

0003



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
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Division Director

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Partial: Complete: XXX Exploration:

Inspection Date & Time: 11/30/98 / 9:30a.m.-3:00p.m.

Date of Last Inspection: 10/15/98

Mine Name: Dugout Canyon County: Carbon Permit Number: ACT/007/039

Permittee and/or Operator's Name: Canyon Fuel Company

Business Address: P.O. Box 1029, Wellington, Utah 84542

Type of Mining Activity: Underground XXX Surface Prep. Plant Other

Company Official(s): Dave Spillman

State Officials(s): Steve Demczak Federal Official(s): None

Weather Conditions: Clear, 50's

Existing Acreage: Permitted- Disturbed- Regraded- Seeded- Bonded-

Increased/Decreased: Permitted- Disturbed- Regraded- Seeded- Bonded-

Status: Exploration/ XXX Active/ Inactive/ Temporary Cessation/ Bond Forfeiture

Reclamation (Phase I/ Phase II/ Final Bond Release/ Liability Year)

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

Instructions

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - 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.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 VALUES	<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 checked="" 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 (4th Quarter-April, May, June) _____ (date)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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)

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PERMIT NUMBER: ACT/007/039

DATE OF INSPECTION: 11/30/98

(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

The permittee has submitted Phase I to the BLM an updated R2P2 plan. This plan is to change the mine plan from continuous mining to a longwall mine. Thus, increasing the production from the mine and increasing the total coal extraction ratio.

The permittee has started to take baseline for acquiring additional new leases. These leases are state and federal.

The Mining and Reclamation Permit was last issued by the Division on March 16, 1998. The expiration is on March 16, 2003. The mid-term review will approximately be in September of the year 2000.

2. SIGNS AND MARKERS -

Identification signs meet the requirements of the R645 Coal Rules. The perimeter markers were spot-checked and are located around the perimeter of the disturbed areas.

3. TOPSOIL -

The majority of the topsoil has been removed from Dugout Mine for Phase I. It is estimated that 19,000 cubic yards of soil has been removed. This exceeds the estimated amount in the Mining and Reclamation Plan. This material is being stored at the Soldier Creek topsoil site. The permittee is in the process of removing additional topsoil from lands covered in Phase II approval.

4A. DIVERSIONS -

The diversions have not been installed yet.

4B. SEDIMENT PONDS -

The phase I sediment pond was installed. It contained no water; therefore, was not discharging during the inspection. There is a swell across the road in which the water would go into the sediment pond. There were no signs of any hazardous conditions occurring to the sediment ponds during the inspection.

The sediment pond was constructed during third quarter of 1998 with no hazardous conditions being reported on September 29, 1998.

The permittee is in the process of building Phase II sediment pond. Current development is the removal of topsoil and vegetation and install survey stakes.

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(Continuation sheet)

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4C. OTHER SEDIMENT CONTROL MEASURES -

The Dugout Mine is currently using, silt fences, swells, and berms as its alternate sediment control measures. These areas were spot-inspected and complied with the R645 Coal Rules.

The permittee has installed four silt fences within the stream as required in the permit. These fences were recently cleaned out of sediment.

4D. WATER MONITORING -

Water monitoring for third quarter was reviewed and was found to be complete. The permittee has three surface monitoring sites which has Lab parameters DC-1, DC-2, and DC-3.

4E. EFFLUENT LIMITATIONS -

There were no water samples of the NPDES point sources. This was due to no discharge. The permittee has two NPDES point sources in their permit, mine discharge 001A, and the other sediment pond 002A.

The permit from DEQ is UTGO40020 and issued on May 1, 1998. This permit will expire on April 30, 2003.

5. EXPLOSIVES -

Explosives were used on the property for third quarter of 1998. Notice of Violation #98-39-5-1 was written for not receiving approval from the Division and MSHA. The abatement is to receive approval from both agencies.

Explosives and caps are being stored in a temporary storage site at the mine.

7. REFUSE -

There was no refuse being stacked or stored at Dugout mine.

8. NON-COAL WASTE -

The area was clear of non-coal waste material.

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(Continuation sheet)

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14. SUBSIDENCE -

Subsidence has not taken place since second mining has not occurred. The permittee is in the process of developing the mains.

18. SUPPORT FACILITIES -

The permittee has installed the main underground culvert. The permittee is in the process of building the sediment pond, new sub-station, reclaim tunnels, and footers for crusher.

21. BONDING AND INSURANCE -

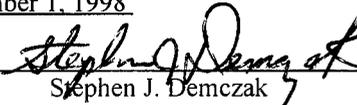
The bonding is set at \$3,682,000. The policy is a surety bond from Liberty Mutual Insurance. This is an increase due to Phase II expansion.

The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives coverage is included in the acord form. The insurance acord form meets the requirements of the R645 Coal Rules. This policy will expire on July 31, 1999. This policy has explosive coverage.

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

Copy of this Report:

Mailed to: Chris Hansen (Canyon Fuel) Henry Austin (OSM)
Given to: Joe Helfrich (DOGM) Filed to: Price Field Office
Date: December 1, 1998

Inspector's Signature:  #39
Stephen J. Demczak