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Internal File

2005 Annual Report Review

Permittee: Canyon Fuel Company, LLC
Mine Name: Dugout Canyon Mine
Permit Number: C/007/039
Date Report Received: March 14, 2006

| Assigned Reviewers: | Date Completed |
|---|----------------|
| Peter Hess, Engineer / Inspector <i>PHH by aw</i> | 11/16/2006 |
| David Darby, Reclamation Specialist/Hydrologist <i>DD</i> | 12/07/06 |
| Jerriann Ernstsen <i>J.E.</i> | 2/26/08 |

Instructions: The assigned staff will review their respective portions of the Annual report and provide a written determination (findings) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the inspector notified. Once all reviewers have completed the report, they should initial it and a copy will be filed in the Mine Internal File.

Assignments:

- Inspectors:** Review each cover sheet, AVS Legal/Financial, Mine Sequence Maps.
- Hydrologists:** Review Water Monitoring Data, Precipitation and Climatological Data, Non-Coal Waste
- Biologists:** Review Vegetation/Revegetation Success Monitoring, Raptor Survey
- Engineers:** Review Subsidence Monitoring Data, Annual Impoundment Certification, Annual Overburden, Spoils, Refuse, Floor, etc.

| SECTIONS TO REVIEW | SUBMITTED | | FINDINGS |
|------------------------------|-----------|--------------------------|--|
| | YES | NO | |
| Cover Sheet | X | <input type="checkbox"/> | The cover sheet appears complete and adequate. |
| AVS; Legal/ Financial Update | X | <input type="checkbox"/> | Ownership and Control information for CFC is on file with the Division in the General Chapter 1 approved for incorporation on February 8, 2005. The Division conducted an evaluation of the OSM AVS system for CFC on....., confirming that no violations are outstanding, and that responsible officials are current. |

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| SECTIONS TO REVIEW | SUBMITTED | | FINDINGS |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | YES | NO | |
| Mine Sequence Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The 2005 Annual Report contains two maps, one which is titled "2006 BUDGET PLAN". The map depicts anticipated mining projections for development and secondary extraction areas in the Gilson seam for 2006 through 2009. As stated, this is a projection map, and not a map of the actual workings. Therefore, the map is not required to have a P.E. certification. The second map, "SUBSIDENCE REPORT 2005" show the areas extracted via longwall methods, i.e., the Gilson #2 and #3 panels. Areas developed in the Gilson seam during 2005 are not depicted. Elevations are reported for the subsidence monitoring points located in each of the depicted longwall panels. A table on this map reports the elevation differentials being reported for 12 monitoring points. The maximum subsidence reported (2005 survey) occurred at site RC-3A (-2.92 feet). The 2005 Subsidence Report map is P.E. certified by Mr. Dave Spillman, Manager of Tech Services for the Permittee. The subsidence report section also contains six pages of documentation of the observations made during water monitoring activities relative to subsidence affects in the Dugout Mine permit area. |
| Water Monitoring Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Information has been submitted electronically on a quarterly basis to the Division database as required by the approved MRP. |
| Precipitation & Climatological Data | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The submission of Precipitation and Climatological data is not required by the approved MRP. Baseline Precipitation and Climatological data is provided in the MRP. |
| Non-Coal Waste report | <input type="checkbox"/> | <input checked="" type="checkbox"/> | All non-coal waste is hauled from the Mine for permanent disposal at a State permitted landfill. |
| Subsidence Monitoring Data | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Permittee has submitted six pages of documented observations made on the surface over the secondary extraction areas recovered during 2005. No subsidence related surface affects were reported. Monitoring point differentials are shown in a Table on the map "Subsidence Report 2005". The maximum amount of subsidence which was reported was less than three feet. |
| Annual Impoundment Certification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Permittee has submitted annual impoundment certifications for the Mine site pond, as well as the Waste Rock Disposal Area pond. The ponds are being maintained according to the approved MRP, and the R645 Coal Mining Rules, per the P.E. certifications by Mr. Dave Spillman. |

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|---|----------------------------|----------------------------|--|
| | YES | NO | |
| Annual Overburden, Spoil, Refuse, Floor, etc. | X <input type="checkbox"/> | <input type="checkbox"/> | A P.E. certified refuse pile inspection report form is provided. There are no hazardous conditions reported. All leveling and compaction requirements are being met; positive drainage is being maintained. Non-coal waste has not been observed within the refuse material. Spontaneous combustion is not apparent. |
| Vegetation Data | <input type="checkbox"/> | x <input type="checkbox"/> | Not required or submitted as indicated in Annual Report 2005 cover sheet or commitment list. |
| Revegetation Success Monitoring | <input type="checkbox"/> | x <input type="checkbox"/> | Not required or submitted as indicated in Annual Report 2005 cover sheet or commitment list. |
| Raptor Survey | x <input type="checkbox"/> | <input type="checkbox"/> | Yes required and submitted as indicated in Annual Report 2005 cover sheet or commitment list |
| Other Information | <input type="checkbox"/> | <input type="checkbox"/> | |

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