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The State of Utah
Department of
Natural Resources
Division of
Oil, Gas & Mining

Inspection Report

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Thursday, May 13, 2010
Start Date/Time:	5/13/2010 10:00:00 AM
End Date/Time:	5/13/2010 3:00:00 PM
Last Inspection:	Tuesday, April 20, 2010

Representatives Present During the Inspection:	
Company	Vicky S. Miller Environmental Specialist
Company	Steve Demczak Environmental Scientist III

Inspector: Steve Demczak, Environmental Scientist III

Weather: Sunny, 50's Windy

InspectionID Report Number: 2357

Accepted by: jhefric
5/17/2010

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

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

9,751.00	Total Permitted
106.70	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:

There are no pending compliance actions for the Dugout Canyon Mine permit area.
The Permittee is current relative to the required electronic quarterly water monitoring submittals for 2009.

Inspector's Signature:

Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date

Monday, May 17, 2010

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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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 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 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 checked="" 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 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 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 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 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 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"/>

2. Signs and Markers

The permit sign is located at the gate to the property. Information meets the minimum requirements of the R645 Coal Rules.

3. Topsoil

There was no signs of wind or water erosion to the topsoil piles. Vegetation has not started to grow on the topsoil piles.

4.a Hydrologic Balance: Diversions

Diversions were cleared out since the last inspection. The permittee plans on fixing needed concrete diversions. Cracks have started to occur in the concrete diversions.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The mine site sediment pond contained water but was not discharging during the inspection. The permittee inspected the sediment ponds on February 5, and March 24, 2010.

4.d Hydrologic Balance: Water Monitoring

The permittee has submitted 4th quarter water data to the Division.

4.e Hydrologic Balance: Effluent Limitations

DMR's were reviewed and was in compliance for the first quarter of 2010.

7. Coal Mine Waste, Refuse Piles, Impoundments

The refuse pile was inspected on March 31, 2010 with no hazardous conditions reported.

8. Noncoal Waste

The site was clear of non-coal waste material.

14. Subsidence Control

Subsidence information was in the annual report.

18. Support Facilities, Utility Installations

No new facilities were constructed since the last inspection.

20. Air Quality Permit

Air Quality Permit is DAQE-AN0116340009-07

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21. Bonding and Insurance

The insurance policy will expire on July 31, 2010. The accord form was reviewed and meets the requirements of the R645 Coal Rules. The bonding amount is \$3,550,000. The Reclamation Agreement was inspected and is signed by the Division. The total disturb area is 104.70 acres.