



**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 |
| Company  | Erwin Sass General Manager               |
| OGM  | Pete Hess Environmental Scientist III    |

**Inspection Report**

|                  |                           |
|------------------|---------------------------|
| Permit Number:   | C0070039                  |
| Inspection Type: | PARTIAL                   |
| Inspection Date: | Monday, December 18, 2006 |
| Start Date/Time: | 12/18/2006 12:50:00 PM    |
| End Date/Time:   | 12/18/2006 2:10:00 PM     |
| Last Inspection: | Monday, November 20, 2006 |

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear, cold, 20's F.

InspectionID Report Number: 1168

Accepted by: whedberg   
1/9/2007

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 October 27, 2006 that the required third quarter surface and ground water monitoring information for the Dugout Canyon Mine permit area was ready for uploading to the Division electronic data base. The Division notified the Permittee on December 12, 2006 that the submitted information had been uploaded to the data base. Thus, the Permittee continues to meet the Special Permit Condition included in Attachment "A" of the current State permit.

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

The Mine site, leach field and waste rock site received 4-5 inches of snow on December 17, 2006.

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



Pete Hess, Environmental Scientist III  
Inspector ID Number: 46

Date Monday, December 18, 2006

**Note:** This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Permit Number: C0070039  
 Inspection Type: PARTIAL  
 Inspection Date: Monday, December 18, 2006

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 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 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 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 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 type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |

**4.a Hydrologic Balance: Diversions**

All of the diversions which were inspected this day appeared to be capable of functioning as designed. None of the diversions were obstructed with pushed snow.

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

The mine site sediment pond had a frozen, snow covered surface which was well below the elevation of the primary discharge stand-pipe.

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

Dugout Creek was observed to be flowing below the Mine.

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

Ms. Miller indicated that water samples from the lower right fork of Dugout Creek have on occasion reported high levels of oil and grease. Logging has occurred in the upper reaches of this drainage in the past. A lab error is believed to exist, but the Permittee continues to chase this anomaly.

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

A dozer was operating on the surface of the waste rock pile spreading and compacting material. Material is being backhauled from the Savage Coal Terminal wash plant (from the processing of Dugout coal) for permanent disposal within the Dugout refuse facility. There were no hazards noted. The Permittee has collected samples of this back hauled waste rock material for the three months associated with the fourth quarter of 2006. Analytical information will be submitted as part of the 2006 Annual Report. Access to the waste rock sediment pond was not necessary, as the snow accumulation had not been removed.

**18. Support Facilities, Utility Installations**

Ms. Miller indicated that the contractor that has been hired to repair the wildlife fence on the NW corner of the Pace Canyon fan portal facility has not been able to get the project. As noted in a previous report, several large boulders fell from the sandstone escarpment above this facility, knocking the fence down. No damage occurred to the Mine's exhaust fan.