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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER

Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA

Division Director

Inspection Report

Permit Number:	C0070022
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, July 28, 2010
Start Date/Time:	7/28/2010
End Date/Time:	7/28/2010
Last Inspection:	Thursday, June 17, 2010

Inspector: Pete Hess

Weather: Sunny, hot, 90's F. PM; cumulonimbus building

InspectionID Report Number: 2439

Accepted by: jheffric

7/29/2010

Representatives Present During the Inspection:	
OGM	Pete Hess
Company	Dan Guy
Company	Garth Nielsen

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:

First quarter 2010 water monitoring data has been uploaded into the Division permanent data base. The Permittee is current relative to the Special Condition contained in the permit for electronic submittal of quarterly water data. A tornado formed in the Miller Creek area on the afternoon of July 26, 2010. The tornado traveled across the Savage Coal Terminal permit area before it dissipated. Heavy rain accompanied the high winds; the site received minor damage. The Price area is forecast for additional thunderstorms for the next several days. The Coal Terminal has loaded 40 trains to date during the month of July. The thermal event at Dugout Canyon Mine and the shipments have all but eliminated the Canyon Fuel stockpile at the Terminal. The Permittee has posted a sign at the office indicating that "all visitors must sign in at the office" prior to going out on the site. This requirement is relative to check-in / check-out procedures for mining operations under 30 CFR 75.1715.

Inspector's Signature:

Pete Hess,

Inspector ID Number: 46

Date

Wednesday, July 28, 2010

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining. telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



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 checked="" 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 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 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 Division recently gave final approval to a 25 X 45 foot addition to the office / bath house surface facilities building. In place utilities will be extended to accommodate the office / bath house / break room addition. The DOGM permit for this site was renewed on August 4, 2009 for a five year term.

3. Topsoil

The Permittee needs to implement a protective cover on the topsoil and subsoil piles which are adjacent to the four fine coal settling basins. The piles have been seeded, but Halogeton appears to be the only plant growing on the piles, with that growth occurring in the depression areas (surface roughening. R645-301-234.230 states that all stockpiled materials must be protected from wind or water erosion...by other measures approved by the Division. During this inspection, the Division representative suggested that mulch be applied to these piles. The stored material appears to be of questionable quality.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Guy completed the second quarter of 2010 impoundment inspections for the sites five sediment control ponds and four fine coal settling ponds on May 28, 2010. All ponds were noted as stable. All five sediment ponds contained water on 5/28. As observed this day, #2 and #3 were dry. Water levels in #1 and #6 were high; #1 was being pumped in anticipation of the next precipitation event. All four fine coal settling ponds were inspected on the same day. Ponds #1 and #2 were cleaned in March 2010; ponds #3 and #4 were cleaned in May. Mr. Guy re-certified these ponds as being maintained according to the approved design on May 28, 2010. As observed this day, #1 is drying, in preparation for cleanout once again.

4.d Hydrologic Balance: Water Monitoring

As is noted above, the Permittee is current relative to the quarterly electronic submittal of water monitoring data. The only site having reportable data for the first quarter of 2010 was S-2-GW, which is the ground water monitoring well south of Pond 5. All other water monitoring points were reported as having no flow, or they are only required to be monitored during the 2nd and 4th quarters. Discharge monitoring reports for UPDES outfall 001A (Pond 6 open channel spillway) and SUM A were reviewed for the months of March, April, and May, 2010. All were reported as "no discharge". A review of the field data for the 1st Quarter of 2010 noted a water depth at 15.16 feet below the collar at well S-2-GW. Conductivity and pH readings were lower than expected, as reported by Ms. Karla Knoop, professional hydrologist. A review of the provided analysis sheet for this sample indicated a -3.92% cation / anion balance.

4.e Hydrologic Balance: Effluent Limitations

The current UPDES permit for the site remains in effect through April 30, 2013. The storm water prevention plan (related to UPDES permit) and the spill prevention control and countermeasure plan were both updated in March of 2010 by Mr. Guy for the Permittee.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee continues to recover and ship the material from the coal mine waste pile. The North slope has been regraded; all drainage controls are in place and are capable of functioning as designed. Mr. Guy completed the second quarter waste rock pile inspection on May 28, 2010. There is no water being impounded on the active lift. Slopes appear stable and they are being re-shaped as necessary while the pile is being re-mined for shipment to Sunnyside Co-generation Associates. All drainage controls appear functional. Mr. Guy completed his inspection by PE certifying his inspection report on May 28, 2010.

8. Noncoal Waste

The Permittee continues to make progress on the cleanup of the equipment storage area located next to pond #6. A scrapper was on site this day loading trucks.

9. Protection of Fish, Wildlife and Related Environmental Issues

No wildlife was observed during today's field inspection. Tamarisk was noted as re-developing around pond #2. Tamarisk is a State wide noxious weed. The Division recommended that the new growth be either sprayed with herbicide, or removed with a backhoe. Ponds 1, 2, and 3 are all incised ponds; the removal of the tamarisk from the impounding embankment at pond #2 would not effect the stability of the embankment.

20. Air Quality Permit

The approved air quality permit was implemented on May 15, 2008. The approved throughput is 10 MTPY per 12 month rolling period. As observed this day, a water truck was being filled for fugitive dust control on the operational roads.

21. Bonding and Insurance

The current general liability insurance remains in effect through April 1, 2011. Coverage amounts for the general aggregate and each occurrence categories is adequate. Coverage for damages incurred from the use of explosives is provided. The amount of bond posted for the Savage site is \$ 2,525,000. The surety is the Liberty Mutual Insurance Company, which has an A.M. Best rating of "A". The disturbed area acreage amounts to 132.5 acres.