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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	Rusty Netz Environmental Coordinator
OGM	Karl Houskeeper Environmental Scientist III

# Inspection Report

Permit Number:	C0070035
Inspection Type:	COMPLETE
Inspection Date:	Thursday, August 14, 2008
Start Date/Time:	8/14/2008 12:00:00 PM
End Date/Time:	8/14/2008 4:00:00 PM
Last Inspection:	Thursday, July 17, 2008

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Clear, Temp. 82 Deg. F.

InspectionID Report Number: 1736

*Accepted by:* jhelfric  
8/18/2008

Permittee: **SUNNYSIDE COGENERATION ASSOCIATES**  
 Operator: **SUNNYSIDE COGENERATION ASSOCIATES**  
 Site: **SUNNYSIDE REFUSE & SLURRY**  
 Address: **ONE POWER PLANT RD, PO BOX 159 SUNNYSIDE UT 84539**  
 County: **CARBON**  
 Permit Type: **PERMANENT COAL PROGRAM**  
 Permit Status: **ACTIVE**

### Current Acreages

310.00	<b>Total Permitted</b>
202.00	<b>Total Disturbed</b>
	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

### 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:

There are no pending compliance actions. The only permit condition currently in place is that the permittee must submit all water monitoring data in an electronic format to the Division's web site. The permittee is complying with this stipulation.

Inspector's Signature: \_\_\_\_\_

*Karl R. Houskeeper*

Date

Monday, August 18, 2008

Karl Houskeeper, Environmental Scientist III

Inspector ID Number: 49

**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 checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" 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 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 checked="" 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.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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**1. Permits, Change, Transfer, Renewal, Sale**

The following permits were reviewed:

- Mining permit C/007/035 issued February 3, 2003 and expires February 4, 2008.
- UPDES permit #UT0024759 effective August 1, 2007 and expires midnight July 31, 2012.
- 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 08/01/2008 and terminates 08/01/2009.
- Reclamation agreement is dated December 1996 and signed by both parties.

**2. Signs and Markers**

The mine ID sign is located adjacent to the tippie on a light pole. The MSHA Refuse Pile sign was also checked during the inspection and contained the required information.

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

The sediment ponds were inspected on June 25, 2007. The report (July 22, 2008) is P.E. dated stamped and signed by a registered P.E. in the State of Utah.

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

Second quarter 2008 water monitoring information is in the EDI website, but has not been uploaded. Water monitoring is current.

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

The May, June and July 2008 discharge monitoring reports were reviewed. No discharges occurred.

**6. Disposal of Excess Spoil, Fills, Benches**

Excess spoil #1 & #2 were inspected on June 25, 2007. The inspections were certified by a P.E.

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

The refuse pile was inspected on June 25, 2007 and certified by a registered P.E. in the State of Utah. The pile appeared stable with no visible hazards.

**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.

Permit Number: C0070035  
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**21. Bonding and Insurance**

A Pledge and Escrow agreement dated January 4, 2002 is in place. The escrow agency is Wells Fargo for SCA. SCA has invested \$1,780,250.19 in federally guaranteed Treasury Notes as of December 31, 2006. The required bond amount is \$1,720,000.

## 2007 Annual Report Review

**Permittee:** Sunnyside Cogeneration Associates  
**Mine Name:** Sunnyside Refuse/Slurry  
**Permit Number:** C/007/0035  
**Date Report Received:** May 12, 2008

**Assigned Reviewer:** Karl R. Houskeeper

**Date Completed**  
July 30, 2008

**Instructions:** The assigned inspector will review the Annual report during the third quarter complete inspection and provide a written determination (finding) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the mine lead notified. A copy of this review will be filed with the Inspection Report. Should any of the sections require additional technical analysis, the inspector will notify the permit supervisor so that it can be scheduled during the 4<sup>th</sup> quarter.

SECTIONS TO REVIEW	SUBMITTED			FINDINGS
	YES	NO	NA	

Cover Sheet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The standard cover sheet developed by the Division was not used. The report has the same information provided as a table of contents.
General Information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Identification of other Permits	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Annual Impoundment Certification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The report contains all four quarters 2007 of inspections in addition to the annual/fourth qtr.2007 inspection and certification.
Annual Overburden, Spoil, Refuse, Floor, etc. Certified Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The report contains all four quarters 2007 of inspections in addition to the annual/fourth qtr.2007 inspection and certification.

Annual Technical Requirements (Commitments)				
Climatological	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appendix B-1 contains precipitation and climatological data for 2007.
Subsidence	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Vegetation monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A vegetation study is contained in Appendix B-1. The table of contents provides a discussion on the study located at page 4 & 5. This information needs to be reviewed by a Division Biologist since it will be used in a Phase III or Final Bond Release request for the Old Coarse Refuse Road.
Raptor Survey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Soils Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	SCA gathered soil samples from the Excess Spoil Disposal Area #1. The results can be found under Appendix A Second Quarter Inspections.
Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Baseline parameters were sampled in the first quarter of 2007 as required in the MRP. Appendix B-3 contains the water monitoring information for 2007.
Geological/Geophysical	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	SCA excavated 191,039 tons of waste from the Sunnyside refuse pile. From that excavated amount 15,605 tons of reject was disposed of in the Excess Disposal Area #1 and 20,381 was disposed of in Excess Disposal Area #2.
Non-Coal Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Abandoned Underground Equipment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

## 2007 Annual Report Review

AVS; Legal/ Financial Update	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Certificate of existence from Utah Department of Commerce, Appendix C.
Mine Sequence Map	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Contour elevations show site condition as of 4/07, contours based on aerial survey. Photo insert taken on 10/20/2007. Map is P.E. certified. Proposed future excavation is contained in the MRP.
Other Information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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