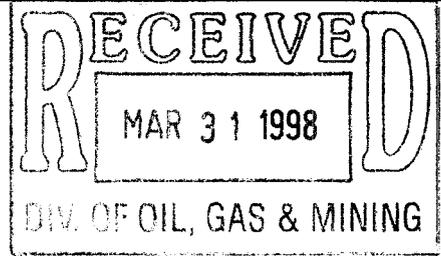


**Canyon Fuel Company, LLC
Banning Loadout
1997 Annual Report**

ACT/007/034





Canyon Fuel Company, LLC Soldier Canyon Mine & Banning Loadout

1997 Annual Report



**Canyon Fuel Company, LLC
Banning Loadout
1997 Annual Report**



GENERAL INFORMATION

1. Permit Number	ACT/007/034
2. Mine Name	Banning Loadout
3. Permittee Name	Canyon Fuel Company, LLC
4. Operator Name (if other than Permittee)	
5. Permit Expiration Date	October 25, 1998
6. Company Representative, Title	Rick Olsen, General Manager
7. Phone Number	(435) 637-6360
8. Fax Number	(435) 637-0108
9. Mailing Address	Soldier Canyon Mine P.O. Box 1029 Wellington, UT 84542
10. Resident Agent, Title	C.T. Corporation Systems
Mailing Address	50 West Broadway Salt Lake City, UT 84104

IDENTIFICATION OF OTHER PERMITS

Identify other permits which are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expires on
1. MSHA Mine ID(s)	42-01756		
2. MSHA Impoundment(s)			
3. NPDES/UPDES Permit(s) (water)	UTG040011	Utah Pollutant Discharge Elimination System	April 30, 1998
4. PSD (Air) Permit(s)	DAQE-334-94		
5.			

6.

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX A to this Annual Report or currently ON FILE with the Division.

Certified Reports:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Excess Spoil Piles		X		X		
2. Refuse Piles		X		X		
3. Impoundments	X		X			Quarterly Pond Inspections (see Appendix - A)
4.						
5.						

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX B to this Annual Report or currently ON FILE with the Division.

Technical Data:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Climatological Data		X		X		
2. Subsidence Monitoring Data		X		X		
3. Vegetation Monitoring Data	X		X			Vegetation Sampling @ Banning Loadout (see Appendix - B) Letter From Paul Baker, Reclamation Biologist
4. Soils Monitoring Data		X		X		
5. Water Monitoring Data	X		X			Analytical Results - Banning Sump (see Appendix - B)
First Quarter Report		X		X		
Second Quarter Report		X		X		
Third Quarter Report		X		X		
Fourth Quarter Report		X		X		
6. Geological/Geophysical Data		X		X		
7. Engineering Data		X		X		
8. Other Data						
Air Quality Monitoring	X		X			Visible Emission Observation Forms (see Appendix - B)
Coal Sample	X		X			1997 Composite Coal Sample (see Appendix - B)

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Changes in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the Annual Report. Provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other changes as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include any certified financial statements, audits or worksheets which may be required to meet bonding requirements. Specify whether the information is currently ON FILE with the Division or included as APPENDIX C to this Annual Report.

Legal/Financial Data:	Report Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Department of Commerce, Annual Report of Officers	X		X			Officers and Directors (see Appendix - C of Soldier Canyon Annual Report)
2. Other						

MINE MAPS

Copies of mine maps, current and up-to-date through at least December 31, 1997, are to be provided to the Division as APPENDIX D to this Annual Report in accordance with the requirements of R645-301-525.270. These map copies shall be made in accordance with 30 CFR 75.1200, as required by MSHA. Upon request, mine maps shall be kept confidential by the Division.

Map Number (s)	Map Title / Description	Confidential?

OTHER INFORMATION

Please provide any comments or further information to be included as part of the Annual Report. Any other attachments are to be provided as APPENDIX E to this Annual Report.

Additional attachments to this report? No Yes

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

as required under R645-301-514

CONTENTS

Quarterly Pond Inspections (Banning Sedimentation Pond)

QUARTERLY POND INSPECTION

POND BEING INSPECTED: Banning Sedimentation Pond

DATE OF INSPECTION: March 12, 1997

PERSON(S) MAKING INSPECTION: David G. Spillman

ANY STRUCTURAL WEAKNESS, EROSION AND OTHER HAZARDOUS CONDITIONS NOTED: _____

There were a few small erosion channels observed on the embankment in-slope.

None of the channels observed were of significant size to warrant any main-

tenance activity at this time.

ANY ROUTINE MAINTENANCE REQUIRED: The berm along the eastern edge of the pond

had recently been repaired due to some settlement that had been observed there.

COMMENTS: The depth of water impounded was less than one foot.

APPROVAL: David G. Spillman DATE: 3/13/97



Canyon Fuel Company, LLC
 Soldier Canyon Mine
 P.O. Box 1029
 Wellington, Utah 84542
 (801)637-6360 Fax: (801) 637-0108

QUARTERLY POND INSPECTION

POND BEING INSPECTED: BANNING SEDIMENTATION POND

DATE OF INSPECTION: MAY 31, 1997

PERSON(S) MAKING INSPECTION: DON R. LOGSTON

ANY STRUCTURAL WEAKNESS, EROSION AND OTHER HAZARDOUS CONDITIONS NOTED: _____

REPAIRED SMALL AREA ON TOP OF BERM. IT HAD SUNK
DOWN A LITTLE WHERE WE PUT DISCHARGE WATER
LINE INTO POND. MINIMAL AMOUNT OF EROSION DUE
TO THE MELTING OF SNOW.

ANY ROUTINE MAINTENANCE REQUIRED: NONE.

COMMENTS: NONE.

APPROVAL: Don R. Logston

DATE: May 31, 1997



Canyon Fuel Company, LLC
Soldier Canyon Mine
P.O. Box 1029
Wellington, Utah 84542
(801)637-6360 Fax: (801) 637-0108

QUARTERLY POND INSPECTION

POND BEING INSPECTED: BANNING LOADOUT
DATE OF INSPECTION: SEPT. 12, 1997
PERSON(S) MAKING INSPECTION: DON LOGSTON

ANY STRUCTURAL WEAKNESS, EROSION AND OTHER HAZARDOUS CONDITIONS NOTED: _____
NONE NOTED, BUT SMALL EROSION CHANNELS WILL BE
MONITORED MORE CLOSELY DUE TO RAINFALL IN
SIGNIFICANT AMOUNTS LATELY.

ANY ROUTINE MAINTENANCE REQUIRED: NONE

COMMENTS: RECENT HEAVY RAINFALL HAS ADDED A LITTLE
MORE WATER TO THE POND THAN USUAL. THERE ARE
NO PROBLEMS NOTED HOWEVER.

APPROVAL: _____ DATE: _____



Canyon Fuel Company, LLC
Soldier Canyon Mine
P.O. Box 1029
Wellington, Utah 84542
(801)637-6360 Fax: (801) 637-0108

I, David G. Spillman, do certify that on October 7, 1997, I personally inspected the sedimentation pond associated with the Banning Loadout facility. The observations made during this inspection are as follows:

1. The sedimentation pond has been basically constructed and maintained as designed. This is in accordance with the approved plan and R645-301-533.
2. This impoundment meets the SCS Class A criteria in TR60.
3. Any discharge from this impoundment is monitored in accordance with UPDES Permit No. UTG040011.
4. The overflow elevation is 5,495.2 feet and the total capacity is 1.45 acre-feet.
5. The water impounded at the time of the inspection was less than 1 foot.
6. No fires have occurred in the construction material.
7. The sedimentation pond appeared to be sound with no signs of instability or hazardous conditions.

David G. Spillman

12/24/97

David G. Spillman
Registered Professional Engineer
Utah Registration No. 151610



APPENDIX B

Reporting of Technical Data

including monitoring data, reports, maps, and other information
as required under the approved plan
or as required by the Division

in accordance with the requirements of R645-301-130 and R645-301-140.

CONTENTS

Vegetation Sampling at Banning Loadout (Letter from Paul Baker)

Water Monitoring Analytical Results (Banning Sump)

Visible Emission Observation Forms

1997 Composite Coal Sample



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 12, 1997

TO: File

THROUGH: Daron Haddock, Permit Supervisor 

FROM: Paul Baker, Reclamation Biologist 

Re: Vegetation Sampling at the Banning Siding Loadout, Canyon Fuel Company, Banning Loadout, ACT/007/034, Folder #2, Carbon County, Utah

On December 10, 1997, I met Gary Taylor at the Banning Loadout to look at the vegetation test plots and to discuss how they should be sampled. There was about an inch of snow on the ground, and annual plants were dead.

The operation and reclamation plan says the test plots will be monitored at the end of the growing season. Annually, the evaluation will include a list of all species present in each plot and for cover by species and total cover. Production estimates by life form or species will be performed during the second and fifth years. Results will be submitted with the annual report.

It would have been possible to estimate vegetative cover, but because of the snow, it was not possible to see how much litter was on the ground. I agreed that, rather than fulfilling the "letter of the law" and sampling now, it would be better to wait until June of 1998. In 1998, Canyon Fuel needs to take cover and production measurements.

The plan does not say when the test plots will no longer be monitored. After the plots have been monitored in 1998, the Division would be agreeable to an amendment showing the results and proposing to discontinue monitoring.

cc: Gary Taylor
Steve Demczak

ACZ Laboratories, Inc.
30400 Downhill Drive
Steamboat Springs, CO 80487
(800) 334-5493

Lab Sample ID: L16456-01
Client Sample ID: Banning Sump
Client Project ID:
ACZ Report ID: RG57814

Soldier Creek Coal Company
P.O. Box 1029
Wellington, UT 84542
Dave Spillman

Date Sampled: 11/17/97 14:00
Date Received: 11/19/97
Date Reported: 12/5/97

Sample Matrix: Ground Water

Metals Analysis

Parameter	EPA Method	Result	Qual	Units	MDL	PQL	Date	Analyst
Calcium, dissolved	M6010 ICP	128		mg/L	0.4	2	12/1/97	jaw
Iron, dissolved	M6010 ICP		U	mg/L	0.02	0.1	12/1/97	jaw
Magnesium, dissolved	M6010 ICP	152		mg/L	0.4	2	12/1/97	jaw
Manganese, dissolved	M6010 ICP		U	mg/L	0.01	0.05	12/1/97	jaw
Potassium, dissolved	M6010 ICP	2.2		mg/L	0.6	2	12/1/97	jaw
Sodium, dissolved	M6010 ICP	196		mg/L	0.6	2	12/2/97	jaw

Wet Chemistry

Parameter	EPA Method	Result	Qual	Units	MDL	PQL	Date	Analyst
Alkalinity as CaCO ₃	M2320B							
Bicarbonate as CaCO ₃		427		mg/L	2	10	11/29/97	ss
Carbonate as CaCO ₃			U	mg/L	2	10	11/29/97	ss
Hydroxide as CaCO ₃			U	mg/L	2	10	11/29/97	ss
Total Alkalinity		427		mg/L	2	10	11/29/97	ss
Cation-Anion Balance	Calculation							
Cation-Anion Balance		-11.6		%			12/5/97	calc
Sum of Anions		34.7		meq/L	0.1	0.5	12/5/97	calc
Sum of Cations		27.5		meq/L	0.1	0.5	12/5/97	calc
Chloride	M325.2 - Colorimetric (RFA)	69		mg/L	1	5	11/22/97	jb
Hardness as CaCO ₃	Calculation based on dissolved Ca & Mg	945		mg/L	1	7	12/5/97	calc
Lab Filtration	***						11/21/97	rd
Lab Filtration & Acidification	***						11/21/97	rd
Nitrate as N, dissolved	M353.2 - Automated Cadmium Reduction	0.88		mg/L	0.02	0.1	11/22/97	jb
Nitrate/Nitrite as N, dissolved	M353.2 - Automated Cadmium Reduction	0.88		mg/L	0.02	0.1	11/22/97	jb
Nitrite as N, dissolved	M353.2 - Automated Cadmium Reduction		U	mg/L	0.01	0.05	11/22/97	jb
Residue, Filterable (TDS) @180C	M160.1 - Gravimetric	2130		mg/L	10	20	11/21/97	ac
Sulfate	M375.3 - Gravimetric	1150		mg/L	10	20	11/26/97	mh
TDS (calculated)	Calculation	1960		mg/L	10	50	12/5/97	calc
TDS (ratio - measured/calculated)	Calculation	1.09					12/5/97	calc

Note: Suspected analytes were retested to verify the CAB.

DEC 9 1997

Inorganic Qualifiers (based on EPA CLP 3/90)

U = Analyte was analyzed for but not detected at the indicated MDL
B = Analyte concentration detected at a value between MDL and PQL
PQL = Practical Quantitation Limit

R. Poulsen

Vice President of Operations: Ralph Poulsen

**STATE OF UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF AIR QUALITY
VISIBLE EMISSION OBSERVATION FORM**

Type of Inspection: Initial () Partial Initial () Stack Test () CEM () Annual (X) Followup () Surveillance () Complaint ()

Source Name: CANYON FUEL CO., LLC
 Street Address: SUNNYSIDE JCT. (EAST CANYON)
 City/County: CANYON CO.
 Phone: 136-5009
 AIRS ID: 0000073-

Observation Date: 8/12/97
 Start Time: 10:10 Stop Time: 10:16

Facility: BALLING LOADOUT FACILITY
 Equipment: CONVEYOR TRANSFER POINT
 Control Equipment: NONE

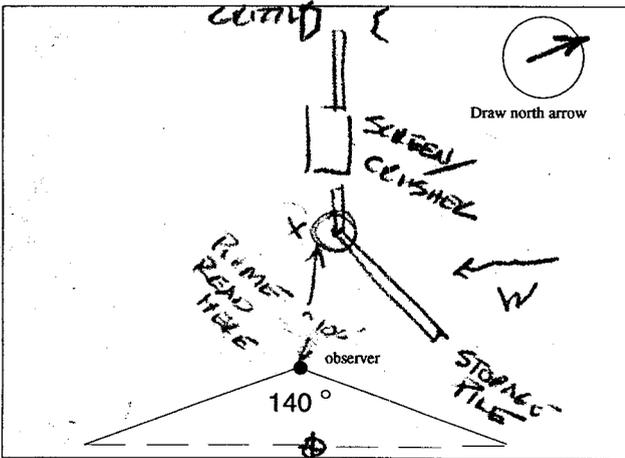
Emission Point: CONVEYOR TRANSFER POINT

Height of Discharge Relative to Observer: 10'
 Distance from Observer: ~100'
 Condensed Water Vapor Present? Y (N) (N)
 Attached Detached
 Length of Condensed Water Vapor Plume: -
 Background: SKY EQUIPMENT
 Sky Conditions: Clear Partly Cloudy Overcast
 Wind Direction: N Wind Speed: ~15 mph
 Ambient Temp.: ~75 °F RH: ~80 %

min \ sec	0	15	30	45
1	20	20	20	20
2	20	20	20	20
3	20	20	20	20
4	20	20	15	5
5	5	5	5	5
6	5	5	5	5
7				
8				
9				
10				
11				
12				

Average Opacity for Highest Six-Minute Period: ~14%

Comments: _____



Sun Wind
 Emission Point with Plume
 Observation Point

Observer's Signature: [Signature]
 Affiliation: State of Utah, Department of Environmental Quality
Division of Air Quality

I Have Received a Copy of These Observations: _____

SIGNATURE: [Signature]
 Printed Name: DON LOGSTON
 Title: SAFETY ENGINEER

Distribution: white- file; canary- EPA; pink- inspector; gold- owner/operator

Coastal States Energy Company
EPA Method 9
Air Opacity Source Evaluation Report

Facility: BANNING
Date: 12-15-97 Observer: DON LOGSTON

Source:	
Distance to Source:	
Wind Direction:	Wind Speed:
Ambient Temperature:	Relative Humidity:

Diagram:

* THE BANNING COAL LOADOUT FACILITY WAS PLACED ON IDLE STATUS ON SEPT. 09, 1997. NO COAL PROCESSING HAS TAKEN PLACE SINCE THAT TIME. STATE INSPECTOR HAROLD BYRGE TOOK READINGS ON 8-12-97, HIS FINDINGS SHOWED AN AVERAGE OF 14%.

AL

No.	Hr./Min.	Seconds				Average
		0	15	30	45	
1						
2						
3						
4						
5						
6						



COMMERCIAL TESTING & ENGINEERING CO.

GENERAL OFFICES: 1919 SOUTH HIGHLAND AVE., SUITE 210-B, LOMBARD, ILLINOIS 60148 • TEL: 630-953-9300 FAX: 630-953-9306



Member of the SGS Group (Société Générale de Surveillance)

PLEASE ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1020
HUNTINGTON, UT 84528
TEL: (801) 653-2311
FAX: (801) 653-2436

March 6, 1998

CANYON FUEL CO, SOLDIER CANYON
P.O. Box 1029
Wellington, UT 84542

Sample identification by

Kind of sample Coal
reported to us

33-14665
JUNE 1997 COMPOSITE

Sample taken at Soldier Canyon

Sample taken by David Spillman

MAR 9 - 1998

Date sampled -----

Date received February 12, 1998

ANALYSIS RAN AT CTE-DENVER

Analysis report no. 59-209154

WATER EXTRACTABLE TRACE ELEMENTS

<u>Parameter</u>	<u>Results</u>	<u>Units</u>
Arsenic, As	<1	ppm
Barium, Ba	170	ppm
Boron, B	92	ppm
Cadmium, Cd	<0.4	ppm
Copper, Cu	6	ppm
Lead, Pb	<4	ppm
Mercury, Hg	0.11	ppm
Molybdenum, Mo	<4	ppm
Selenium, Se	2	ppm
Zinc	12	ppm

OTHER ANALYSIS

pH	7.76	s.u.
Conductivity	692	umhos/cm
Saturation	73.86	%
Nitrate Nitrogen	<0.4	ppm
Non Sulfate Sulfur	0.03	%
Total Organic Sulfur	0.42	%
Calcium Carbonate equivalent, CaCO ₃	1.51	
ACID BASE POTENTIAL		T/1000 T
Neutralization Potential	15.1	T/1000 T
Maxium Acid Potential	14.2	T/1000 T
Net Acid Base Potential	0.9	T/1000 T

Respectfully submitted
COMMERCIAL TESTING & ENGINEERING CO.

Huntington Laboratory



OVER 40 BRANCH LABORATORIES STRATEGICALLY LOCATED IN PRINCIPAL COAL MINING AREAS, TIDEWATER AND GREAT LAKES PORTS, AND RIVER LOADING FACILITIES

APPENDIX C

Legal, Financial, Compliance and Related Information

Annual Report of Officers
as submitted to the Utah Department of Commerce
and other changes in ownership and control information
as required under R645-301-110.

CONTENTS

Officers and Directors (see Appendix - C of Soldier Canyon Annual Report)

APPENDIX D

Mine Maps

as required under R645-301-525.270.

CONTENTS

APPENDIX E

Other Information

in accordance with the requirements of R645-301 and R645-302.

CONTENTS