



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, August 01, 2012
Start Date/Time:	8/1/2012 6:30:00 AM
End Date/Time:	8/1/2012 4:00:00 PM
Last Inspection:	Thursday, July 12, 2012

Representatives Present During the Inspection:	
OGM	Steve Christensen
OGM	Anna Daniel
OGM	Priscilla Burton
Company	Vicky Miller

Inspector: Steve Christensen

Weather: Winds 0-5 mph, Sunny, 80 degrees F.

InspectionID Report Number: 3188

Accepted by: jhelfric

8/13/2012

Permitee: **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

9,801.00	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:

On August 1st, 2012, Division of Oil, Gas and Mining (the Division) staff conducted a field inspection of the gob gas vent hole sites at the Dugout Canyon Mine. The purpose of the field inspection was to document the condition of the gob gas vent hole sites and associated access roads. All but three of the 25 gob gas vent hole sites depicted on Figure 1-1, Methane Degas Bore Hole Locations, were constructed. Sites G-1, G-8 and G-29 were permitted but never drilled/constructed. Of the remaining 22 gob gas vent hole sites, 11 have been reclaimed. Based upon information provided by the Operator, the underground mine workings below 8 of the 11 un-reclaimed sites have been sealed and no longer require active ventilation in order to maintain safe methane levels within the mine. The Operator has yet to receive approval from MSHA to seal off the portions of the mine that were ventilated by sites G-25, G-26 and G-30. It's the Division's understanding that the company must first provide a sealing/closure plan to MSHA before sealing and reclamation of these three sites can be initiated.

The following inspection report documents the condition of the gob gas vent hole sites and provides recommendations for future reclamation work.

Inspector's Signature:

Steve Christensen,
Inspector ID Number: 54

Date Monday, August 01, 2012



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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>	<input 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

Topsoil sign was noted at a small topsoil pile on G10, G 11, G12 , G 15, and G 31. Topsoil signs are needed on all topsoil stockpiles at the degas sites: G 30, G 26, G 25. Mine identification signs at degas sites have an out of date SLC address and phone and should be updated.

3. Topsoil

G 18 was graded last year. Work picked up again this year with topsoil spread over half the pad site. Stakes have been installed to monitor the application depth. The G 18 reclamation will be finished this year. The site will be seeded in October. Other sites to be reclaimed in the 2012 field season are G9, G31 and the road between G 31 and G 18. A small topsoil pile remains on the access road to site G-10 which was reclaimed. At the time of the inspection, there was a question as to whether the road would be reclaimed (using the topsoil) or whether the road would remain as a turn-around. If the G 10 access remains, then the G-10 topsoil pile could be used at the adjacent G-9 site during reclamation this season.

Bindweed (morning glory) has been a problem at Site G 13 which was reclaimed in 2009. The site was sprayed by Dave Bassinger. V. Miller will check on the chemical used and report back. Many dead bindweed plants were noted, but new plants have emerged. Grass growth is poor on the flat portion of G-13.

At several degas well sites, the topsoil was stockpiled in multiple locations, due to steepness of grade. Lower piles preserve biological activity of the soil throughout the pile and generally enhance the quality of the stored topsoil. However, MRP Topsoil Stockpile Dimensions Table 2-2 is not accurate for two sites where more than one stockpile exists (G-25 and G-30). MRP Disturbed Acres Table 1-2 includes sites G-8 and G-29 which were not developed, but does not include site G-30 pad which was constructed and drilled. Tables 1-2 and 2-2 should be revised accordingly for those sites not reclaimed in 2012.

4.c Hydrologic Balance: Other Sediment Control Measures

The purpose of the field inspection was to document the stability of the gob gas vent hole sites and associated access roads as well as evaluate the effectiveness of the sediment control measures. In doing so, an evaluation was conducted as to the effectiveness of the utilized sediment control measures. All 22 gob gas vent holes sites were inspected and their condition documented during the site visit. For reference purposes, photos of the gob gas vent holes have been attached to this report (See Below).

Site G-14: The site was reclaimed in 2010. No evidence of erosion or instability was noted during the inspection. The site is well vegetated.

Site G-30: The site is currently un-reclaimed. The drill pit has yet to be filled and the vent hole casing is still in place. A rip rap channel is located on the western edge of the pad. According to Vicky Miller, the channel was installed last year in order to minimize the potential for the containment berm to fail due to the extensive snow accumulation during the winter of 2010-2011. Silt fence has been constructed at the inlet of the channel. The channel outlets at the bottom of the fill material directly adjacent to a containment berm located at the edge of the drill pad disturbed area. Figure 1, Contour Map for G-30 depicts a water bar at the entrance to the pad area; however, the approved design did not include a rip rap channel/diversion. The Permittee must revise the MRP to reflect the construction of the diversion (See R645-301-740, -742.300 and -742.323).

According to Vicky Miller, the company is currently putting a plan together to seal the underground mine-workings that were ventilated by gob gas vent hole G-30. Once the mine sealing plan is approved by MSHA, the site should be reclaimed as soon as possible.

Site G-26: The site is currently un-reclaimed. The drill pit has been filled; however, the vent hole casing and associated piping remains in place. Sediment control is maintained by utilizing a containment berm. The containment berm appeared to be in excellent condition and functioning as designed. The site was stable. No evidence of erosion/cutting was noted during the inspection. As the case with Site G-30, G-26 cannot be reclaimed until the company submits a mine closure/sealing plan to MSHA. Once that sealing plan is approved, the site should be reclaimed as soon as possible.

Site G-25: The site is currently un-reclaimed. The drill pit has been filled; however, the vent hole casing and associated piping remains in place. Sediment control is maintained by utilizing a containment berm. The containment berm appeared to be in excellent condition and functioning as designed. The site was stable. No evidence of erosion/cutting was noted during the inspection. As the case with Site G-30 and G-26, G-25 cannot be reclaimed until the company submits a mine closure/sealing plan to MSHA. Once that sealing plan is approved, the site should be reclaimed as soon as possible.

Site G-9: The site was in the process of being reclaimed during the site inspection. Equipment was on-site and reclamation activity was observed during the inspection. The site will be fully reclaimed during the 2012 construction season. A silt fence has been installed on the north side of the access road. The silt fence is serving as sediment control for the access road to the pad.

Site G-10: The site has been reclaimed. As with Site G-30, a rip rapped diversion channel routing drainage from the pad area to the access road below (approximately 50-75') has been installed. Vicky Miller indicated that a gully began to form and in order to minimize additional erosion and off-site sedimentation, the gully was rip rapped and a silt fence installed at the outlet of the diversion located directly adjacent to the access road. The approved design did not include the installation of a diversion ditch for this site. See Figure 1, Contour Map for G-10 and Figure 3, Approximate Drilling Layout for G-10 of Attachment 5-4. Two berms were recently constructed in order to control the drainage coming off the reclaimed portion of the site as it enters into the spur/access road segment. As with the diversion, the berms are not included in the approved design for the site.

According to Vicky Miller, the spur road that connects the pad to the main canyon road was pre-existing and as such, will remain in place. Attachment 5-4, Plate 4, Pace Canyon Road System does depict the spur to G-10 as a pre-existing road. As a result, reclamation will not be required for this section of road. However; design details/calculations should be submitted to the Division for review and incorporation into the MRP if the recently rip rapped diversion is to remain a drainage feature for the site. (See R645-301-740, -742.300 and -742.323)

Site G-31: According to Vicky Miller, Site G-31 will be reclaimed during the 2012 construction season. The majority of the pad appeared stable during the site inspection. However; as with sites G-30 and G-10, a rip rapped channel has been constructed that was not included as a drainage control measure during the review/approval of Site G-31. As the site is slated for reclamation during this construction season, it's not necessary to revise the MRP to reflect this drainage control measure.

Site G-18: The site has been partially reclaimed in the north-west portion of the pad. Some vegetation has already been established. The site is slated for reclamation during this construction season.

Site G-11: The site is un-reclaimed. The site cannot be reclaimed until Sites G-18, G-31 and the AMV road have been reclaimed as it will be utilized as a staging area. The site appeared stable during the field inspection. No evidence of erosion or cutting was observed during the site visit. The site is located directly adjacent to the pre-existing canyon road. The site should be reclaimed as soon as possible following the completion of reclamation work on G-18, G-31 and the AMV Road.

Site G-12: The site is un-reclaimed. Sediment control is provided by the utilization of

a containment berm between the adjacent access road the disturbed area. The site appeared stable during the field inspection (i.e. no evidence of erosion/cutting was observed). The site should be reclaimed as soon as possible.

Site G-15: The site is un-reclaimed. The pad was constructed, but the gob gas vent hole was never drilled. The pad is located directly adjacent to the main access road. A pile of drill cuttings was observed on the pad during the inspection. The site appeared stable (i.e. no evidence of cutting/erosion was noted). The fill material for this site is located at site G-13. The site should be reclaimed as soon as possible.

Site G-13: According to Vicky Miller, the site was reclaimed in 2009. The site appeared stable (i.e. no evidence of cutting/erosion was noted during the inspection). Vegetation is present, but lacking in areas.

Site G-17: The site is un-reclaimed. Currently, the site is being utilized as a storage area. It was permitted to store topsoil. Topsoil from Site G-22 and its access road are stored here. The site cannot be reclaimed until Site G-22 is reclaimed. Once G-22 is reclaimed, the site should be reclaimed as soon as possible. The site appeared stable (i.e. no evidence of cutting/erosion was noted during the inspection).

Site G-3: The site has been reclaimed. No evidence of erosion/cutting was observed during the field inspection. Vegetation is present. The site was observed to be in very good condition.

Site G-7: The site has been reclaimed. No evidence of erosion/cutting was observed during the field inspection. Vegetation is present. The site was observed to be in good condition.

Site G-2: The site has been reclaimed. No evidence of erosion/cutting was observed during the field inspection. Vegetation is present. The site was observed to be in good condition. However; thistle was observed in a few sections of the area.

Site G-4: The site was reclaimed in 2005. The site is bisected by a pre-existing road. As with Site G-2, thistle was noted during the inspection. No evidence of erosion/cutting was observed during the field inspection.

Site G-6: The site has been reclaimed. No evidence of erosion/cutting was observed during the field inspection. Vegetation is present. The site was observed to be in good condition.

Site G-5: The site is reclaimed. The site appeared stable during the inspection (i.e. no evidence of erosion/cutting was noted). Vegetation is present at the site.

Site G-16: The site is un-reclaimed. The drill pit has been filled but the vent hole casing is still in place. A pile of cuttings was observed on the pad area during the time of the inspection. The mine is sealed in this area (i.e. no additional venting will be required/necessary from this gob gas vent hole). As a result, the site should be

reclaimed as soon as possible. In several locations, the fill material did not appear stable. Due to the poor quality of the soil, vegetation could not be established on the fill/embankments at this site. The native vegetation located at the toe of the embankment provides a measure of sediment control. However; migration of the fill material down the slope and off the disturbed area boundary is a potential issue that could result in enforcement action being taken. The site should be reclaimed as soon as possible.

Site G-22: The site is un-reclaimed. As with Site G-16, the site is no longer required for on-going ventilation of the underlying mine works. As a result, the company must reclaim this site and the associated access road as soon as possible. Additionally, as with Site G-16, evidence was observed that the fill/embankment material is becoming unstable. The native vegetation located at the toe of the embankment provides a measure of sediment control. However; migration of the fill material down the slope and off the disturbed area boundary is a potential issue that could result in enforcement action being taken. The site should be reclaimed as soon as possible.

G-19: The G-19 pad has been reclaimed. Some vegetation has already been established on the reclaimed slopes. The pre-existing skid road was observed during the inspection. Evidence of erosion on the skid road was observed. The Division acknowledges that the skid road was a pre-existing feature of the property prior to the construction/reclamation of Site G-19. However; the Permittee is prohibited from contributing additional suspended solids and sediment to streamflow or runoff outside the permit area (See R645-301-742.111, -742.211) as a result of coal mining activity. Division staff observed evidence of instability on the skid road during the field inspection (See photos below). However; a conclusive determination cannot be made at this time. Going forward, additional and more frequent inspections of the skid road will be conducted in order to verify if additional off-site impacts are occurring. In the interim, the Permittee should address the immediate stability issues associated with the skid road as soon as possible. Failure to do may result in enforcement action.

AMV Access Road: Division staff walked the entire length of the AMV Access Road during the field inspection. The Permittee was unable to establish vegetation on the outslope of the road due to the poor quality of the soil. As a result, the primary sediment control measure employed for the road is silt fence. The silt fence has performed well during the utilization of this access road. However; in numerous locations the silt fence has either been destroyed or has been filled to capacity thus limiting its effectiveness. Prior to the onset of winter, the Permittee must provide additional sediment control along the AMV Access Road. Failure to do so could lead to a loss of the fill material. If the fill material is lost, successful reclamation of the road could prove more challenging as well as more expensive. Additionally, the lost fill material would result in additional suspended solids and sediment being deposited into the receiving watershed resulting in enforcement action. At present, the fill material is contained with the disturbed area boundary (See Attachment 5-4, Plate 1, Degas Well G-31, G-18 and Access Road). Based upon the observed condition of

the AMV Road during the field inspection, more rigorous and frequent maintenance/repair of the road will be required going forward.

The AMV Road needs to be reclaimed as soon as possible. As G-18 and G-31 are being reclaimed during the 2012 construction season, the AMV road must either be reclaimed this year or reclaimed during the 2013 construction season. If the road is not reclaimed this year, then additional sediment control measures must be put in place prior to the onset of winter. Failure to do so may result in enforcement action.

Summary: The following sites must be reclaimed as soon as possible: G-11, G-12, G-15, G-16, G-17, G-22 (and associated access road) and the AMV Access Road. As these sites are no longer required for on-going mining activity, they must be reclaimed (See R645-301-541.300). Prior to the onset of winter, additional sediment control measures must be installed on the G-19 skid road as well as the AMV Access road. Failure to do so may in enforcement action.

9. Protection of Fish, Wildlife and Related Environmental Issues

Cows have had access to and grazed reclaimed sites G-2, G-3, G-5, G-6 and the topsoil pile at idle sites G-16 and G -31. At sites where cows have had access, monitoring for and mitigation/control of noxious weeds (musk thistle) should continue.

Erosion from the former access road to G 19 has silted in the left fork of Pace Creek. This creek has perennial flow due to a spring upstream. The access road remains for the post mining land use of a cattle trail. Sediment control should be implemented on this cattle trail until vegetation gets established.

12. Backfilling And Grading

There is a 40 ft. cut slope at site G-11. Fill to partially reclaim site G 11 is in the road embankment. Site G-12 is completely occupied by topsoil. Fill to reclaim G-11 and G-12 was noted as being elsewhere on the property. The storage location for this fill material should be noted in the narrative or on a map within the MRP.

16.a Roads: Construction, Maintenance, Surfacing

A road will be established through the reclaimed G-9 site.

EXPO

H-9





6-30

DNR
CHANGAS &
BINDING







Expo

92.5



EXPO

58-6





Expo

6-9









Expo

G-10







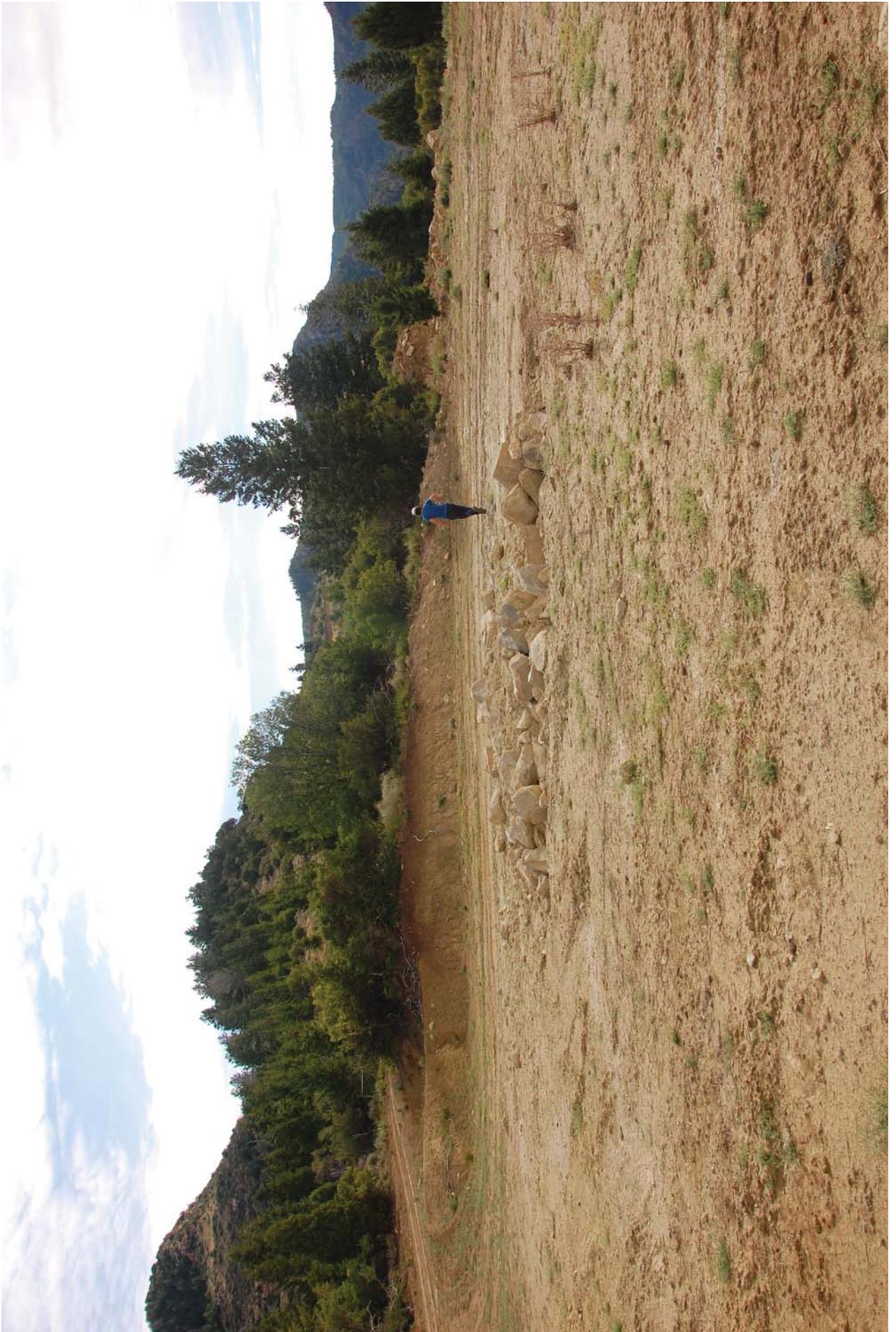




Expo

135



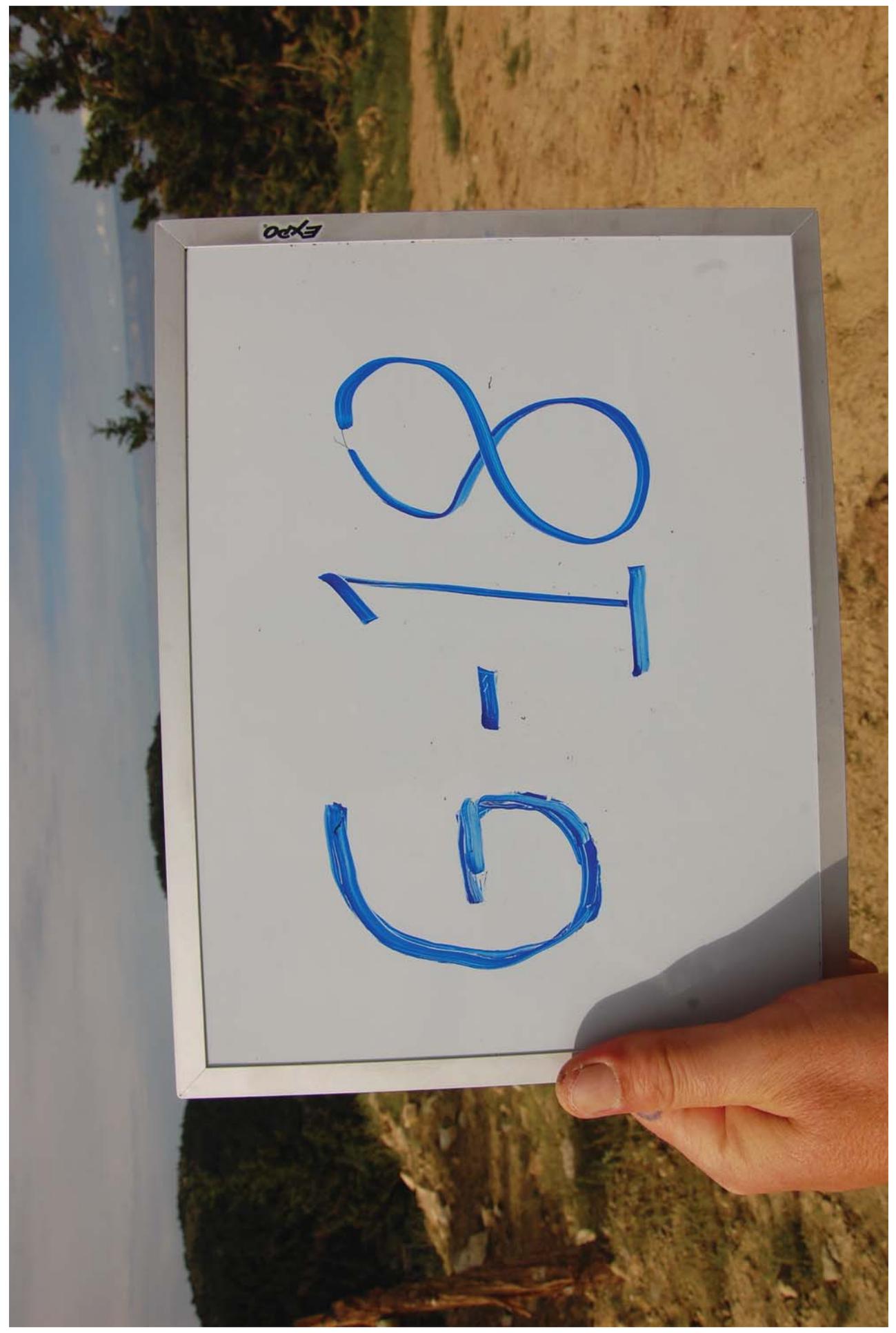




EXPO

8-19

69



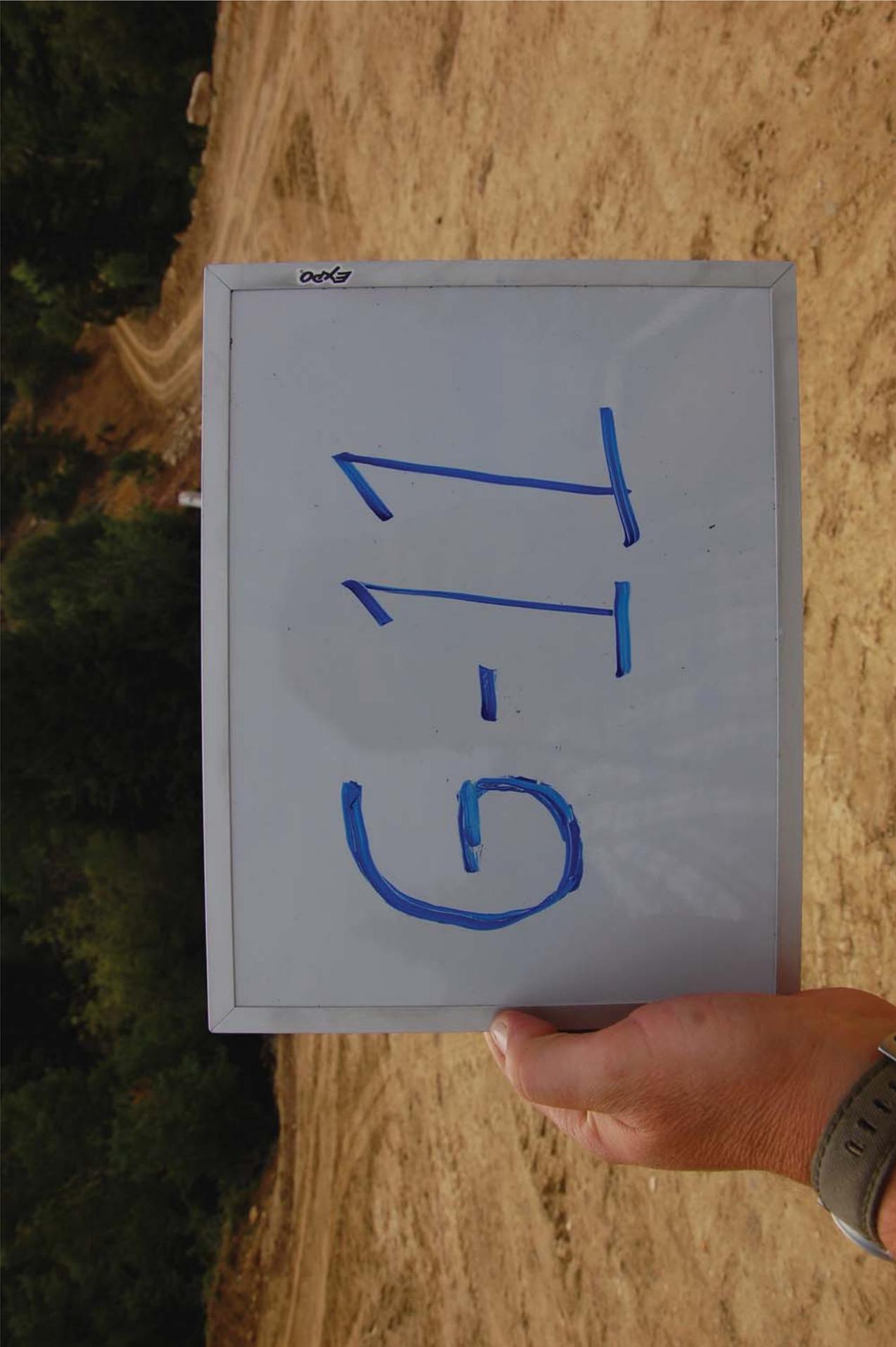






Ex 20

G-11







Expo

STO







Expo

STG









500

613









Expo

















Expo

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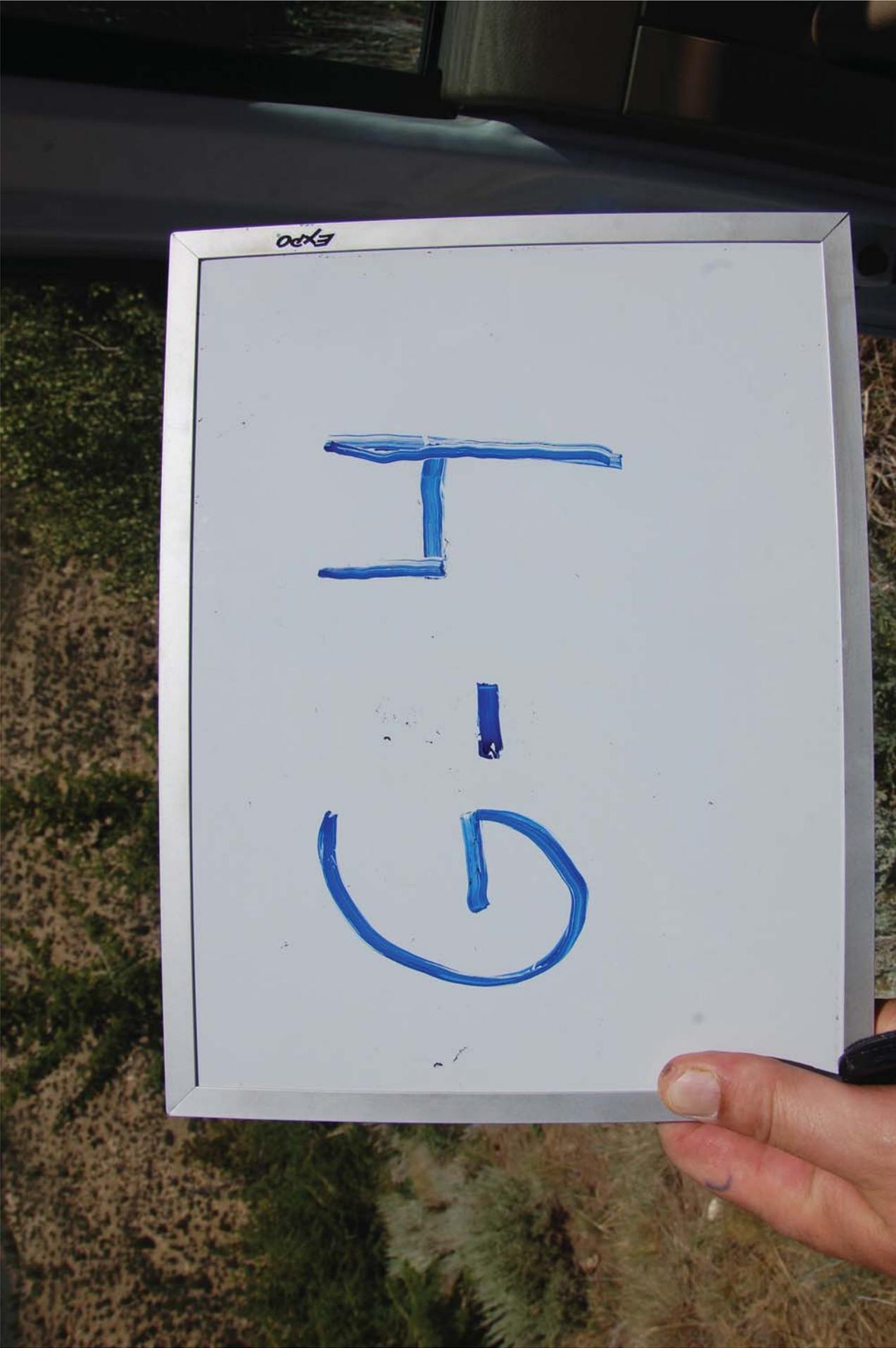
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Expo

H

I

S









EXPO

9-6









EXPO

S-5





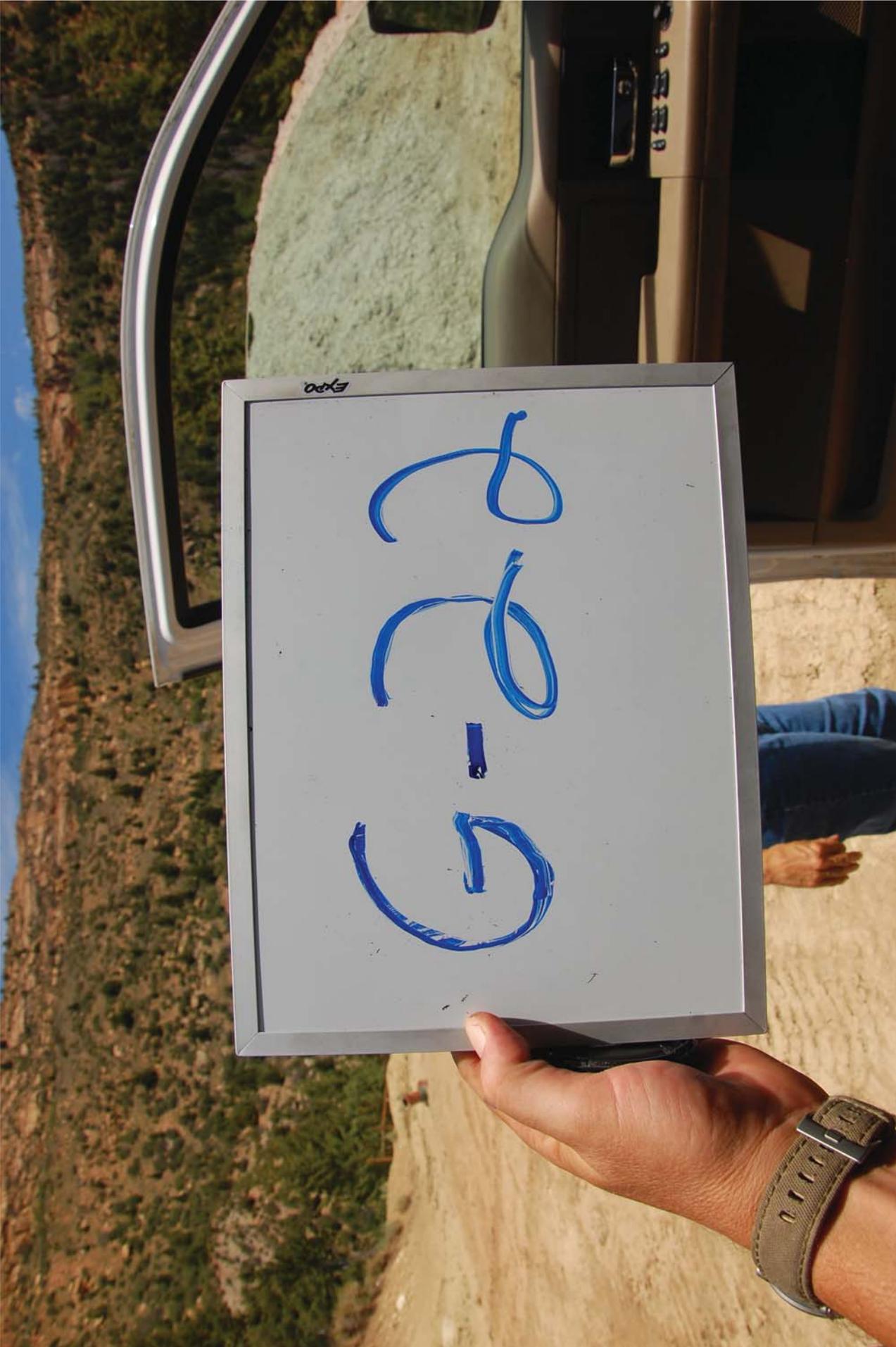














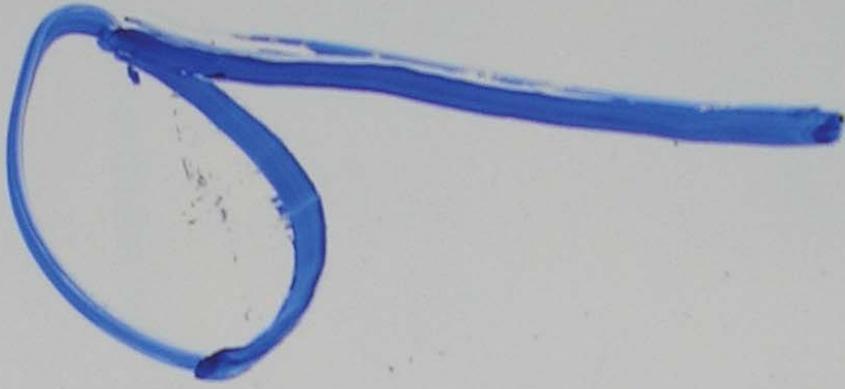






























EXPO

AmV
Road













