



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

INSPECTION REPORT

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Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

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Partial: Complete: XXX Exploration:
Inspection Date & Time: 4/1,2,3,10/98
Date of Last Inspection: 4/1/97

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): None
State Officials(s): Steve Demczak Federal Official(s): None
Weather Conditions: N/A
Existing Acreage: Permitted- Disturbed- Regraded- Seeded- Bonded-
Increased/Decreased: Permitted- Disturbed- Regraded- Seeded- Bonded-
Status: XXX Exploration/ 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: PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; SIGNS AND MARKERS; TOPSOIL; HYDROLOGIC BALANCE; DIVERSIONS; SEDIMENT PONDS AND IMPOUNDMENTS; OTHER SEDIMENT CONTROL MEASURES; WATER MONITORING; EFFLUENT LIMITATIONS; EXPLOSIVES; DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES; COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS; NONCOAL WASTE; PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES; SLIDES AND OTHER DAMAGE; CONTEMPORANEOUS RECLAMATION; BACKFILLING AND GRADING; REVEGETATION; SUBSIDENCE CONTROL; CESSATION OF OPERATIONS; ROADS; CONSTRUCTION/MAINTENANCE/SURFACING; DRAINAGE CONTROLS; OTHER TRANSPORTATION FACILITIES; SUPPORT FACILITIES/UTILITY INSTALLATIONS; AVS CHECK (4th Quarter-April, May, June); AIR QUALITY PERMIT; BONDING & INSURANCE.



INSPECTION REPORT
(Continuation sheet)

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PERMIT NUMBER: ACT/007/039

DATE OF INSPECTION: 4/1,2,3,10/98

(Comments are Numbered to Correspond with Topics Listed Above)

NOTE: **This supersedes and is in addition to the April 13, 1998 submitted inspection report.**

1. PERMIT -

This is the first inspection of Dugout Canyon Mine ACT/007/039. Currently, no ground breaking has occurred. This will be a paperwork inspection only.

The permit was signed on March 16, 1998 by the Director of Division of Oil, Gas and Mining, Lowell P. Braxton.

There are 25 permit conditions in Attachment A to the permit. Enclosed is a copy of Attachment A.

Permit Deficiencies are as follows:

- A) The permittee will need the MSHA permit before waste rock is placed in the temporary waste storage site. This is stated in chapter 5, page 7 of MRP.
- B) R645-301-525-300- "Permittee will give Public Notice of Proposed Mining, at least six months prior to mining, to all owners of surface property above underground working....." It appears that permittee will be mining in 1998 under State Lands.
- C) R645-527.230 - Currently, there is no maintenance plan on roads in the MRP.
- D) R645-301-731.610 and R645-301-742.321- A finding by the Division is required to conduct mining within a 100 feet of a perennial or an intermittent stream. A copy of this finding should be a part of the MRP or available to the inspector on site.
- E) Appendix 1-2, labeled insurance, has no insurance policy or acord form.
- F) R645-301-521.165 - Map does not show noncoal waste storage areas.
- G) R645-301-527.240 - A commitment was made, that if a road(s) is/are damaged by a catastrophic event, to repair the road(s).
- H) R645-301-527.230 - Road maintenance plan is required.

ATTACHMENT A

By accepting this permit the Canyon Fuel Company, LLC (permittee) has committed to comply with the requirements of the following permit conditions, as specified, and in accordance with the requirements of:

1. R645-301-131.100, Prior to operation of the main mine fan, an agreement regarding fan noise will be reached between Canyon Fuel Company, LLC and Milton Thayn. An agreement regarding surveying and fencing property boundaries will also be reached.
2. R645-301-232.100, R645-301-232.720 and R645-301-331, until borrow soil is needed for reclamation, or will be disturbed for approved mining activities, it needs to be left in place, undisturbed, and under established natural vegetation.
3. R645-301-358, prior to any site disturbing activities an on the ground nest survey must be conducted for all raptors and bird species of special interest by a qualified person.
4. R645-301-330, no construction nor any other site disturbing activities may occur within the permit area until after April 15, 1998.
5. R645-301-331, cheatgrass control must be instigated at the Soldier Canyon topsoil stockpile prior to any growth medium from Dugout Canyon being brought on site. The cheatgrass control must continue until control is obtained.
6. R645-301-534.130. Before road construction the Applicant must demonstrate that the embankment in and around cross section Z-Z' has a safety factor of at least 1.3 for saturated soils.
7. R645-301-533.700, prior to construction the Applicant will give the Division the detailed specifications for the sediment pond.
8. R645-301-521.140, Prior to mining, the Applicant needs to supply the Division with a detailed mine map similar to those submitted to MSHA.
9. R645-301-356, the productivity of the riparian area and pinyon juniper area must be sampled or commit to selecting range site reference areas as soon as weather conditions permit.
10. R645-301-330, Prior to mining, the application must identify specific impacts to raptor nests, and discuss avoidance of the nests when mining. If nest avoidance is not possible then the Division will consult with USFWS as to specific protection and mitigation required. The applicant in conjunction with USFWS, DWR, and the Division will develop a raptor protection and mitigation plan.

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- I) R645-301-733 - Impoundments are to be constructed and designed. There are no designs for impoundments #1 and #2. Volumes are given in Appendix 7-9.
- J) R645-742.110 - Sediment control measures (ASCA's) are to be designed. ASCA #1 and ASCA#2 give only a material list to construct. Pg.7-70, plate 7-8, and Appendix 7-9.

Note: These permit deficiencies of the Mining and Reclamation Plan must be addressed and approved prior to ground breaking.

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: April 20, 1998

Inspector's Signature:  #39
Stephen J. Demczak

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