



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:	Friday, November 30, 2007
Start Date/Time:	11/30/2007 8:40:00 AM
End Date/Time:	11/30/2007 11:25:00 AM
Last Inspection:	Tuesday, October 30, 2007

Inspector: Pete Hess, Environmental Scientist III

Weather: Overcast; 30's F. Snow forecast.

InspectionID Report Number: 1485

Accepted by: dhaddock *OK*
12/5/2007

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	Total Permitted
51.10	Total Disturbed
	Phase I
	Phase II
	Phase III

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 is current on required electronic surface and ground water monitoring information submittals for the Dugout Canyon Mine permit area. Water monitoring data for the third quarter of 2007 has been inserted into the Division electronic data base pipeline. Fourth quarter data collection has been completed; insertion of that information into the data base is pending.

There are no pending compliance actions for the Dugout Canyon Mine permit area. The Roan Cliffs were receiving snow during today's inspection.

Inspector's Signature: _____

Pete Hess

Date Monday, December 03, 2007

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

1. Permits, Change, Transfer, Renewal, Sale

The Division received a permit modification to increase the size of the mineable leases by 560 acres on October 25, 2007. This additional acreage is located in sections 16 and 17 of T13S, R13E. MSHA has placed a maximum cover depth of 2400 feet for coal recovery using longwall secondary extraction methods. This may reduce the mine life and economic recovery of the in place reserves in the Task ID # 2873 lease modification.

2. Signs and Markers

The Permittee needs to install identification signs on degasification well pads G-18 and G-31.

3. Topsoil

4.a Hydrologic Balance: Diversions

All inlets and outlets of the installed undisturbed by-pass culverts and the water bars on the AMV road which accesses degasification wells G-18 and G-31 have been rip-rapped. All culverts are thirty-six inch diameter. Drop culverts have been installed on slopes in several locations to reduce flow velocities and minimize erosion potential.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Permittee was placing bentonite in the bottom of the catch basin (UPDES outfall 006A) which captures and treats the disturbed area runoff from the Pace Canyon fan portal disturbed area. Pace Creek is the receiving drainage.

4.c Hydrologic Balance: Other Sediment Control Measures

The Permittee has re-installed the silt fence on the south end of the Pace Canyon disturbed area, as it was felt additional support was needed behind the filter fabric. This treatment area receives flow from the lowest water bar located within the fan portal disturbed area. Silt fence material has been installed below the crest of the outslope where the road cut was made to develop the AMV access road. All development has occurred in very steep rugged terrain.

4.d Hydrologic Balance: Water Monitoring

The mine water discharge point (UPDES outfall 005A) was flowing this day to Pace Creek. The Utah Division of Water Quality sampled the mine water discharge point in Dugout Creek (UPDES 001A) on Tuesday, November 27, 2007. Pace Creek was observed as frozen above UPDES outfall 005A (mine water discharge point).

4.e Hydrologic Balance: Effluent Limitations

Permittee monitoring of UPDES outfall 001A has not reported an exceedance of the total iron effluent parameter since June 2007.

13. Revegetation

The topsoil piles constructed during the development of degasification wells G-18, G-31 and the AMV access road were seeded on November 28, 2007. Soil samples from these piles were also collected for analysis.

18. Support Facilities, Utility Installations

Degasification wells G-18 and G-31 have been completed. Additional well bores are projected from these two pads. Berms have been installed about the pad perimeters (defined by three strand barb wire fences) to contain precipitation and direct it toward silt fences. Gates barring unauthorized access need to be installed.

22. Other

The Permittee has plans to conduct a beneficiation project on two springs, in conjunction with guidance from the Utah Division of Water Rights / State Engineer's Office.