground Surface Prep Plant XXX Other
 Existing Acreage: Permitted 160 Disturbed 122 Regraded Seeded
 Status: Active

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 N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
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. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. 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 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 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. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. 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 type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<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 type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/022

DATE OF INSPECTION: 01/15/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permit was renewed August 7, 1999. The current information on file indicates that the TA and CHIA were last updated August 7, 1989. The midterm review for the coal loadout facility was approved October 1, 2002. There is one amendment pending, AM02C the installation of an additional coal stacking tube. The response is pending.

2. SIGNS AND MARKERS

Permit entry signs were visible at all points of entry to the permit area.

3. TOPSOIL

The topsoil piles were inspected with no signs of wind or water erosion.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The diversions were functioning as designed. Little or no water was flowing within the diversions during the inspection.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment ponds were inspected for the fourth quarter. This was also the annual sediment pond inspection. The inspection was conducted on November 14, 2002. The report was P.E. certified. No hazardous conditions were reported.

The sediment ponds were inspected in the field with no hazardous conditions noticed.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee takes water samples on bi-annually for CV-1W (French drain) and CV-14W (Ditch NE corner).

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

DMR's for the pond discharge (site CV-15W) were reported as no discharge for the months of October and November. Bi-annual Data for sites 1 and 14 were reported as dry in September. A renewal application for the UPDES permit was submitted to the Division of Water Quality on November 14, 2002.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The permittee has taken the fourth quarter inspection on October 14, 2002. This report is P.E. certified. No hazardous conditions were reported.

8. NONCOAL WASTE

The area was relatively clear of non-coal waste material.

INSPECTION REPORT
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16A. ROADS: CONSTRUCTION/MAINTENANCE/SURFACING

The roads and associated ditches were in good repair and were functioning properly. The permittee was in the process of wetting down the roads.

21. BONDING AND INSURANCE

Bond No. 3SE016664 was received at the Division on January 3, 2003 issued by American Manufacturer's Mutual Insurance Company in the amount of \$2,525,000. This bond noted that it replaced Bond No. 1588987108 issued by National Fire Insurance Company of Hartford for the same amount (which the Division received notice of cancellation of the latter bond on December 30, 2002, and the bond had been canceled on December 9, 2002.)

The current A.M. Best rating for the bond issued by American Manufacturer's Mutual Insurance Company is B+, which is not acceptable. Coal program regulations (R645-301-860.110) require that the A.M Best rating be A- or better (see attached regulations and A.M. Best Rating).

Inspector's Signature: _____ Date: January 23, 2003
Stephen J. Demczak #39

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

cc: James Fulton, OSM
James Jensen, Savage
Boyd Rhodes, Savage
Dan Guy, Blackhawk Engineering
Price Field office
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