State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Inspection Report

Permit Number:	**C0070035**
Inspection Type:	COMPLETE
Inspection Date:	Thursday, June 06, 2013
Start Date/Time:	6/6/2013 8:00:00 AM
End Date/Time:	6/6/2013 12:00:00 PM
Last Inspection:	Thursday, May 09, 2013

Inspector: Karl Houskeeper,

Weather: Clear Skies, Temp. 71 Deg. F.

InspectionID Report Number: 3501

Accepted by: jhelfric
6/12/2013

Representatives Present During the Inspection:

Company	Rusty Netz
OGM	Karl Houskeeper

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

Current Acreages

241.25	**Total Permitted**
196.65	**Total Disturbed**
5.35	**Phase I**
5.35	**Phase II**
5.35	**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:

Karl R. Houskeeper

Inspector's Signature:

Karl Houskeeper,
Inspector ID Number: 49

Date Thursday, June 06, 2013

Note: This inspection report does not constitute an official finding of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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UTAH DNR OIL, GAS & MINING

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Inspection Continuation Sheet

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 performace 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	☑	☐	☑	☐
2. Signs and Markers	☑	☐	☑	☐
3. Topsoil	☑	☐	☐	☐
4.a Hydrologic Balance: Diversions	☑	☐	☐	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☑	☐	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☑	☐	☑	☐
5. Explosives	☑	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☑	☐	☑	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☑	☐	☑	☐
8. Noncoal Waste	☑	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☐	☐
10. Slides and Other Damage	☑	☐	☐	☐
11. Contemporaneous Reclamation	☑	☐	☐	☐
12. Backfilling And Grading	☑	☐	☐	☐
13. Revegetation	☑	☐	☐	☐
14. Subsidence Control	☑	☐	☐	☐
15. Cessation of Operations	☑	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☑	☐	☐	☐
16.b Roads: Drainage Controls	☑	☐	☐	☐
17. Other Transportation Facilities	☑	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☐	☐
19. AVS Check	☑	☐	☐	☐
20. Air Quality Permit	☑	☐	☑	☐
21. Bonding and Insurance	☑	☐	☑	☐
22. Other	☑	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

The following permits were reviewed as part of the complete inspection:

-Mining permit C/007/035 issued February 4, 2013 and expires February 4, 2018.
-UPDES permit #UT0024759 effective August 1, 2007 and expires midnight July 31, 2012. Temporarily extended until new permit is issued.
-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 08/01/2011 and terminates 08/01/2012.
-Reclamation agreement is dated December 1996 and signed by both parties.

2. Signs and Markers

The mine identification is posted on a power pole at the entrance into the permit area. The sign is near the fuel area that Savage Trucking utilizes. The sign contained all of the information required by regulations found under the R645 Utah Coal Rules .

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment ponds were inspected for the first quarter of 2013 on March 28, 2013. A report was compiled and P.E. certified. Existing sediment levels for all of the sediment ponds was found below the 60% sediment elevation level, which requires that a pond be cleaned.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for February, March and April 2013 were reviewed as part of the complete inspection. The reports showed that no discharge occurred in any of the months listed from any of the sediment pond outfalls. The reports were submitted to the State of Utah Department of Environment Quality.

6. Disposal of Excess Spoil, Fills, Benches

The excess spoil piles #1 and #2 were inspected on March 28, 2013 for first quarter 2013. A report was compiled and P.E. certified. The reports did not show any problem with either excess spoil pile. Excess spoil pile #2, phase #2 is the pile that is being actively utilized. The depression in this pile has been completely filled in.

7. Coal Mine Waste, Refuse Piles, Impoundments

One smoker was active during the inspection. Savage was contacted during the inspection to go and extinguish the smoker.

The refuse pile appear stable.

The first quarter 2013 refuse pile inspection was done on March 28, 2013.

20. Air Quality Permit

DAQ-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

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.