



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:	Tuesday, December 09, 2008
Start Date/Time:	12/9/2008 9:45:00 AM
End Date/Time:	12/9/2008 3:15:00 PM
Last Inspection:	Tuesday, November 25, 2008

Inspector: Pete Hess, Environmental Scientist III  
Weather: Clear, cold; 20's F. Skiff of snow at Mine.  
InspectionID Report Number: 1856

Accepted by: Jhefric  
1/6/2009

Permitee: **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 has completed the fourth quarter of 2008 water monitoring field sampling. Third quarter water monitoring data is currently being entered into the Data Base. The Permittee continues to meet the Special Condition of the permit which is relative to the quarterly electronic submittal of water data. Drilling activities have generally been halted in the Book Cliffs for this season.

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

*Pete Hess*

Date Tuesday, December 09, 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 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 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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"/>

### **3. Topsoil**

The Permittee has recovered one topsoil pile from the waste rock site and relocated it to the north side of the access road / County road junction. Subsoil has also been recovered from the waste rock site area and stored on the south side of the access road. More subsoil is to be recovered and stored. A second topsoil pile (located north of the waste rock pond) remains to be recovered and stored. All activity was permitted through DOGM, with final approval being granted in November, 2006 (See Task ID #2550). The Permittee is expecting that a large volume of coal waste will be generated from the washing of Skyline product (C/007/005). The Dugout waste pile has been approved for storage of Skyline coal processing refuse. All topsoil piles which were recently constructed as part of degasification well development have been seeded. A fence is currently being constructed around the G-22 topsoil pile.

#### **4.a Hydrologic Balance: Diversions**

All diversions observed this day appeared capable of functioning as designed. The water bars on the access road past the Pace Canyon fan facilities have been redefined.

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

The sediment pond located at the Pace Canyon fan portal disturbed area was dry. The pond at the waste rock site contained water, which was well below the elevation of the open channel spillway.

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

A silt fence located along the water tank / Gilson well access road was in need of repair, as it had by-passed in the past. The Permittee intends to conduct additional maintenance work along this diversion.

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

The upper left and right forks of Dugout Creek were flowing; both had frozen surfaces. The mine water quantity being discharged to Pace Creek has diminished by about 60 %.

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

The flow in Pace Creek was clear. Ms. Miller pointed out that the green algae in the channel has turned black. The DWQ has evaluated this, but a known cause has not been determined.

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

As noted above, the Permittee is re-locating top and sub soil resources from the waste rock site to other areas. This is being done to provide additional storage volume for coal waste. A new 100 year six hour diversion ditch will be cut parallel with the west permit boundary fence.

### **11. Contemporaneous Reclamation**

The Permittee plugged the following degasification wells during the 2008 drilling season; G-7A and B, G-11, G-18A, G-19, G-9A, 9B, 9C, G-13A and B. The casings have been cut off and markers caps have been installed on the buried casing top. The pad at G-13 is ready to reclaim.

### **16.a Roads: Construction, Maintenance, Surfacing**

The main access to the degasification well sites is well graded.

### **16.b Roads: Drainage Controls**

The access to the G-22 well site has had four water bars installed to sub-divide any received precipitation. All points of discharge have been rip-rapped to minimize erosive action on the outslope. The silt fences installed mid-slope parallel with the access roads appeared capable of functioning as designed.

### **18. Support Facilities, Utility Installations**

The Permittee is preparing to submit revised / updated surface facilities maps for both the Dugout main facilities area and the Pace Canyon fan portal disturbance. The following degasification wells were drilled during 2008; G-18B, G-14B, G-31B, and G-16. G-16 is actively venting methane via a methane pump. The Permittee also drilled two minor coal exploration wells, DUG-01 and DUG-02.