



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), David G. Spillman (Manager of Technical Services), and Pete Hess (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070039), Inspection Type (PARTIAL), Inspection Date (Wednesday, October 26, 2005), Start Date/Time (10/26/2005 8:30:00 AM), End Date/Time (10/26/2005 1:30:00 PM), and Last Inspection (Tuesday, September 27, 2005).

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear; 40's F.

InspectionID Report Number: 769

Accepted by: whedberg
11/7/2005

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 three rows for Phase I, Phase II, and Phase 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:

Please refer to comments under 4d relative to special permit requirements for the Dugout Canyon Mine.
There are no compliance actions currently pending for the Dugout Canyon Mine permit area.

Inspector's Signature

Date Friday, October 28, 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 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input 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 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 type="checkbox"/>	<input 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 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 checked="" 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 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 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 Division initiated the midterm permit review process for the Dugout Canyon Mine permit area on October 13, 2005.

4.a Hydrologic Balance: Diversions

The Permittee has replaced the silt fence located at the southern base of the topsoil pile located at the up-canyon end of the Pace Canyon fan portal disturbance with a berm.

4.c Hydrologic Balance: Other Sediment Control Measures

The silt fence which parallels the west side of Pace Creek inside the fan portal disturbed area was inspected; this fence appears to be functioning as designed.

4.d Hydrologic Balance: Water Monitoring

The Permittee has completed the field sampling requirements for the surface and ground water monitoring points for the Dugout Canyon Mine permit area for the fourth quarter of 2005. Analytical results are pending. The Permittee notified the Division on September 23, 2005 that all third quarter 2005 water monitoring information for the respective permit area was in the pipeline and ready for uploading. The Division uploaded same into the EDI on September 26, 2005. The Permittee has once again met the Special Permit Condition included as Attachment "A" of the current State permit.

4.e Hydrologic Balance: Effluent Limitations

The Permittee reported an exceedance of the UPDES parameter for total iron for outfall 002A (sample taken September 9, 2005) to the Utah DEQ / DWQ and the DOGM on October 6, 2005. The current water quality permit sets a daily maximum limit of 1.1 mg/l for total iron. The level of total iron reported for the September 9, 2005 sample was reported to be 4.93 mg/l. The site had received a storm event of 2.25 inches in just over one hour. The undisturbed flow in Dugout Creek was reported to have a total iron level of 2030 mg/liter. This high iron level was confirmed by the Division on October 8, 2005. The Permittee continues to meet the reporting requirements of the in place UPDES permit.

9. Protection of Fish, Wildlife and Related Environmental Issues

It has been noted during previous inspections that the volume of coal in the stockpile area has become so large at times that it is dangerously close to infringing upon undisturbed areas where native soils and vegetation still exist. The Permittee has received notification that if coal is observed on areas which are considered to be undisturbed, an offsite impact will have occurred and a compliance action will be issued. The Permittee has been instructed to speak to the dozer operators pushing coal in the area such that they are made aware of the seriousness of this infringement. Mr. Dave Spillman has expressed an interest in expanding the disturbed area boundary here via an OGM permitting action.

13. Revegetation

The Permittee is hopeful that grading activities at the Pace Canyon fan portal will be completed by mid-November, such that hydroseeding activities in that disturbed area can be completed. Volumes of topsoil which have been recovered during the development of new degasification wells will also be seeded at this time, if access to the higher elevations with a hydro-seeder is possible.

16.a Roads: Construction, Maintenance, Surfacing

The damaged guard rail between the mine site primary coal haul road and the mine site sediment pond has been repaired and enhanced to provide additional safety for vehicles traveling through this drainage control area.

16.b Roads: Drainage Controls

The ditch which parallels the primary road accessing the Gilson well, the explosive magazines and the water tank was observed to be in need of maintenance, as only a small amount of freeboard remained. Ms. Miller agreed to address this area.

18. Support Facilities, Utility Installations

The Permittee is in the process of drilling degasification well GVH-9. GVH-4 has been plugged to its maximum depth with concrete; a dozer is at this site to begin backfilling and grading activities. GVH-6 has had a plug placed in its bottom, and fifty feet of concrete has been added to the well bore. Construction activities in Pace Canyon continue. The Permittee's contractor is in the process of installing the remaining tunnel liner plate for the intake portal, as well as the escapeway. Both tunnels will be covered over with fill to establish the operational surface gradient at that time. A concrete retaining wall will also be constructed between the portal and the south topsoil storage area. The diesel generators which will provide backup power for the Pace Canyon fan are in place, and are shrouded by tractor-trailer dry boxes. Both units sit within a poured concrete pad having retention capability. The electrical wiring installation was being worked on this day. According to Ms. Miller, the fan has been started and run. Minor problems remain to be corrected before the fan can be put into full operation. Upon completion of all construction activities, a chain link fence will be installed about the disturbed area to prevent unauthorized access by wildlife and people.

22. Other

The Permittee has just completed a longwall move and has once again initiated coal production.