

0023



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

INSPECTION REPORT

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Partial:___ Complete:XXX Exploration:___

Inspection Date & Time: 8/31/98 / 7:00a.m.-11:30a.m.

Date of Last Inspection: 7/1/98

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, Scott Boylen

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

Weather Conditions: Cloudy, 70'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

- 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.

Table with 5 columns: EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include: 1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; 2. SIGNS AND MARKERS; 3. TOPSOIL; 4. HYDROLOGIC BALANCE; 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 VALUES; 10. SLIDES AND OTHER DAMAGE; 11. CONTEMPORANEOUS RECLAMATION; 12. BACKFILLING AND GRADING; 13. REVEGETATION; 14. SUBSIDENCE CONTROL; 15. CESSATION OF OPERATIONS; 16. ROADS; 17. OTHER TRANSPORTATION FACILITIES; 18. SUPPORT FACILITIES/UTILITY INSTALLATIONS; 19. AVS CHECK (4th Quarter-April, May, June) (date); 20. AIR QUALITY PERMIT; 21. BONDING & INSURANCE.



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PERMIT NUMBER: ACT/007/039

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(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

There is one minor amendment being reviewed by the Division as per the tracking form dated on August 28, 1998. This amendment is to move waste rock to another approved site 98C. There is also the review of a major amendment which is the Phase II Revision. The deficiencies were submitted to the operator the week of the August 21st.

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. 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.

4A. DIVERSIONS -

The diversions have not been installed yet.

4B. SEDIMENT PONDS -

The phase I sediment pond was installed. It contained no water and 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 not constructed in the second quarter of 1998. Thus, it is not required by the permittee to do a second quarter sediment pond inspection.

4C. OTHER SEDIMENT CONTROL MEASURES -

The Dugout Mine is currently using, silt fences, swells, and berms as it's 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 second quarter was reviewed and was found to be complete. The permittee had taken additional samples of it's surface water for second quarter. The permittee only had taken one sample of it's ground and well water sites.

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4E. EFFLUENT LIMITATIONS -

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

5. EXPLOSIVES -

No explosives boxes are currently on the property.

7. REFUSE -

The temporary refuse pile, which was approved in second quarter, presently contains approximately 1,125 cubic yards of material. This material has been inspected and certified by the consultant. The Dugout Mine refuse pile is stable.

8. NON-COAL WASTE -

The area was clear of non-coal waste material.

14. SUBSIDENCE -

Subsidence has not taken place since second mining has not occurred. The permittee has mined two cross-cuts from the portal.

18. SUPPORT FACILITIES -

The permittee has installed the main underground culvert and is in the process of covering and compacting the area around and above the culvert. The coal storage and temporary waste rock areas in Phase I has been stripped of topsoil. The contractor was in the process of grading the areas next to the Phase I sediment pond.

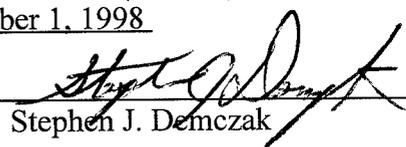
21. BONDING AND INSURANCE -

The bonding is set at \$1,260,000. The policy is a surety bond from Liberty Mutual Insurance. The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives are 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: September 1, 1998

Inspector's Signature:  #39
Stephen J. Demczak