

From: Steve Demczak
To: Suzanne Steab; Vicky Miller
Date: 2/3/2011 12:35 PM
Subject: Fwd: Attached Image
Attachments: Attached Image

Jan Insp.



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: | PARTIAL |
| Inspection Date: | Tuesday, January 18, 2011 |
| Start Date/Time: | 1/18/2011 10:00:00 AM |
| End Date/Time: | 1/18/2011 4:00:00 PM |
| Last Inspection: | Wednesday, December 14, 2011 |

Inspector: Steve Demczak
 Weather: 30's, Snow Covered
 InspectionID Report Number: 2619

Accepted by: jhelfric
 1/26/2011

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 | Total Permitted |
| 108.70 | 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 is one pending compliance action, NOV # 10072 issued on January 5th, 2011 for failing to prevent water pollution that resulted in the discharge of elevated levels of iron. The permittee is required to submit an abatement plan within 30 days of receipt of the NOV. The Permittee is current relative to the required electronic quarterly water monitoring submittals for 2010

Inspector's Signature:

Steve Demczak,

Inspector ID Number: 39

Date Wednesday, January 19, 2011

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 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 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 type="checkbox"/> | <input type="checkbox"/> | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input 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 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 type="checkbox"/> | <input type="checkbox"/> | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.b Roads: Drainage Controls | <input type="checkbox"/> | <input type="checkbox"/> | <input 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"/> |

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 are snow covered.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Sediment pond was inspected with no hazardous condition noticed during the inspection. Sediment pond did contain water but was not discharging during the inspection.

4.d Hydrologic Balance: Water Monitoring

I watched the permittee taking water sample at Pace Canyon. The permittee stated the water samples taken were around the 1.3 mg/l level.

8. Noncoal Waste

The site was clear of non-coal waste material.

10. Slides and Other Damage

No slides or other damage was noticed during the inspection.

18. Support Facilities, Utility Installations

No new support facilities were constructed since the last inspection.