

INSPECTION REPORT

Partial XXX Complete Exploration
 Inspection Date: 03/14/2003 / Time: 8:20-11:30 AM
 Date of Last Inspection: 02/4/2003

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): Peter Hess Federal Official(s): None
 Weather Conditions: Overcast / rain in forecast
 Type of Mining Activity: Underground Surface Prep Plant XXX 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 (4 th Quarter- April, May, June)	<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"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/039

DATE OF INSPECTION: 03/14/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

Note: The permittee has initiated construction work at the new waste rock disposal site, permitted through C/007/039-SR02D-2, and approved by the Division on March 3, 2003.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

On March 3, 2003, the Division completed a permit renewal for the Canyon Fuel Company Dugout Mine.

2. SIGNS AND MARKERS

A permittee identification sign has been installed adjacent to the waste rock site access road/County road junction. All pertinent information, as required by R645-301-521.243, has been incorporated in the signs information.

The permittee has established the disturbed area perimeter by installing temporary markers using wooden lathe and fluorescent orange vinyl tape. The area that is to be within the waste rock site is well delineated. Permanent, "T" post markers will be installed at a later time. According to Ms. Vicky Miller, the installation of the fence to prevent livestock from entering the area is currently being let out for bid. It is assumed that the permittee will have the fence contractor install the permanent disturbed area perimeter markers when the perimeter fence is installed.

3. TOPSOIL

The permittee has completed all of the topsoil and subsoil recovery at the new waste rock site. The piles were inspected and the following items were noted:

- 1) Topsoil and subsoil identification signs had, as yet, not been placed on the piles to identify them. The piles had not been subjected to final shaping. The permittee is aware of the R645-301-521.270 requirement to identify the piles.
- 2) The permittee did not have a retention berm in place to protect the resource from loss due to runoff. The permittee was asked to install this berm as quickly as possible, particularly on the sides of the storage pile that would report flow off the pile. As noted above, rain and snow had been forecast for the Carbon County area over March 15 and March 16.

Ms. Miller confirmed on March 17 that the berms had been installed during the PM hours of March 14.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The permittee has completed the diversions designated DD-2, DD-3, and DD-4 at the waste rock site. To date, the emergency spillway from the newly constructed sediment pond to Dugout Creek has not been built. According to Ms. Miller, the pond has sufficient storage volume for the 10 year 24 hour event for total containment of the collected runoff and sediment.

Riprap for the to-be constructed spillway is being collected and stored at the waste rock site.

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(Continuation Sheet)

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4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The new construction of the sediment pond at the waste rock site has been completed. The permittee is finalizing the reports of the inspections that were conducted by Messrs. Ken Payne and Dave Spillman during the construction of this sediment control structure. These will be certified by Mr. Spillman and forwarded to the Division to meet the requirements of R645-301-514.311, and R645-301-514.312.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The permittee has constructed a silt fence at the waste rock access / County road junction as an additional means of sediment control. The fence was constructed with a "V" notch spillway in its center. The permittee intends to improve on the containment ability of the fence by adding earthen wing walls at each end. As part of this fence exists in the County road right-of-way, the permittee is obtaining permission from that regulatory authority before doing the work.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee has initiated the first quarter 2003 surface and ground water monitoring requirements for the Dugout permit area.

Pictures of the flow running in the Soldier Creek channel this day can be viewed in the "O" drive, 007/039/Images/3142003. Ms. Miller estimated a flow of approximately 1000 GPM. The water was incredibly high in suspended solids.

5. EXPLOSIVES

The permittee has relocated the dynamite and detonator storage magazines that were located in the small canyon where the secondary substation is being located to the Gilson well pad. The surface facilities map that was P.E. certified by Mr. Dave Spillman on January 3, 2003 depicts the new location of the magazines, addressing the requirements of R645-301-521.167.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

As noted elsewhere in this report, construction of the new waste rock facility is ongoing; the permittee has completed the incised area that will be used for the material disposal. The ditch routing flow from the disposal area is of 100 year 6 hour design. This flow is reported into the sediment pond discussed above.

The permittee was reminded of the requirements of R645-301-514.210, et al, relative to quarterly inspections and certifications of the waste rock facility.

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16A. ROADS: CONSTRUCTION/MAINTENANCE/SURFACING

As observed this day, the permittee was removing saturated material from the road on the SE side of the shop/office/bath house/warehouse building. The material that had been used to construct the area was frozen prior to it being placed. The very warm temperatures that the County has experienced over the last two weeks have brought water out of the material turning it into extremely soft ground. The work was being performed paying close attention to the drainage diversions in the area. Aggregate was also being spread, leveled, and compacted to make the road surface stable.

The muddy material being removed from the area is being temporarily stored immediately up gradient of the mine site sediment pond. When the moisture content of that material has been reduced, it will be hauled to the waste rock site for permanent disposal.

16B. ROADS: DRAINAGE CONTROLS

All drainage controls that were inspected were unobstructed and appeared to be capable of functioning as designed.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

Construction activities at the secondary substation location continue. The large black rock formerly located on the west side of the small canyon has been removed, and will be used as "rip-rap" for the construction of the emergency spillway at the waste rock site sediment pond. The permittee has completed all of the topsoil recovery from this area, and transported it to the Dugout Canyon/Soldier Canyon permanent topsoil storage facility located along the Nine Mile Canyon road.

The permittee has temporarily shortened the undisturbed by pass culvert in the un-named canyon, for purposes of constructing the concrete pad for the electrical transformers. A silt fence has been installed to provide treatment for any flow reporting from the area. The first layer of structural reinforcing rod was anchored to the ground and appeared to be ready for the next construction step. According to Ms. Miller, the concrete pad will be elevated approximately four feet in order to reach its final elevation. Additional re-bar will be installed to anchor the concrete and enhance its rigidity.

Upon completion of the concrete work, fill material will be placed around the deck, and the undisturbed by-pass culvert will be reinstalled to the disturbed area perimeter/undisturbed drainage.

Inspector's Signature: _____ Date: March 18, 2003
Peter Hess #46

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
Dave Spillman, Canyon Fuel
Price Field office

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