



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
OGM	Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, June 16, 2004
Start Date/Time:	6/16/2004 8:10:00 AM
End Date/Time:	6/16/2004 12:10:00 PM
Last Inspection:	Monday, May 24, 2004

Inspector: Pete Hess, Environmental Scientist III

Weather: Overcast, cool; 50's F; intermittent showers.

InspectionID Report Number: 307

Accepted by: pgrubaug
7/13/2004

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 compliance actions pending for the Dugout Canyon Mine permit area. The permittee continues to submit water monitoring data to the Division web site, meeting the requirement included within Attachment "A" of the current State permit.

Today's partial inspection was conducted outside of the Dugout Canyon Mine disturbed area boundary, where methane degasification wells are being operated, and/or coal exploration sites are being proposed.

Inspector's Signature

Date

Tuesday, July 06, 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 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 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 checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 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 checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 checked="" 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The permittee recently submitted an application to permit three additional degasification wells, G-4, G-5, and G-6. Two of the well sites are being proposed immediately adjacent to existing access roads; the third is on a well vegetated hillside. The sites were visited during today's inspection.

2. Signs and Markers

Methane degasification well sites G-3 and G-2 were visited this day. Both disturbed areas are identified with adequate permittee identification signs. The disturbed areas are identified with "T" post, three strand barb wire fences.

3. Topsoil

Both topsoil piles associated with the G-3 and G-2 sites have been roughened, seeded and mulched. There only appears to be a minimum amount of re-vegetation established. Both piles have "topsoil" storage signs in place. Both piles have berms in place around the toe of the material; a silt fence has been installed on the down slope side of the piles to provide treatment of any intercepted runoff, prior to same leaving the disturbed area.

4.a Hydrologic Balance: Diversions

Berms and water bars are utilized to retain runoff within the disturbed area perimeters of the degasification well sites.

4.d Hydrologic Balance: Water Monitoring

Ms. Miller was in the process of completing the second quarter water monitoring requirements for the Dugout Canyon Mine permit area. During the course of today's inspection, the following sites were sampled; PC-1A and site 203.

4.e Hydrologic Balance: Effluent Limitations

Ms. Miller indicated that the Utah Division of Water quality is once again considering the possibility of allowing the permittee to participate in a de-salinization project, in order to justify increasing the allowable TDS limits for the Mine's mine water discharge point UPDES 001A. This outfall has had several exceedances for TDS and total iron over the last year. The permittee is in compliance relative to the reporting requirements of the current State UPDES permit.

11. Contemporaneous Reclamation

Ms. Miller indicated that the permittee would like to amend the current reclamation plan for well site G-3. The permittee will propose to remove the mechanical methane pump from the site, extending the vent pipe higher, such that backfilling and regrading of the site to approximate original contour could occur. Topsoiling of much of the site would also occur. However, it was suggested that the proposed plan leave an access into the site, such that when it becomes necessary to plug the well, a redistribution would not be necessary. Receipt of this proposal by the DOGM is pending.

16.a Roads: Construction, Maintenance, Surfacing

The unpaved roads accessing the well sites were in good condition, having been recently graded. A water truck was observed adjacent to the road. According to Ms. Miller, the Thayne's water these roads when necessary. The truck is also used to haul water for stock watering purposes.

18. Support Facilities, Utility Installations

Well site G-3 is no longer venting methane. It is possible that as the longwall face advanced outby the G-3 location, the well casing was either sheared or crushed by the subsiding overburden. As noted elsewhere, the permittee intends to amend the reclamation plan for this site. Well site G-2 is actively venting. Dugout Canyon personnel check the well sites on a regular basis.

22. Other

The points of diversion which will be used to collect water for drilling purposes were inspected. Both are incised pools located adjacent to the Pace Creek drainage. The collection pools are lined with nonpermeable plastic. Based on the amount of flow volume observed, it is believed that it will be necessary for the permittee to haul water for the drilling of the three exploration wells permitted through TASK ID #1916.