



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

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

June 5, 2000

Chris Hansen, Environmental Manager  
Canyon Fuel Company, LLC  
HC 35 Box 380  
Helper, Utah 84526

Re: Release of Bond for Exploration (Bond #14-000-068-0008-UT), Canyon Fuel Company LLC, Dugout Canyon Mine, ACT/007/039, Outgoing File

Dear Mr. <sup>Chris</sup>Hansen:

Requirements for the reclamation of this exploration site have been met (see attached inspection report from the May 23, 2000 inspection.) Therefore, bond #14-000-068-0008-UT issued by Liberty Mutual Insurance Company in the amount of \$30,000 may be released.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lowell".

Lowell P. Braxton  
Director

pgl/sm

cc: Liberty Mutual Insurance Company  
Price Field Office

O:\007039.DUG\FINAL\explorbondrels1r.wpd



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

INSPECTION REPORT

Michael O. Leavitt  
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PO Box 145801  
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Partial: XXX Complete:      Exploration:     

Inspection Date & Time: 5/23/2000 / 10:00a.m.-3:00p.m.

Date of Last Inspection: 4/27/2000

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, Chris Hansen

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

Weather Conditions: Warm, 70's

Existing Acreage: Permitted- 4035 Disturbed- 20.1 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.

	<u>EVALUATED</u>	<u>N/A</u>	<u>COMMENTS</u>	<u>NOV/ENF</u>
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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4th Quarter-April, May, June) (date) (date)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MAY 30 2000

DIVISION OF  
OIL, GAS AND MINING

**INSPECTION REPORT**  
(Continuation sheet)

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PERMIT NUMBER: ACT/007/039

DATE OF INSPECTION: 5/23/2000

(Comments are Numbered to Correspond with Topics Listed Above)

**1. PERMIT-**

No amendments are submitted to the Division at this time.

A inspection was made of the drill hole site. This was an exploration permit of the Dugout mine. The sites were reclaimed as required in the permit. The pad area was ripped and seeded. The sites were seeded in the fall and vegetation has started to be seen. It is recommended that these sites receive bond release. 

**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 PILE -**

The topsoil for Dugout mine is being stored at the topsoil site at Soldier Creek Mine. It is separated from the topsoil of Soldier Creek Mine. Grass is beginning to grow on the topsoil pile.

**4A. DIVERSIONS -**

The diversions were functioning as designed. The majority of the diversions are concrete lined.

**4B. SEDIMENT PONDS -**

The sediment pond was functioning as designed. The sediment pond does contain water but will not likely discharge in the near future. No hazardous conditions were noticed during the inspection.

**4C. SEDIMENT CONTROL MEASURES-**

The permittee has three alternate sediment control areas. The three locations are: silt fence to treat road drainage at the main gate, straw bales to treat the road to the water tanks, and gravel at the water tank turnaround.

**7. REFUSE -**

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

RECEIVED

MAY 30 2000

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INSPECTION REPORT  
(Continuation sheet)

Page 3 of 3

PERMIT NUMBER: ACT/007/039

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8. NON-COAL WASTE -

The area was clear of non-coal waste material.

18. SUPPORT FACILITIES -

Insurance policy is by St. Paul Fire & Marine Insurance Co. This policy will expire on July 31, 2000. The insurance acord form meets the R645 requirements.

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: Pam Grubaugh-Littig (DOGM)

Filed to: Price Field Office

Date: May 24, 2000

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

Stephen J. Demczak

#39

FILED

MAY 30 2000

DIVISION OF  
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