



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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*Pal
10/16/02
OK*

INSPECTION REPORT

Partial Complete Exploration
Inspection Date: 10/16/2002 Time: 10am-2:20pm
Date of Last Inspection: 09/19/2002

Mine Name: Dugout Canyon Mine County: Carbon Permit Number: C/007/039
Permittee and/or Operator's Name: Canyon Fuel Company, LLC.
Business Address: P.O. Box 1029, Wellington, Utah 84542
Company Official(s): Vicky Miller
State Official(s): Stephen J. Demczak Federal Official(s): None
Weather Conditions: Sunny, 60's
Type of Mining Activity: Underground Surface Prep Plant Other
Existing Acreage: Permitted 7083.71 Disturbed 22.65 Regraded Seeded
Status: Active

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 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.

	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 type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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 type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" 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 ISSUES	<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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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)

PERMIT NUMBER: C/007/039

DATE OF INSPECTION: 10/16/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee has several amendments for review with the Division. The following amendments under review are: a) Permit Renewal, b) Stocker Coal Bin, c) Methane Degas, and d) Refuse Pile.

The permittee will be submitting three additional amendments in the near future. The future submittals are: a) Additional Degas Wells, b) SITLA Lease, and c) Water Monitoring requirements for 1st and 4th Quarter.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The diversions were spot-checked and complied with the requirements of the R645 Coal Rules. Several of the diversions were recently cleaned out. Many of these diversions are concrete lined.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment pond was not discharging during the inspection. The permittee has performed a third quarter inspection of the sediment pond on August 14, and September 12, 2002. No hazardous conditions were reported.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The second quarter water monitoring information is the Electronic Data Base. The permittee has taken all water samples for the third quarter and will input this information into the EDS by the end of the third quarter. The permittee is in the process of taking fourth quarter water samples.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The permittee has exceeded the TDS limits of the UPDES permit for August. This was due to the pumping of 2,520,000 gallons of water from an abandoned underground mine adjacent to Dugout Mine. This was required by MSHA to pump the water from the mine before the Dugout Mine could continue mining. A letter notifying DWR and the Division was given. There was no discharge for the month of September.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The Division is in the process of reviewing a significant revision from the permittee to add a refuse pile area. This site is several miles from the mine site.

8. NONCOAL WASTE

The mine site was clear of non-coal waste material.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

The permittee is nearly completed with the new offices/bathhouse/shop building.

INSPECTION REPORT
(Continuation Sheet)

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20. AIR QUALITY PERMIT

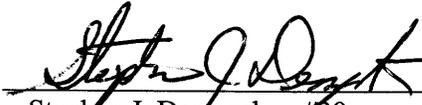
The Air Quality Permit number is DAQE-001-1999. The permittee can mine five million tons of coal in a 12-month rolling year.

21. BONDING AND INSURANCE

The insurance accord form was reviewed and was found to comply with the R645 Coal Rules. This policy will expire on July 31, 2003.

Both parties signed the Reclamation Agreement on May 9, 2001.

Inspector's Signature: _____


Stephen J. Demczak #39

Date: October 24, 2002

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

cc: James Fulton, OSM
Rick Olsen, Canyon Fuel
Dave Spillman, Canyon Fuel
Chris Hansen, Canyon Fuel
Price Field office

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