



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	Steve Demczak Environmental Scientist III

**Inspection Report**

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Thursday, July 17, 2008
Start Date/Time:	7/17/2008 10:00:00 AM
End Date/Time:	7/17/2008 3:00:00 PM
Last Inspection:	Wednesday, June 25, 2008

Inspector: Steve Demczak, Environmental Scientist III

Weather: Sunny, 80's

InspectionID Report Number: 1708

Accepted by: jheltric  
7/22/2008

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:

No violations were issued.

Inspector's Signature:

Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date

Monday, July 21, 2008

**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 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 checked="" 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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**

No new amendments have been submitted to the Division since the last inspection. The permittee plans to be submitting an amendment for several de-gas wells. They also plan on submitting an exploration plan in the near future.

**2. Signs and Markers**

Identification sign was reviewed at the waste rock site. Information meets the R645 Coal Rule requirements.

**4.a Hydrologic Balance: Diversions**

The diversions were spot-checked throughout the property. They were open and would function in a storm event.

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

I inspected the sediment pond and found no hazardous conditions. The sediment pond did contain water but was not discharging during the inspection. The sediment pond was inspected by the permittee for the second quarter of 2008 on May 30th.

**4.c Hydrologic Balance: Other Sediment Control Measures**

The catch basin was inspected for the second quarter on June 9, 2008. No hazardous conditions were reported.

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

Water monitoring data for the first quarter of 2008 was sent to the Division for review.

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

The UPDES report for May showed to be in compliance with the permit.

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

The refuse pile was inspected for the second quarter of 2008. The report was P.E. certified. No hazardous conditions were reported. I inspected the refuse pile and found no hazardous conditions. The report was conducted on June 7, 2008.

**8. Noncoal Waste**

The mine site was generally clear of non-coal waste material.

**10. Slides and Other Damage**

No slides were noted during the inspection.

**14. Subsidence Control**

The subsidence information will be in the annual report.

**16.b Roads: Drainage Controls**

All roads have drainage control having a ditch to the side of the road.

**18. Support Facilities, Utility Installations**

No construction of additional support facilities were noticed during the inspection.

**20. Air Quality Permit**

The Air Quality Permit is DAQE-AN0116340008-07.

**21. Bonding and Insurance**

The Reclamation Agreement was inspected. The bond is at #3,550,000. There are 79.3 acres of disturb area. The effective date of the agreement was August 24, 2008. The insurance policy will expire on July 31, 2008.