



## 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*

#### 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:	Tuesday, September 26, 2006
Start Date/Time:	9/26/2006 8:55:00 AM
End Date/Time:	9/26/2006 12:00:00 PM
Last Inspection:	Tuesday, August 01, 2006

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear, cool, 70's F. Beautiful day.

InspectionID Report Number: 1085

Accepted by: whedberg *OK*  
9/29/2006

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

9,471.00	<b>Total Permitted</b>
57.75	<b>Total Disturbed</b>
	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

#### 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 Permittee notified the Division on August 22, 2006 that the second quarter of 2006 surface and ground water monitoring information for the Dugout Canyon Mine was in the pipeline ready for uploading to the Division EDI web site. Thus, the Permittee continues to meet the Special Permit Condition included in Attachment "A" of the current State permit.

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

Frequent events in the Carbon County area have hampered drilling activities relative to the installation of degas wells. Difficult geologic conditions and breakdowns have also hampered progress.

Inspector's Signature: \_\_\_\_\_

*Pete Hess*

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date Tuesday, September 26, 2006

**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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**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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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"/>

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

The Permittee has redefined the diversion berm which parallels the inside of the chain link fence (located on the east side of the Pace Canyon fan portal disturbed area). The berm extends inside the south gate to the catch basin inlet diversion. The Permittee has had a problem with excessive coal moisture reporting to an area which is down grade of the coal stockpile area (main facilities area). It must be noted that longwall mining machines must spray large amounts of water at the face for dust suppression purposes. The runoff from the surface stockpile makes the area west of the down-Canyon stacking tube soupy. The Permittee is working to direct this runoff to the ditch located on the east side of the disturbance, such that it will report to the #1 sediment trap, thence to the Mine site pond.

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

The catch basin located within the Pace Canyon had a damp bottom; there were no compliance issues noted. Both the Mine site pond and the waste rock sediment pond contained water; both water elevations were well below the primary discharge elevation. The waste rock sediment pond has never discharged.

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

The Division water data base operator uploaded the second quarter surface and ground water monitoring information submitted by the Permittee on August 22, 2006 on September 11, 2006. All required sample sites with corresponding required parameters appear to have been submitted.

#### **5. Explosives**

The powder and detonator storage magazines located on the Gilson well pad in the upper Canyon appeared to be in a well maintained order. There has not been any surface blasting conducted recently.

#### **7. Coal Mine Waste, Refuse Piles, Impoundments**

The Permittee's contractor, Nielson Construction Company, has completed the recovery, screening and shipping process of the high ash coal product which had been placed in temporary storage at the waste rock disposal site. Approximately 130,000 tons of high ash coal have been shipped to the Savage Coal Terminal for washing upon start-up of the SCT coal washing facility. Nielson has reshaped the Dugout waste rock facility (now at a much lower horizon) to drain toward the inlet of the 100 year 6 hour drainage ditch. The site has seen several snow events since it was reshaped; no ponding was visible. There were no compliance issues noted.

#### **10. Slides and Other Damage**

The Permittee has made repairs to the subsidence crack at degasification well site G-7 which was identified by the Utah DWR as being a potential problem area for wildlife in the area. Completion of the remaining crack repairs in this area is pending.

**12. Backfilling And Grading**

Please refer to comments under section 7.

**13. Revegetation**

The topsoil piles at the Pace Canyon fan portal installation were inspected. The pile which is located at the upper Canyon end appears to have a much more dense vegetative cover than the pile over the intake portal. Ms. Miller indicated that the soil quality at the upper pile is by far better than that within the other pile. Reseeding of the lower pile prior to the onset of winter conditions was discussed.

**14. Subsidence Control**

The review of the subsidence monitoring information submitted as part of the 2005 annual report is pending.

**16.b Roads: Drainage Controls**

The water bars which divert intercepted road drainage to the outslope of the Pace Canyon road appeared capable of functioning as designed.

**18. Support Facilities, Utility Installations**

The Permittee informed the Division this day that degasification wells G-3 and G-6 have been plugged. The results of the borehole camera analysis at well site G-7 have determined that the casing in bore G-7A has sheared at a depth of 1,122 feet. This casing will be plugged. Well bore G-7B will be allowed to remain open for venting purposes. Both well bores are associated with the GIL-3 longwall panel, which has completed extraction and is sealed in the underground entries.

**22. Other**

Ms. Miller indicated that work is progressing relative to the submittal of "as-built" information for the Pace Canyon fan portal area.