



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: Role, Name. Row 1: OGM, Pete Hess, Environmental Scientist III. Row 2: Company, Vicky S. Miller, Environmental Specialist.

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070039), Inspection Type (PARTIAL), Inspection Date (Thursday, March 30, 2006), Start Date/Time (3/30/2006 8:55:00 AM), End Date/Time (3/30/2006 10:35:00 AM), Last Inspection (Tuesday, February 28, 2006).

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear, cold.

InspectionID Report Number: 914

Accepted by: whedberg
4/4/2006

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: 9,471.00 Total Permitted, 57.75 Total Disturbed, Phase I, Phase II, 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:

The Permittee continues to submit quarterly surface and ground water monitoring information in an electronic form to the Division web site as required by the Special Permit Condition included as Attachment "A" of the current State permit. The Division notified the Permittee on January 4, 2006 that all required fourth quarter of 2005 water monitoring data for the permit area had been uploaded to the Division EDI.

Inspector's Signature:

Pete Hess, Environmental Scientist III
Inspector ID Number: 46

Date Friday, March 31, 2006

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 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 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 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 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 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 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 has submitted the application to permit degasification wells G-13, G-14, G-15, G-16, and G-17, (Task ID #2456). The Permittee submitted the 2005 Annual Report for the Dugout Canyon Mine on March 14, 2006.

### **3. Topsoil**

The Permittee submitted a berm design for the #2 subsoil pile which is located at the waste rock site this day. Upon Division approval, the design will be implemented. The pile does have a berm around it, but the Permittee's representative was not aware that the berm needed a design to ensure total containment for the 10-year, 24-hour event.

#### **4.a Hydrologic Balance: Diversions**

The Permittee is preparing to submit an "as-built" for the drop drain inlet located behind the primary electrical substation. The inlet is relative to the undisturbed bypass culvert designated as UC-6.

#### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The water elevation in the Mine site sediment pond appeared to be very close to the discharge level in the primary spillway (vertical stand pipe). The pond is functioning as designed. Mr. Dave Spillman, P.E., has completed the final construction inspection requirement for the Pace Canyon fan portal catch basin; completion and forwarding of that report to the Division as required under R645-301-514.311 is pending.

#### **4.d Hydrologic Balance: Water Monitoring**

The Permittee has completed the first quarter of 2006 water monitoring field requirements for the Dugout Canyon Mine permit area.

#### **4.e Hydrologic Balance: Effluent Limitations**

The Permittee indicated this day that no mine water is being pumped through outfall 005, located at the Pace Canyon fan portal. No Flow was also observed by Mr. Spillman on the day of his catch basin inspection, (UPDES 006), located in Pace Canyon.

### **9. Protection of Fish, Wildlife and Related Environmental Issues**

Ms. Miller indicated that she had recently checked the eagle nesting area which was undermined by the current longwall panel in December of 2005. There was not any major damage noted to the cliff face by the Permittee's representative. The Permittee and the Division of Wildlife Resources will check the area again in the Spring, when closer access is possible.

Permit Number: C0070039  
Inspection Type: PARTIAL  
Inspection Date: Thursday, March 30, 2006

**22. Other**

Ms. Miller indicated that the Division and the Permittee have developed a plan to control the proliferation of cheat grass on the Dugout Canyon Mine topsoil piles which are located in Nine Mile Canyon. A test plot (one of the smaller piles) will be tested to determine the effectiveness of this plan.