

**From:** Steve Demczak  
**To:** Suzanne Steab; Vicky Miller  
**Date:** 12/13/2010 2:22 PM  
**Subject:** Fwd: Attached Image  
**Attachments:** Attached Image



The State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

**Representatives Present During the Inspection:**

Company Vicky Miller  
OGM Steve Demczak

# Inspection Report

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, November 23, 2010
Start Date/Time:	11/23/2010 10:00:00 AM
End Date/Time:	11/23/2010 3:00:00 PM
Last Inspection:	Tuesday, October 26, 2010

Inspector: Steve Demczak

Weather: Sunny, Slight snow cover, 30's

InspectionID Report Number: 2567

Accepted by: jhelfric

12/1/2010

Permittee: **CANYON FUEL COMPANY**  
Operator: **CANYON FUEL COMPANY**  
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	<b>Total Permitted</b>
108.70	<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:**

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,

Inspector ID Number: 39

Date Monday, November 29, 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 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 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 checked="" 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 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 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**

DOGMA Permit will expire on March 17, 2013. Air Quality permit number is DAQUE-AN0116340009-07. UPDES permit number is UT0025593 and expire on Nov. 30, 2014. The SPCC Plan was reviewed on March 14, 2008.

**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 was growing on the topsoil piles.

**4.a Hydrologic Balance: Diversions**

Diversions were cleared out since the last inspection. Diversions would function during a storm event.

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

The mine site sediment pond contained water and discharged in November. The permittee inspected the mine sediment ponds on Oct. 6, 2010 and waste rock pond on Oct.6, 2010.

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

Water Monitoring for second quarter has been submitted to the Division for review. This information will be reviewed by the Staff in Salt Lake.

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

The permittee exceeded iron in the UPDES permit for October at site 005-A. The permittee is working with Water Quality on this issue.

**5. Explosives**

The refuse pile was inspected on Oct. 14, 2010 with no hazardous conditions reported. I inspected the refuse piles and did not see any hazardous conditions. At the current rate of refuse being added to the waste rock site, the permittee will be out of room by first quarter of 2011.

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

The refuse pile was inspected on Oct. 14, 2010 with no hazardous conditions reported. I inspected the refuse piles and did not see any hazardous conditions.

**8. Noncoal Waste**

The mine site was clear of non-coal waste materials.

**10. Slides and Other Damage**

No slides or other damage was noticed during the inspection.

**14. Subsidence Control**

Subsidence information was in the annual report.

**18. Support Facilities, Utility Installations**

No new support facilities were constructed since the last inspection.

**21. Bonding and Insurance**

The insurance policy will expire on July 31, 2011. 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.