



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, March 22, 2004
Start Date/Time:	03/22/2004 10:20:00 AM
End Date/Time:	03/22/2004 12:05:00 PM
Last Inspection:	Thursday, February 19, 2004

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear, warm, 60's F

InspectionID Report Number: 213

Accepted by: pgrubaug
 03/30/2004

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:

There are no pending compliance actions at the Dugout Canyon Mine. The only permit condition currently in place is that the permittee must submit all water monitoring data in an electronic format to the Division's web site. The permittee has been complying with this permit condition for several years, as noted during complete inspections. Two amendments which are currently within the review process are the Dugout SITLA exploration application, and the Dugout SITLA lease application. Both reviews are pending.

Inspector's Signature: _____

Date: Monday, March 22, 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

The topsoil/subsoil storage area (located on the Nine Mile Canyon road) was inspected. All storage signs are in place; all retention berms are in place. There is a minimal amount of sprouting evident.

4.a Hydrologic Balance: Diversions

The permittee has completed the installation of the new culvert which was permitted via TASK ID#1749, approved on October 20, 2003. The new culvert changes the drainage pattern in ASCA #2, which is located on the southern end of the water tank access road. The drainage previously reported to culvert DC-1, which is located adjacent to the Mine haulage / manway portal. The new culvert now reports the drainage from ditch DD-12 directly to Dugout Creek, above the Mine site. All other diversions which were inspected appeared to be capable of functioning as designed.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The water elevation in the Mine site sediment pond was below the 60% sediment level cleanout marker. There were no problems noted with this pond.

4.c Hydrologic Balance: Other Sediment Control Measures

The permittee has completed the second sediment trap permitted via TASK ID #1749, approved October 20, 2003. The completion of inlet and outlet diversions is pending.

4.d Hydrologic Balance: Water Monitoring

Flow was observed in Dugout Creek above the Mine site disturbed area, as well as below. Ms. Miller indicated that she has initiated water monitoring for the first quarter of 2004. The snow pack on the upper elevations of the permit area was reported to be approximately three feet by Ms. Miller.

4.e Hydrologic Balance: Effluent Limitations

The permittee notified the Division of an exceedance for total iron at UPDES point 001A (Mine water discharge point) of 0.39 mg/l on March 16, 2004 via a copy of the letter notifying the Utah Division of Water Quality of the exceedance. The exceedance of the iron parameter is one of the issues being addressed by the new UPDES permit which is currently being developed by DEQ/DWO for the permittee.

7. Coal Mine Waste, Refuse Piles, Impoundments

All snow has melted from the waste rock storage facility. A stockpile of blending material used to enhance the ash fusion temperature requirement in the run-of-mine product was on the refuse pile pad. The waste rock pond contained water from snowmelt. There were no problems noted at this facility.

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13. Revegetation

A small amount of sprouting was observed on the hydro-seeded areas of the waste rock site. One of the sprouting species was identified as "globe mallow".

22. Other

Annual reports for the Canyon Fuel Company, Dugout Canyon Mine were submitted to the SaltLake City Division headquarters on March 19, 2004.