



## 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:	COMPLETE
Inspection Date:	Monday, January 28, 2008
Start Date/Time:	1/28/2008 10:00:00 AM
End Date/Time:	1/28/2008 1:30:00 PM
Last Inspection:	Thursday, December 20, 2007

Inspector: Pete Hess, Environmental Scientist III

Weather: Overcast; windy with flurries. 30's F.

InspectionID Report Number: 1539

Accepted by: dhaddock  
2/1/2008

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>
51.10	<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:

Third quarter of 2007 surface and ground water monitoring information for the Dugout Canyon Mine permit area has been uploaded from the OGM data base pipe line into the permanent data base. The Permittee is current relative to this Special Condition of the current State permit which is Attachment "A".

The insertion of fourth quarter of 2007 water monitoring information for Dugout Mine is pending.

The Dugout Mine disturbed area is covered with approximately 24 to 30 inches of compacted snow, with a fresh accumulation of four to five inches having been received over the weekend. There was no access to the Pace Canyon area. The road above the Mine site to the water tank and Gilson well pad had not been plowed at the time of today's inspection.

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

*Pete Hess*

Date: Tuesday, January 29, 2008

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 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 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 checked="" 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 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**1. Permits, Change, Transfer, Renewal, Sale**

Dugout Canyon Mine submitted a permit renewal application to the Division on November 13, 2007. The application was determined to be administratively complete on December 31, 2007. The notice for renewal has been published. The current OGM permit is due to expire on March 31, 2008.

**3. Topsoil**

All of the topsoil storage piles located along Nine Mile Canyon road are snow covered and not inspectable.

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

The fourth quarter of 2007 impoundment inspection for the waste rock sediment pond was conducted by Mr. Dave Spillman on December 13, 2007; the mine site sediment pond and the Pace Canyon fan portal facility sediment basin was inspected on November 29 and 28 respectively by Ms. Miller. None of the impounding structures were reported as having signs of structural weakness or other hazards. All ponds have adequate sediment storage capacity remaining. Mr. Dave Spillman (P.E.) certified the December 13, 2007 inspection report of the waste rock impoundment on January 28, 2008. As observed this day, the mine site pond is snow covered, and the level of snow is well below the primary discharge elevation. There was no access to the waste rock impoundment or the Pace Canyon fan portal disturbed area this day.

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

Dugout Creek was flowing below the Mine due to the discharge of mine water from UPDES outfall 001 and possibly 003 (water tank overflow). The Creek channel is generally frozen and snow covered.

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

A review of the US EPA / Utah DWQ discharge monitoring reports for the months of November and December 2007 revealed that no exceedances occurred during the two monitoring periods. The reports were submitted in a timely fashion to the appropriate government agencies.

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

A dozer was observed on the waste rock pile preparing to level and compact a new deposit of coal waste. The road from the paved surface to the waste rock pond had not been cleared, and no attempt was made to access the area. The fourth quarter of 2007 waste rock pile inspection was conducted by Mr. Dave Spillman, P.E., on December 13, 2007, and certified on January 28, 2008. There were no hazards noted during the December inspection.

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

A bald eagle was observed perched in a tree along the Nine Mile Canyon road.

**16.b Roads: Drainage Controls**

All drainage controls are under snow.

**19. AVS Check**

A three way review of the Dugout Canyon Mine MRP was conducted by the Permittee, the Salt Lake Division staff and the assigned Price inspector on January 15 and 16, 2008. Chapter One ownership and control information was determined to be complete and current.

**20. Air Quality Permit**

The current approval order became effective on June 4, 2007. The approved throughput for the Dugout Mine is seven million tons per 12 month rolling period.

**21. Bonding and Insurance**

The current bond amount of \$ 3,550,000 was last revised in August of 2007. The general liability insurance will remain in effect through July, 2008.