



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Company, Name, Title. Rows include Vicky S. Miller (Environmental Specialist) and Pete Hess (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070039), Inspection Type (COMPLETE), Inspection Date (Tuesday, September 27, 2005), Start Date/Time (9/27/2005 8:30:00 AM), End Date/Time (9/27/2005 12:45:00 PM), Last Inspection (Tuesday, August 16, 2005).

Inspector: Pete Hess, Environmental Scientist III
Weather: Thunder storms, rain and hail during inspection
InspectionID Report Number: 741

Accepted by: whedberg
9/30/2005

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

Table with 2 columns: Value, Description. Rows include 7,083.71 Total Permitted, 51.11 Total Disturbed, and Phase I, II, III.

Mineral Ownership

- Checked: Federal, State, Fee
Unchecked: County, Other

Types of Operations

- Checked: Underground
Unchecked: Surface, Loadout, Processing, Reprocessing

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

The Permittee continues to submit surface and ground water monitoring information on a quarterly basis to the Division web site, meeting the requirement stipulated in Attachment "A" of the current State permit.

There are no compliance actions currently pending for the Dugout Canyon Mine permit area.

The Permittee anticipates initiating a longwall move during mid-October.

Inspector's Signature

Date Tuesday, September 27, 2005

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.

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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" 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"/>

2. Signs and Markers

It was recommended to the Permittee that the Permittee identification signs placed at each of the degasification well sites have the well identification designation placed on them for ease of identification.

3. Topsoil

Dan Larsen will be conducting topsoil evaluations for several new degasification wells within the Dugout Canyon Mine permit area, as well as conduct soil test pit evaluations for the proposed soil borrow area which is needed for the reclamation of the active waste rock site on October 3, 2005.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Permittee's qualified representative conducted the third quarter impoundment inspections for the waste rock site impoundment and the mine site impoundment on August 3, and September 9, 2005 respectively. There were no signs of instability or other hazards noted during the Permittee's inspection. There were no problems noted during today's inspection. Both ponds contained water. The guard rail located along the southeastern edge of the mine site sediment pond has been damaged by a coal truck. The Permittee intends to repair the guard rail as quickly as possible.

4.d Hydrologic Balance: Water Monitoring

Due to recent precipitation events, all of the drainages in Dugout Canyon and Pace Canyon were flowing this day. Discharge monitoring reports for month of July 2005 were reviewed. The only outfall which discharged was UPDES point 001A. No parameter exceedances were reported. A new permit went into effect on August 1, 2005; two new outfalls have been permitted for the Pace Canyon fan portal installation. The Division notified the Permittee on September 26, 2005 that ground water monitoring information for well GW-24-1 was missing, and that the Cation and Anion values for water monitoring site FAN were also missing. Both items were corrected on 9/27. Well GW-24-1 has a sheared casing and is not capable of supplying information; as such, it has been removed from the ground water monitoring regime.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee is not storing coal product at the waste rock site. The Permittee conducted the third quarter waste rock pile inspection on July 29, 2005. There were no signs of instability or other hazards reported during the Permittee's inspection. The site contains approximately 121,000 tons of waste material. Mr. Dave Spillman performed the required professional engineers certification of the inspection report on August 9, 2005. There were no problems observed during today's field inspection. The waste storage area is well compacted and shaped to report runoff to the 100 year 6 hour ditch, which then routes the flow to the sediment pond. There was not any noncoal waste observed at the site. End-dumped piles of rock and coal from the Pace Canyon fan portal facility construction had been placed on the top of the pile.

9. Protection of Fish, Wildlife and Related Environmental Issues

Ms. Miller indicated this day that the undermining of a raptor nest may possibly occur in December. The Permittee, in conjunction with, the Division and the US Fish and Wildlife Service are evaluating the process necessary to protect nesting birds during the undermining process.

16.a Roads: Construction, Maintenance, Surfacing

The Permittee has surfaced the parking area at the Mine's main facilities area with asphalt and striped the parking zones. This has improved the parking situation.

16.b Roads: Drainage Controls

The site's drainage controls have seen extensive runoff and maintenance over the past several weeks. Debris blockage has been a critical factor at trash rack locations. All culverts, ditches, and drains were functioning as designed during today's inspection.

18. Support Facilities, Utility Installations

The Pace Canyon air shaft was developed through to the mine workings near the end of August 2005. The ducting from the collar of the shaft to the fan, as well as the fan housing and the vertical diffuser have been installed. Also, the concrete pad for the diesel generators is in place, with the various electrical conduits necessary for installation. The generators themselves will be delivered any day. The Permittee anticipates that the new fan installation will be running by October 15, 2005. The Permittee anticipates that a drilling contractor (Lang Exploration) will be on site by October 3, 2005 to initiate the plugging of degasification wells GIL-2, 3, 4, 5, and 6. Degasification wells GIL-9 and GIL-10 will also be drilled. The Division stressed the importance of getting the wells which are no longer being used plugged, such that reclamation of same can commence. The Permittee had two drilling contractors scheduled to initiate plugging of dead wells during September; however, both contractors cancelled at the last moment. Lang Exploration is scheduled to initiate work on October 3, 2005.