

*Where ideas connect*

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June 20, 2003

Mr. David Spillman, Technical Services Manager  
Canyon Fuel Company  
Dugout Canyon Mine and Banning Loadout  
P.O. Box 1029  
Wellington, UT 84542

Dear Dave:

Subject: Reconnaissance Inspections at Banning Loadout, UTG040011 and Dugout Canyon Mine UTG040020.

On May 21<sup>st</sup> a Reconnaissance Inspection was completed at Banning Loadout and Dugout Canyon Mine.

At Banning Loadout there was no discharge and no deficiencies were observed.

A number of potential problems may occur at Dugout Mine. Increases in flow from the active portion of the mine may cause Dugout to violate the TDS portion of their general permit. As a result the mine is encouraged to apply for an individual permit. Another problem the mine will have to address is the discharge from the old Knight Ideal Mine (Gilson Seam). This will also increase their TDS and it may affect the total iron as well. The following discharge points were observed during the inspection:

- 001 - Mine water discharge to Dugout Creek. The mine was discharging.
- 003 - Water storage tank discharge to Dugout Creek. No discharge was occurring.
- 004 - Waste rock pond discharge. No discharge was occurring nor will it probably occur as the pond is designed for a 100 year flood flow event.

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DIV. OF OIL, GAS & MINING

No deficiencies were observed during the inspection at Dugout Mine.

There is no requirement to respond to either of these two inspections. However, if you have any questions please contact me at (801) 538-6058.

Sincerely,



Michael D. Herkimer, Environmental Scientist  
Permits and Compliance Section

Enclosure

cc: Darcy O'Connor, EPA Region VIII  
Claron Bjork, Southeastern Utah Health Dist.  
David Ariotti, Regional Engineer  
Pam Grubaugh-Littig, Division of Oil, Gas and Mining

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