



GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

8

Inspection Report

| | |
|------------------|----------------------------|
| Permit Number: | C0070022 |
| Inspection Type: | PARTIAL |
| Inspection Date: | Monday, September 20, 2010 |
| Start Date/Time: | 9/20/2010 8:45:00 AM |
| End Date/Time: | 9/20/2010 9:45:00 AM |
| Last Inspection: | 8/30/2010 |

Representatives Present During the Inspection:
OGM Pete Hess

Inspector: Pete Hess

Weather: Mostly sunny; cooler. 70s F.

InspectionID Report Number: 2500

Accepted by: jhelfric
9/20/2010

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:

Second quarter water monitoring data has been inserted into the DOGM data base pipeline; the Permittee is current with this Special Condition of the State issued permit.

Mr. Garth Nielsen, General Manager, represented Savage Industries during today's partial inspection.

Inspector's Signature: _____

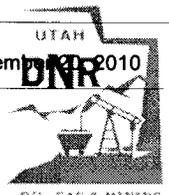
Pete Hess

Pete Hess,

Inspector ID Number: 46

Date

Monday, September 20, 2010



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 type="checkbox"/> | <input type="checkbox"/> | <input 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 type="checkbox"/> | <input type="checkbox"/> |
| 4.c Hydrologic Balance: Other Sediment Control Measures | <input 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 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Backfilling And Grading | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Revegetation | <input type="checkbox"/> | <input 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Support Facilities, Utility Installations | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 19. AVS Check | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input 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

Mr. Nielsen inquired about receiving Division approval to asphalt an area between the office building and the primary road designated as PR-1 (See Plate 5-4, and discussion of PR-1 design requirements in Chapter 5, page 4, of the MRP). The proposed area to be asphalted will be for employee parking only. A 3 to 4 inch thickness is anticipated. This paving has been permitted and bonded in the approved mine plan.

4.d Hydrologic Balance: Water Monitoring

Second Quarter 2010 water monitoring information for the Savage Coal Terminal permit area has been inserted into the DOGM data base pipeline. Most of the sites were reported as no flow or dry; Well S-2-GW and the pumphouse drain at the NE corner of the permit area (CV-1-W) had reportable data.

4.e Hydrologic Balance: Effluent Limitations

UPDES outfall 001 (open channel spillway out of pond 6) was observed as not flowing.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee continues to load and ship the material in the refuse pile to Sunnyside CO-GEN. Material from the cleanout of fine coal basin #1 (in storage adjacent to the basins) is being added to the refuse material to enhance the BTU's. The SW area of the refuse disposal pile is being pushed to the SW by dozer toward the front end loaders to improve the cycle time for pickup and truck loading. Drainage controls are in place and are capable of functioning.

8. Noncoal Waste

The Permittee has completed the cleanup of the equipment storage area which lies west of Pond 6.

18. Support Facilities, Utility Installations

Work has progressed to the point that the office building expansion is now fully enclosed. The entire metal building has been repainted a medium blue. It is not known when the office expansion will be completed.

20. Air Quality Permit

Watering of the operational pad areas and access roads was occurring during today's inspection. It appears that the Permittee is doing this on a continuous basis.