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State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 7, 2009

Erwin Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: 2008 Annual Report Review, Dugout Mine, C/007/0039, Task ID # 3280
Outgoing File

Dear Mr. Sass:

The Division staff received the 2008 Raptor Survey and Map. Enclosed is a revised copy of the review for Dugout, C/007/0039. The Survey and Map have been incorporated into the Confidential Folder of the MRP.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron Haddock
Permit Supervisor

sqs
Enclosure
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1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

This Annual Report shows information the Division has for your mine. Please review the information to see if it is current. If the information needs to be updated please do so in this document. At the end of each section the operator is asked to verify if the information is correct. Please answer these questions and make all comments on this document. Submit the completed document and any additional information identified in the Appendicies to the Division by April 30, 2009. During a complete inspection an inspector will check and verify the information. To enter text, click in the cell and type your response. You can use the tab key to move from one field to the next. To enter an X in a box, click next to the box, right click, and select properties, then the checked circle, then hit enter, or hit the unchecked circle if the X is to be removed.

GENERAL INFORMATION

Permittee Name	Canyon Fuel Company, LLC
Mine Name	**Dugout Canyon Mine**
Operator Name (If other then Permittee)	NA
Permit Expiration Date	March 16, 2013
Permit Number	C/007/0039
Authorized Representative Title	Erwin Sass, General Manager
Phone Number	(435) 637-6360
Fax Number	(435) 636-2897
E-mail Address	esass@archcoal.com
Mailing Address	P.O.Box 1029, Wellington, Utah 84542
Designated Representative	
Resident Agent	C.T. Corporation Systems
Resident Agent Mailing Address	50 West Broadway, Salt Lake City, Utah 84101
Number of Binders Submitted	1 binder, 2 copies

Operator, please update any incorrect information.

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expiration Date
MSHA Mine ID(s)	42-01890	Rock Canyon Seam	N/A
	42-01888	Gilson Seam	N/A
MSHA Impoundment(s)	N/A		
NPDES/UPDES Permit(s)	UT0025593	UPDES Discharge Permit and Storm Water Discharge Permit	November 20, 2009
PSD Permit(s) (Air)	DAQE-001-1999	Air Quality Permit	N/A

Other

MSHA Mine ID(s)	1211-UT-09-01890-01	Refuse Pile	N/A

Operator, please update any incorrect information.

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

Certified Reports:	**Required** Yes	No	**Included** Included	**or**	**DOGM file location** Vol, Chapter, Page
Excess Spoil Piles	☐	☒	☐		
Refuse Piles	☒	☐	☒		
Impoundments	☒	☐	☒		
Other					
	☐	☐	☐		
	☐	☐	☐		

Operator Comments:

Inspector:
Has the operator complied with this section? Yes ☐ No ☐
Inspector Comments:

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Admin R645-301-100
Soils R645-301-200

Title: WASTE ROCK SAMPLING
Objective: protection of ground and surface water and potentially substantiate lesser cover at the waste rock site
Frequency: One sample per 5,000 cu yds taken to the waste rock site.
Status: Material stored at the mine site for a "short period of time".
Reports: To be submitted with the annual report (*and to be included in RA Attachment 5-4). Acid/toxic material to be buried within 30 days.
Citation: Chap. 5, Sec. 513.400., Sec. 528.300, Sec. 536 and Refuse Pile Amendment. Volume Section 536.

Operator: Has this commitment been acted on this year?
Yes X No ☐ Not required this year. ☐ If yes, comment;
Operator Comments:
See attachment 5-4 and appendix E of Annual Report
Inspector:
Has the operator complied with this commitment? Yes ☒ No ☐
Inspector Comments:
Samples were taken but needs Division specialist review. Division soil scientist, Priscilla Burton reviewed the annual report on June 9, 2009. Waste rock analyses have been provided as updates to Attachment 5-4 over the past year and were reviewed as tasks 2928 and 3045. The 4th quarter refuse pile inspection report states that approximately 181,673 tons of refuse had been hauled to the waste rock site from the Savage preparation plant as of December 2008. There is no indication of the remaining storage capacity of the pile, the average and maximum lifts of materials placed or the elevations of the active benches (Item 7 of the quarterly report). As this information becomes available, it should be included in the 2009 quarterly inspections of the annual report.

Biology R645-301-300

Title: ANNUAL OVERFLIGHT RAPTOR SURVEYS.
Objective: Obtain baseline data prior to mining disturbances including subsidence of cliff habitat. Conduct follow-up surveys within one year if nests were observed during the baseline surveys and if operations resulted in subsidence.
Frequency: Annually.
Status: On going.
Reports: Annual Reports. Citation: Vol. Chap 3, Sec. 322, p. 3-13.

Operator: Has this commitment been acted on this year?
Yes ☐ No ☐ Not required this year. ☐ If yes, comment;
Operator Comments:
Survey data sheet included in Appendix B, a map can be reviewed in Confidential Folder.

Inspector:
Has the operator complied with this commitment? Yes ☒ No ☐
Inspector Comments:
Comments from June 8, 2009: Information is confidential. This section of the report needs Division specialist review. Division biologist, Ingrid Wieser, reviewed the annual report. No survey data sheet was located in Appendix B of the annual report. A survey data sheet for 2008 is located in the confidential binder. According to the survey sheet, two active and two tended nests were identified by DWR. No map is located in the confidential folder or in the incoming folder. A map of the raptor survey was not provided for 2008.

Comments July 7, 2009: The raptor map and data sheet for 2008 was submitted by the permittee on July 1, 2009. The data sheet was submitted as part of another task in 2009, but the corresponding map was submitted for the first time in July. The map has been incorporated into the Dugout Confidential MRP binder 2.

Title: RAPTOR NESTS AND SUBSIDENCE.
Objective: Permittee and agencies will determine, nine months or the summer period prior to potential subsidence, methods of avoidance, protection or removal, and mitigation plans for raptor nests within the subsidence zone.
Frequency: Lease/project dependent.
Status: On going.
Reports: Annual Reports will provide over-flight results.
Citation: Vol. Chap 3, Sec. 332, p. 3-27, p. 328, Sec. 333.300, p. 3-31; Vol. Degas Wells, Sec. 322.200, p. 3-6; Condition 10 of March 16, 1998 permit.

Operator: Has this commitment been acted on this year?
Yes ☐ No ☒ Not required this year. ☐ If yes, comment;
Operator Comments:

Inspector:
Has the operator complied with this commitment? Yes ☐ No ☒
Inspector Comments:
May not be required. This section should be reviewed by Division specialist. Division biologist, Ingrid Wieser, reviewed the annual report on June 8, 2009. This commitment is located in the MRP page 3-31 which states, "Each nest(s) and its corresponding occupant(s) and circumstances will be evaluated by a qualified person nine months or the summer prior to the period of potential subsidence. A determination by SCM, UDWR (Fish and Wildlife) and UDOGM will be made as to the method(s) to be used for the protection/avoidance/removal of the nest(s)" This commitment needs to be fulfilled if a nest is identified in a subsidence zone, and it will not be removed from the commitment list.

Engineering R645-301-500

Title: SUBSIDENCE MONITORING VISUAL INSPECTIONS.
Objective: Check for surface subsidence features.
Frequency: Annually.
Status: On going.
Reports: Annual Report.
Citation: 525.100 (Subsidence Monitoring)

Operator: Has this commitment been acted on this year?
Yes ☒ No ☐ Not required this year. ☐ If yes, comment;
Operator Comments:
Included in Appendix B

Inspector:
Has the operator complied with this commitment? Yes ☒ No ☐
Inspector Comments:
Subsidence taken but just a bunch of numbers on a map.

Title: WASTE ROCK SAMPLING.
Objective: protection of ground and surface water and potentially substantiate lesser cover at the waste rock site.
Frequency: One sample per 5,000 cu yds taken to the waste rock site.
Status: Material stored at the mine site for a "short period of time"
Reports: To be submitted with the annual report (*and to be included in RA Attachment 5-4). Acid/toxic material to be buried within 30 days.
Citation: Chap. 5, Sec. 513.400., Sec. 528.300, Sec. 536 and Refuse Pile Amendment Volume Section 536.

Operator: Has this commitment been acted on this year?
Yes ☐ No ☐ Not required this year. ☐ If yes, comment;
Operator Comments:

Inspector:
Has the operator complied with this commitment? Yes ☐ No ☐
Inspector Comments:
See above

Geology R645-301-600

Hydrology R645-301-700

Title: SEDIMENT CONTROL
Objective: Construction activities will not occur during major precipitation events and siltation structures will be installed prior to beginning site construction.
Frequency: After heavy precipitation events.
Status: On-going.
Reports: Annual.
Citation: Methane Degasification Amendment, Chapter 7, Page 7-16.
Operator: Has this commitment been acted on this year?

Yes ☐ No ☐ Not required this year. ☐ If yes, comment;
Operator Comments:

Inspector:
Has the operator complied with this commitment? Yes ☐ No ☒
Inspector Comments:
No information given. Permittee has given quarterly and annual sediment pond inspection reports.

Bonding & Insurance R645-301-800

Other Commitments

*Reminder: If equipment has been abandoned during 2008, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

REPORTING OF TOHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

Operator Comments:
Snotel Report, located in Appendix B

Inspector:
Has the operator complied with this section? Yes ☐ No ☒
Inspector Comments

This section requires Division's specialist review.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to

update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

Legal / Financial Update	Required Yes	Required No	Included or Included	DOGM File location Vol, Chapter, Page	Comments
Department of Commerce, Annual Report Officers	☒	☐	☐	Chapter 1, Appendix 1-1 in the MRP	
Other					
	☐	☐	☐		
	☐	☐	☐		
	☐	☐	☐		

Operator Comments:

Inspector:
Has the operator complied with this section? Yes ☒ No ☐
Inspector Comments:
Information is in the MRP

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2008, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Confidential information is limited to:

R645-300-124.310. Information that pertains only to the analysis of the chemical and physical properties of the coal to be mined, except information on components of such coal which are potentially toxic in the environment.

R645-300-124.330. Information on the nature and location of archeological resources on public land and Indian land as required under the Archeological Resources Protection Act of 1979 (P. L. 96-95, 93 Stat. 721, 16 U.S.C. 470).

R645-301-322, Fish and Wildlife Information; R645-301-322.100, the scope and level of detail for such information will be determined by the Division in consultation with state and federal agencies with responsibilities for fish and wildlife and will be sufficient to design the protection and enhancement plan required under R645-301-333 and R645-301-322.230, other species or habitats identified through agency consultation as requiring special protection under state or federal law; R645-301-333.300, Include protective measures that will be used during the active mining phase of operation.

The Division will provide procedures, including notice and opportunity to be heard for persons both seeking and opposing disclosure.

Map Number(s)	Map Title/ Description		
Annual subsidence map		Yes	
Mine map		Yes	
Other maps		**Confidential** Yes	No
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐

Operator Comments:

Inspector:
Has the operator complied with this section? Yes ☒ No ☐
Inspector Comments:
Maps are P.E. certified- Mine maps and Annual subsidence map

OTHER INFORMATION

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as Appendix E to this report. If information is submitted as a group rather then by individual mine, please identify each of the mine's data in the list below.

Additional attachment to this report? **Yes** ☐ **No** ☒

Operator Comments:

Inspector:
Has the operator complied with this section? Yes ☐ No ☐
Inspector Comments:

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

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APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

CONTENTS

APPENDIX D

Mine Maps

As required under R645-302-525-270

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APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

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