



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:

OGM	Pete Hess	Environmental Scientist III
Company	Vicky S. Miller	Environmental Specialist

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, December 29, 2004
Start Date/Time:	12/29/2004 10:00:00 AM
End Date/Time:	12/29/2004 12:00:00 PM
Last Inspection:	Monday, November 15, 2004

Inspector: Pete Hess, Environmental Scientist III

Weather: Snowing; temperature in mid-thirties, Fahrenheit.

InspectionID Report Number: 500

Accepted by: whedberg

1/24/2005

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 current State permit contains a Special Permit Condition included in Attachment "A"; the requirement of that condition is that the permittee must submit surface and ground water monitoring information on a quarterly basis in an electronic form to the Division electronic data input web site. The permittee notified the Division on December 28, 2004 that the water monitoring information for the third quarter of 2004 was ready to be uploaded from the pipeline into the database. The Division notified the permittee the same day that all sites had been monitored; all parameters which are required had reported results. The permittee continues to meet the requirement of the Special Permit Condition.

Inspector's Signature

Date Thursday, December 30, 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.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
 telephone (801) 538-5340 facsimile (801) 359-3940 TTY (801) 538-7223 www.ogm.utah.gov

Utah!
Where ideas connect™

Permit Number: C0070039
 Inspection Type: PARTIAL
 Inspection Date: Wednesday, December 29, 2004

Inspection Continuation Sheet

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 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 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 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 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.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 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 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 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"/>

3. Topsoil

Due to poor coal quality in the current longwall panel, it has become necessary for the permittee to seek approvals from the Division to increase the approved coal waste storage capacity at the waste rock site. In order to expand the acreage approved for waste rock disposal, the permittee has recovered and stored approximately 6,300 cubic yards of plant growth medium from the NW corner of the area already approved for waste disposal. An amendment is being prepared to further enhance waste storage capability by moving the areas now occupied by the topsoil and subsoil storage piles to other locations which require permitting. This increase in acreage, plus the possibility of increasing the final surface elevation of the waste storage area, will maximize the waste storage capability for this already permitted area. The permittee is also considering permitting additional waste rock storage on the east side of the Dugout Canyon Mine road on land which they own.

4.a Hydrologic Balance: Diversions

All ditches were under a fresh accumulation of snow. Culverts which were visible appeared to be capable of functioning as designed.

4.e Hydrologic Balance: Effluent Limitations

The permittee has received a signed, approved site specific UPDES permit from the Utah Division of Water Quality. Outfall monitoring and sampling will now be performed a minimum of two times per month.

7. Coal Mine Waste, Refuse Piles, Impoundments

As part of the waste rock disposal area expansion, the permittee has received Division approval to dispose of an additional 170,000 tons at the already approved site. The site has already received part of this approved additional volume. One item was noted at the site this day, which must be addressed as soon as possible; the north toe of the current storage facility does not have a ditch or berm in place to direct snowmelt runoff into the newly constructed 100 year six hour storm event design ditch. Without this ditch or berm, it is possible for the snowmelt runoff to run down the access road and off of the disturbed area (i.e., an "off-site" impact). Should this occur, a compliance action would be necessary. Ms. Miller agreed to have the diversion installed this day. The new diversion which has been installed as an extension of the in-place 100 year six hour ditch has more capacity than needed.

16.a Roads: Construction, Maintenance, Surfacing

Ms. Miller explained this day that the primary road in the waste rock storage area will be relocated such that it will parallel that fence inside of the northern and western perimeters. It will tie back into the waste rock pond access road approximately three hundred feet north of that impoundment.

16.b Roads: Drainage Controls

All road drainage controls were snow covered this day.

Permit Number: C0070039
Inspection Type: PARTIAL
Inspection Date: Wednesday, December 29, 2004

Inspection Continuation Sheet

Page 4 of 4

19. AVS Check

The permittee recently re-submitted updated ownership and control information to the Division (TASK ID# 2071).