

0001

2



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

|                                                |                                       |
|------------------------------------------------|---------------------------------------|
| Representatives Present During the Inspection: |                                       |
| Company                                        | Dan Guy                               |
| OGM                                            | Pete Hess Environmental Scientist III |

**Inspection Report**

|                  |                           |
|------------------|---------------------------|
| Permit Number:   | C0070022                  |
| Inspection Type: | COMPLETE                  |
| Inspection Date: | Tuesday, January 26, 2010 |
| Start Date/Time: | 1/26/2010 9:00:00 AM      |
| End Date/Time:   | 1/26/2010 1:30:00 PM      |
| Last Inspection: | Monday, December 21, 2009 |

Inspector: Pete Hess, Environmental Scientist III

Weather: Overcast; flurries. Cold. 24 degrees.

InspectionID Report Number: 2250

Accepted by:

Permittee: **SAVAGE SERVICES CORP**  
 Operator: **SAVAGE SERVICES CORP**  
 Site: **SAVAGE COAL TERMINAL**  
 Address: **6340 S 3000 E STE 600, SALT LAKE CITY UT 84121**  
 County: **CARBON**  
 Permit Type: **PERMANENT COAL PROGRAM**  
 Permit Status: **ACTIVE**

Current Acreages

|        |                 |
|--------|-----------------|
| 153.46 | Total Permitted |
| 132.50 | Total Disturbed |
|        | Phase I         |
|        | Phase II        |
|        | Phase III       |

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

The Permittee continues to meet the requirements of the Special Condition of the State issued DOGM permit relative to the electronic submittal of quarterly surface and ground water data.

The site is snow covered; only active roads are visible.

The Permittee has received the correspondence from the Division relative to the submittal of an Annual Report for 2009.

Inspector's Signature:

Date Monday, January 26, 2009

Pete Hess, Environmental Scientist III  
Inspector ID Number: 46

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 checked="" 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 type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6. Disposal of Excess Spoil, Fills, Benches                      | <input type="checkbox"/>            | <input checked="" 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 type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 11. Contemporaneous Reclamation                                  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 12. Backfilling And Grading                                      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13. Revegetation                                                 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 14. Subsidence Control                                           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 15. Cessation of Operations                                      | <input type="checkbox"/>            | <input checked="" 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 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 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 current State permit issued by DOGM was renewed on August 6, 2009. The current UPDES permit remains in effect through April 30, 2013. The Air Quality Approval Order was issued by the Utah division of air Quality on May 15, 2008. The SPCC plan for this site was re-certified by Mr. Dan Guy, P.E. in april 2009.

**3. Topsoil**

All soil storage piles are snow covered.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The Permittees qualified representative, Mr. Dan Guy, P.E., conducted the third quarter and annual impoundment inspections and certifications for the sites nine impounding structures on September 21, 2009. All five sediment ponds and the four fine coal settling ponds were noted as being stable, with no sign of erosive action, or other hazardous condition. Slurry cells #3 and #4 were cleaned during the fourth quarter 2009. Mr. Guy re-certified those ponds on December 12, 2009, as part of the fourth quarter inspection of all nine impoundments.

**4.d Hydrologic Balance: Water Monitoring**

The DOGM electronic water monitoring data contains 3rd quarter 2009 water data for monitoring points CV-15-W (UPDES 001 / No Flow), well S-1-GW (dry) and well S-2-GW. Other points CV-1-W and CV-14-W only require monitoring during the 2nd and 4th quarter of the year.

**4.e Hydrologic Balance: Effluent Limitations**

Discharge monitoring reports for the sites one UPDES outfall (001 / pond 6 open channel spillway to un-named ditch tributary to the Price River) are on file for the months of October, November, and December 2009. The Permittee is meeting the reporting requirements of the UPDES permit. All DMR's were reported as "no flow" situations.

**7. Coal Mine Waste, Refuse Piles, Impoundments**

The fourth quarter 2009 waste rock pile inspection for the Savage facility was completed by Mr. Guy on December 10, 2009. The west side of the pile is being actively re-covered for waste utilization at Sunnyside Co-generation Associates.

**8. Noncoal Waste**

The dumpster located adjacent to the main building was overflowing, with trash bags lying on the ground. The Permittee was asked to correct this.

**21. Bonding and Insurance**

The current bond amount posted to reclaim this site is \$ 2,525,000. The issuing surety is Liberty Mutual Insurance Company, which has an A.M. Best rating of "A". The disturbed area amounts to 132.5 acres.