

## INSPECTION REPORT

Partial  Complete XXX Exploration   
 Inspection Date: 08/27/2003/ Time: 9:30 – 14:30  
 Date of Last Inspection: 07/18/2003

Mine Name: Sunnyside Refuse/Slurry County: Carbon Permit Number: C/007/035  
 Permittee and/or Operator's Name: Sunnyside Cogeneration Associates  
 Business Address: P.O. Box 10, East Carbon, Utah 84520  
 Company Official(s): Rusty Netz  
 State Official(s): Karl R. Houskeeper Federal Official(s): None  
 Weather Conditions: Overcast/Scattered Showers, Temp 65°F  
 Type of Mining Activity: Underground  Surface XXX  Prep Plant  Other   
 Existing Acreage: Permitted 310 Disturbed 202 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 type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6.  | DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES                        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" 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 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 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 <sup>th</sup> 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 checked="" 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/007/035

DATE OF INSPECTION: 08/27/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

**1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE**

The following permits were reviewed:

- Mining permit C/007/035 issued February 4, 2003 and expires February 4, 2008.
- UPDES permit #UT0024759 effective August 1, 2002 and expires midnight July 31, 2007.
- Air Quality Permit DAQO-702038-02 issued November 1, 2002, remains in effect.
- SPCC plan is only applicable to plant site which is not within the permit area.
- Certificate of Insurance effective 08/01/2003 and terminates 08/01/2004.
- Reclamation agreement is dated December 1996 and signed by both parties.

**2. SIGNS AND MARKERS**

The mine ID sign is located adjacent to the tippel. The MSHA Refuse and Impoundment signs were also checked during the inspection. The topsoil sign on the Clear Water Pond Topsoil Pile is faded.

**3. TOPSOIL**

Checked several topsoil piles during the inspection. The topsoil sign on the Clear Water Pond Topsoil Pile is faded and needs to be replaced.

**4A. HYDROLOGIC BALANCE: DIVERSIONS**

The entire site has had maintenance work performed on roads and diversions. The diversions remain in good shape after several recent storm events.

**4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS**

Sediment pond bottom remains damp or contains minimal water after the recent storm events. The ponds appeared to be stable at the time of the inspection.

The last inspection of the sediment ponds was done on 06/12/2003 and was compiled into a report dated 07/10/2003. The inspection and report are P.E. certified. Ponds 004, 007, 008, 009, 012, 014, and 016 are the ponds within the permit area that are listed in the inspection report.

**4D. HYDROLOGIC BALANCE: WATER MONITORING**

Second quarter 2003 water quality information is contained in the EDI website. The lab sheets and field notes were reviewed during the inspection.

**4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS**

Reviewed the discharge monitoring reports for July 2003. There was no discharge from any of the outfalls.

**INSPECTION REPORT**  
(Continuation Sheet)

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**6. DISPOSAL OF EXCESS WASTE/FILLS/BENCHES**

Excess spoil area #1 remains inactive. Excess spoil area #2 is active. Excess Spoil Pile #1, and #2 were inspected on 06/12/2003 and are P.E. certified in a report dated 07/10/2003.

**7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS**

Reviewed the 07/10/2003 inspection report for the refuse pile and MSHA impoundment. The inspection was done on 06/12/2003 and was P.E. certified. No hazardous conditions were denoted in the report. The MSHA identification number for the refuse pile is 1211-UT-09-02093-01.

The East Slurry Cell is the only remaining impoundment on site under the jurisdiction of MSHA due to the size of the impoundment. The East Slurry Cell no longer receives slurry, since the closure of the Sunnyside Mine. The mandatory inspection frequency for this impoundment is currently every 30 days. A variance from the mandatory 7-day inspection frequently was granted by MSHA on September 12, 2001. The MSHA identification number for the East Slurry Cell is 1211-UT 02093-02. The East Slurry Cell was inspected on 06/12/2003, P.E. certified, and is part of the report dated 07/10/2003.

**20. AIR QUALITY PERMIT**

DAQO-702038-02 issued November 1, 2002, remains in effect. Air Quality Permit DAQE-691-99 issued August 13, 1999 was replaced by DAQO-702038-02. The permit was modified to allow the usage of a diesel generator on the power plant site. The Air Quality Permit covers both the power plant and mine site. The power plant site is not regulated by DOGM.

**21. BONDING AND INSURANCE**

A Pledge and Escrow agreement dated January 4, 2002 is in place. This agreement is between Wells Fargo and the Division of Oil, Gas and Mining on behalf of SCA. SCA has invested \$1,747,000 in federally guaranteed Treasury Notes. The required bond amount is \$1,720,000.

Insurance for the site is under Liberty Mutual Fire Insurance Company Policy #TB2-691-518993-322. The policy was issued on August 1, 2003 and expires on August 1, 2004. The policy meets all the minimum requirements of the coal rules. No explosive coverage is noted on the insurance form. However, the MRP clearly identifies that all issues regarding explosives are not addressed, since explosives will not be used at the site. The certificate holder is listed as the State of Utah, Division of Oil, Gas and Mining.

Inspector's Signature: \_\_\_\_\_ Date: August 28, 2003  
Karl R. Houskeeper #49

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  
Randy Scott, Cogen, via email  
Rusty Netz, Cogen, via email  
Price Field office  
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