



The State of Utah

Department of
Natural ResourcesDivision of
Oil, Gas & MiningROBERT 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

OGM Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Monday, May 24, 2004
Start Date/Time:	05/24/2004 10:10:00 AM
End Date/Time:	05/24/2004 1:35:00 PM
Last Inspection:	Tuesday, April 27, 2004

Inspector: Pete Hess, Environmental Scientist IIIWeather: Cloudy, cool, 50's E.InspectionID Report Number: 229Accepted by: pgrubaug
06/07/2004

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:

The permittee continues to submit water monitoring data to the Division's web site, meeting the permit condition required as part of Attachment "A" of the current State permit. The fourth quarter 2003 water monitoring information was submitted to the Division's web site on March 5, 2004.

Inspector's Signature: _____

Date: Monday, May 24, 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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Inspection Continuation Sheet

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The permittee indicated this day that negotiations with the Utah Division of Water Quality have stalled and that the issuance of a new UPDES permit for the site is no closer to completion than it was nearly nine months ago.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The permittee completed the first quarter 2004 impoundment inspections for the Mine site sediment pond and the waste rock site pond on February 25, and March 22, 2004. The report for the inspections was completed on May 18, 2004. There were no signs of structural weakness or other hazards noted by Ms. Miller, who was the qualified person performing the inspections. The sediment level reported for the Mine site pond was noted as being well below the sediment cleanout indicator. As noted during today's inspection, the waste rock pile pond was dry. There were no compliance issues noted with either of the ponds. The waste water leach field was also inspected by the permittee on February 25 and March 22. There were no issues reported by Ms. Miller during her inspection; there were no compliance issues noted during today's field inspection. Cattle have been using the area to congregate.

4.e Hydrologic Balance: Effluent Limitations

The permittee's current Utah general UPDES permit remains in effect until April 30, 2008. However, as noted above, the permittee continues to try to resolve issues relative to exceedences associated with total dissolved solids and total iron. An exceedence of the TDS level was reported to the permitting agency as recent as April 30, 2004. This is mine water which is coming from the east workings of the Gilson seam.

7. Coal Mine Waste, Refuse Piles, Impoundments

The permittee performed the first quarter of 2004 waste rock pile inspection on March 18, 2004. The report for that inspection, as well as the P.E. certification were performed on March 26, by Mr. Dave Spillman, Manager of Technical Services. There were no hazards, or signs of instability reported by Mr. Spillman. There were no compliance issues noted relative to today's inspection of the waste rock storage facility. The recovery of BTU resource material for blending purposes has not occurred for several months. There was no visible evidence of spontaneous combustion on the pile, nor was there any impounded water. The pile is shaped such that any intercepted precipitation flows to the sediment pond in a positive manner.

8. Noncoal Waste

High winds have prevailed in the Carbon County area for several weeks. As such, a few items of noncoal waste had been dispersed about the site. Ms. Miller collected these and disposed of same during the course of today's inspection.

9. Protection of Fish, Wildlife and Related Environmental Issues

The run-of-mine coal stockpile was noted as being very close to the disturbed area perimeter on the NE end of the disturbance. There are fringe areas inside the DAP where topsoil and vegetation have not been recovered. It was suggested that the permittee move the pile away from this fringe area, or recover the soils in order to prevent a compliance issue. Also, a small amount of coal fines was observed in the inlet to culvert UC-4 (the undisturbed bypass culvert from the lower right fork). Flow was reporting from the associated watershed to this culvert this day; it was suggested that the permittee remove these fines to the best extent possible in order to prevent the possibility of a compliance issue. Coal fines were also observed on the vegetated slope east of the reclaimed tunnel fan. However, the fines are not of sufficient depth to affect the vegetation on this slope.

14. Subsidence Control

A subsidence map containing a professional engineer's certification was received as part of the 2003 annual report information on March 19, 2004. Of the thirty-five monitoring points surveyed, twenty-one showed an upheave of less than one foot. The maximum amount of subsidence which was reported was 3.5 feet, at point RC2-1 (located above the Second West panel, mined from November 2001 through July 2002). The subsidence survey was completed by Ware Engineering in June of 2003.

19. AVS Check

The permittee is currently working with the Division to update the legal and financial information contained in Chapter 1 of the MRP. Ownership and Control Information has also been submitted as Appendix "C" of the 2003 Annual Report. This is the same information submitted to the Utah Department of Commerce.

20. Air Quality Permit

The permittee's current air quality approval order became effective on July 9, 2003. The Dugout Canyon Mine is permitted to produce five million tons per year.

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21. Bonding and Insurance

The permittee's current general liability insurance remains in effect until July 31, 2004. Coverage amounts of \$500,000 and \$300,000 are in place for general aggregate and each occurrence incidents respectively. Ms. Miller is aware of the renewal date for continued coverage.