



The State of Utah
 Department of
 Natural Resources
 Division of
 Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

Representatives Present During the Inspection:

Company Vicky S. Miller Environmental Specialist

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Monday, January 26, 2004
Start Date/Time:	01/26/2004 9:50:00 AM
End Date/Time:	01/26/2004 11:30:00 AM
Last Inspection:	Monday, December 29, 2003

Inspector: Pete Hess, Environmental Scientist III

Weather: Cold, Sunny, Partly Cloudy

InspectionID Report Number: 160

Accepted by: pgrubaug
 01/27/2004

Permittee: **CANYON FUEL COMPANY LLC**
 Operator: **CANYON FUEL COMPANY LLC**
 Site: **DUGOUT CANYON MINE**
 Address: **PO BOX 1029, WELLINGTON UT 84542**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

7,083.71	Total Permitted
51.11	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Dugout Mine personnel have initiated the move of the longwall from the Rock Canyon seam to the Gilson seam. As such, water usage in the Mine for dust suppression purposes is not demanding the volumes which would normally be utilized if the longwall was operating. The permittee notified the Division on January 22, 2004 that it may be necessary for the Mine to once again discharge the accumulated water volume in the old Knight workings, in consideration of the safety concern previously aired by the U.S. Department of Labor, Mine Safety and Health Administration. Ms. Miller indicated this day that as the time for the needed discharge approached, the Division would be kept informed accordingly. The permittee has already notified and discussed the discharge with the Utah DEQ/DWQ.

Inspector's Signature: _____

Date Monday, January 26, 2004

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

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

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENT

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 Not Applicable.*
 - b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference 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, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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	<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 and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The permittee indicated this day that three more degasification wells are being anticipated for permitting. As noted above, the longwall is being moved from the Rock Canyon coal seam into the Gilson seam. The amounts of methane gas which will be liberated by the extraction of the Gilson seam coals via the long wall production process is not known at this time. At the present time, the only degasification well which has been completed is G-3.

4.a Hydrologic Balance: Diversions

Many of the site's diversions were under frozen, compacted snow. Those which were visible appeared to be capable of functioning as designed.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Mine site sediment pond was frozen. There were no problems noted with this pond. The pond was not discharging this day.

4.c Hydrologic Balance: Other Sediment Control Measures

The areas which utilize other methods of sediment control were under frozen, compacted snow.

4.d Hydrologic Balance: Water Monitoring

The Mine was discharging to the Dugout drainage this day. Other than this volume, the drainage was frozen and snow covered to the north and east of the main facilities area.

4.e Hydrologic Balance: Effluent Limitations

The permittee continues to coordinate with the Utah Division of Water Quality relative to changing from a general UPDES permit to a site specific permit. Up until this time, the permittee has had difficulty meeting the maximum sediment loading criteria for total dissolved solids. The parameter for total iron is another effluent parameter which the permittee has had difficulty with relative to compliance. The permittee's environmental people are working to determine a cost effective solution to the problem.

7. Coal Mine Waste, Refuse Piles, Impoundments

There is no activity at the Dugout waste rock facility at the present.

16.b Roads: Drainage Controls

Most of the site's roadway drainage controls were under frozen, compacted snow.

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18. Support Facilities, Utility Installations

Both the main electrical substation and the secondary substation were inspected this day. All fences were in good repair, and the access gates were closed and locked. The ground inside both installations was snow covered.