



GARY R. HERBERT
Governor

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Lieutenant Governor

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:	Tuesday, August 20, 2013
Start Date/Time:	8/20/2013 7:00:00 AM
End Date/Time:	8/20/2013 3:30:00 PM
Last Inspection:	Tuesday, August 06, 2013

Inspector: Steve Christensen

Weather: Winds 0-5 mph, Sunny, 90 degrees F.

InspectionID Report Number: 3597

Accepted by:

Representatives Present During the Inspection:

OGM	Steve Christensen
OGM	Anna Daniel
OGM	Priscilla Burton
Company	Chris Hansen
Company	Gregg Galecki
Company	David Spillman

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

9,801.00	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 20th, 2013, Division of Oil, Gas and Mining staff (the Division) conducted a field inspection of the gob gas vent hole sites (the sites) at the Dugout Canyon Mine. The purpose of the field inspection was to document the condition of the sites and associated access roads and to inspect recently initiated/completed reclamation work. Overall, the condition of the degas sites (both reclaimed and un-reclaimed) was very good. No evidence of off-site impacts was observed during the field inspection. Some minor maintenance work is required on the skid road to degas pad G-19 and on the AMV Road's water bar (See discussion below).

Since last year's inspection, the Permittee has successfully completed reclamation work at pads G-9, G-12, G-25, G-26, G-30 and G-31. The Permittee indicated that the goal of the remaining construction season is to complete reclamation at sites G-16, G-22 and potentially, G-11, G-15 and a portion of the AMV Road. At the time of the inspection, the sites that were un-reclaimed included: G-11, G-15, G-16, G-17 and G-22.

Inspector's Signature

Steve Christensen

Inspector ID Number: 54

Date Thursday, August 29, 2013



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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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3. Topsoil

Topsoil stockpiles along the AMV road and at sites 11, 13, 15, 16 and 17 were protected by vegetation and berms. Topsoil has been recently applied to graded sites 25, 26, and 30. Topsoil was being graded at site 22 during the inspection. Topsoil for site G 22 and G22 access road is stockpiled at G17.

During this inspection, the topsoil pile adjacent to site 13 was noted as potentially being available for reclamation of site 15. Vicky Miller confirmed that this stockpile was retrieved from a realignment of the road above site 13 and not from pad development (telephone conversation 9/5/2013).

4.c Hydrologic Balance: Other Sediment Control Measures

The primary purpose of the field inspection was to document/inspect the stability of the gob gas vent hole sites and associated access roads. In addition, the inspection was to evaluate reclamation work that has been to date and the effectiveness of the sediment control measures that have been implemented at the sites. As part of the inspection, all of the gob gas vent hole sites were visited and documented (See discussion and pictures below).

Site G-30: Reclamation work has been done at this site. The access road was reclaimed. A small ATV trail has been left at the request of the land-owners. The area has been pocked and approximate original contour has been re-established. At the time of the inspection, the site had not been seeded. Company representatives indicated that seed, mulch and straw will be placed at the site in October of this year. The site was stable. No signs of excessive erosion or sedimentation off the disturbed area were noted during the inspection.

Site G-26: As with site G-30, G-26 has also been reclaimed since last year's inspection. The site has been returned to original contour and pocked. The site will be hydro-seeded and hydro-mulched this October prior to the onset of winter. No sign of off-site impacts/erosion were observed during the time of the inspection.

G-25: Site G-25 has been reclaimed since last year's inspection. The approximate original contour has been re-established and the site has been pocked. The site will be hydro-seeded and hydro-mulched this October prior to the onset of winter. No evidence of off-site impacts was noted during the inspection. A short access into the site for the hydro-seeding truck should be roughened after use to prevent rill formation.

3" diameter PVC pipe runs for miles from the access to G 30 down canyon to the Pace Canyon road. The PVC pipe needs to be removed.

G-14: The site was reclaimed in 2010. No evidence of off-site impacts or erosion was noted during the time of the inspection. Re-vegetation efforts appear to have been successful.

G-9: The site was in the process of being reclaimed during the last annual inspection in November of 2012, see inspection report #3323. Reclamation work has been concluded at the site. Approximate original contour has been re-established. The highwall/cut area has been backfilled and pocked. Although some vegetation has begun to establish, emergence is poor at this site.

G-10: The site was reclaimed during the 2012 construction season. The area appeared stable. No evidence of off-site impacts/erosion was noted during the time of the inspection.

G-11: The site remains un-reclaimed. The site will be utilized as a staging area for the final reclamation work to be conducted on the AMV access road. The site was

stable. No evidence of off-site impacts or additional suspended solids leaving the disturbed area was noted during the inspection. The landowner would like to keep a wide spot in the road. Modified reclamation designs showing the cut-slope reclamation and retention of a wide spot were requested.

G-31: The site was seeded and mulched last year just prior to last year's inspection in November of 2012, Insp. rpt. #3323. First year vegetation at the site looks good. Annual weeds were noted mostly in the location of the former topsoil stockpile.

G-18: The site was graded and topsoil was partially replaced in 2011 followed by full reclamation including hand seeding and mulching during the 2012 construction season. Vegetation has started to become established on the pad area. Very few weeds were noted. The fence requires repair to keep the cattle out.

The access road leading t was reclaimed in 2012 and is in good repair. The excelsior matting is stable on the reclaimed slope. There were no rills or gullies noted. The dominant species growing on the reclaimed road slope were bee plant (cleome) and Russian thistle (salsola) and Kochia. The drainages that cut across the reclaimed road appear to be in good shape.

AMV Road: The entire length of the AMV road was walked during the inspection. No evidence of off-site impacts was noted during the inspection. The additional excelsior logs placed on the toe of the disturbed outslope during the 2012 construction season appeared stable and functioning. In general, the sediment control measures along the entire length of the road appeared functional and in good shape. A few of the water bar outlets towards the lower portions of the road were in need of light maintenance. The excelsior logs were on the verge of being full of sediment (See photo). It was discussed with the Operator that the accumulated sediment should be removed and the logs evaluated as to whether they need to be replaced. Additionally, there were areas where runoff had begun to cut around the installed excelsior logs. (See photo). The outlets to the water bars should be cleaned and, if necessary, new excelsior logs installed to prevent sediment from leaving the disturbed area.

G-19: The site was reclaimed during the 2012 construction season. The pre-existing skid road was observed during the inspection. Evidence of erosion on the skid road was observed during this inspection. It should be noted that erosion concerns were noted during the 2012 inspection. In response, the Permittee installed a series of water bars along the entire slope of the skid road to reduce storm flow velocities. However; a fairly significant rill/gully has begun to form in the upper portion of the skid road (See photo). The gully was approximately 10"-12" in places. It was discussed with the Permittee that additional sediment control measures would be needed. It was discussed that placing excelsior logs perpendicular to the flow direction at intervals along the eroding skid road areas would be a prudent measure. As with the AMV road, it was recommended to the Permittee to install excelsior logs at the outlets of the water bars in order to prevent sediment from flowing off the disturbed area during rainfall events. The pad at G-19 (both above and below the skid road)

appeared to be fairly stable. Evidence of rills/gullying was noted; however, they were not significant (2"-3") at this point. Additional monitoring of the pad will be conducted every year in order to insure that the site doesn't begin to develop stability issues. Vegetation was evident at the site (See photo).

G-12: The site was reclaimed prior to last year's November inspection. A rip rap retaining wall was constructed on a portion of the highwall area. Inspection Report #3323 notes that the site was not mulched. The site is dominated by Kochia, an annual weed, but grass sprigs are thriving under this annual weed cover. A rip rap diversion channel has been installed divert runoff around the pad area. No evidence of off-site impacts was noted during the field inspection.

G-15: The site remains 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. The pile of drill cuttings that was noted during last year's inspection has been removed from the site. No evidence of off-site impacts was observed during the field inspection. The land-owners have re-established a small pond at the site. According to the Permittee, the pond was pre-existing. Approximately 3-5 gpm were observed reporting from the natural drainage into the pond.

G-13: The site was reclaimed in 2009. The site was stable. This site has been sprayed for bind weed (a class C noxious weed) and reseeded. The sprayed area has limited vegetation. No evidence of off-site impacts was observed during the field inspection.

G-16: The site remains un-reclaimed. The site was being utilized as a pseudo staging area for reclamation work that is underway at the adjacent drill pad. The cuttings pile noted during last year's inspection has been removed. The Permittee indicated that the site is slated for reclamation yet this year. Additionally, the Permittee indicated that the small spur road constructed to access pads G-16 and G-22 will be reclaimed back to the main canyon road.

G-22: The site was in the process of being reclaimed during the field inspection. Material was being relocated to the highwall/cut area. The Permittee indicated that the intent was to complete reclamation of G-22 during this construction season. Site G 22 topsoil is stockpiled at site G 17.

G-2: The site has been reclaimed. No evidence of off-site impacts was observed during the field inspection. Vegetation shows improvement from the previous year. This site is fenced, but accessible to cattle. A cow was observed inside the enclosure. The site has been sprayed in the past for musk thistle (a class B noxious weed). Many musk thistle were present on this site. Vegetation studies are needed prior to bond release application for this site.

G-6: The site has been reclaimed. No evidence of off-site impacts was observed during the field inspection. Vegetation shows improvement from the previous year. Vegetation studies are needed prior to bond release application for this site.

G-4: The site was reclaimed in 2005. The site is bisected by a pre-existing road. No evidence of off-site impacts was observed during the field inspection. Vegetation studies are needed prior to bond release application for this site.

G-5: The site has been reclaimed. No evidence of off-site impacts was observed during the field inspection. Vegetation studies are needed prior to bond release application for this site.

G-3: The site has been reclaimed. No evidence of off-site impacts was observed during the field inspection. The site is well vegetated. A few musk thistle were present. The fence was down in one location. Vegetation studies are needed prior to bond release application for this site.

G-7: The site has been reclaimed. No evidence of off-site impacts was observed during the field inspection. The site is well vegetated. Vegetation studies are needed prior to bond release application for this site.

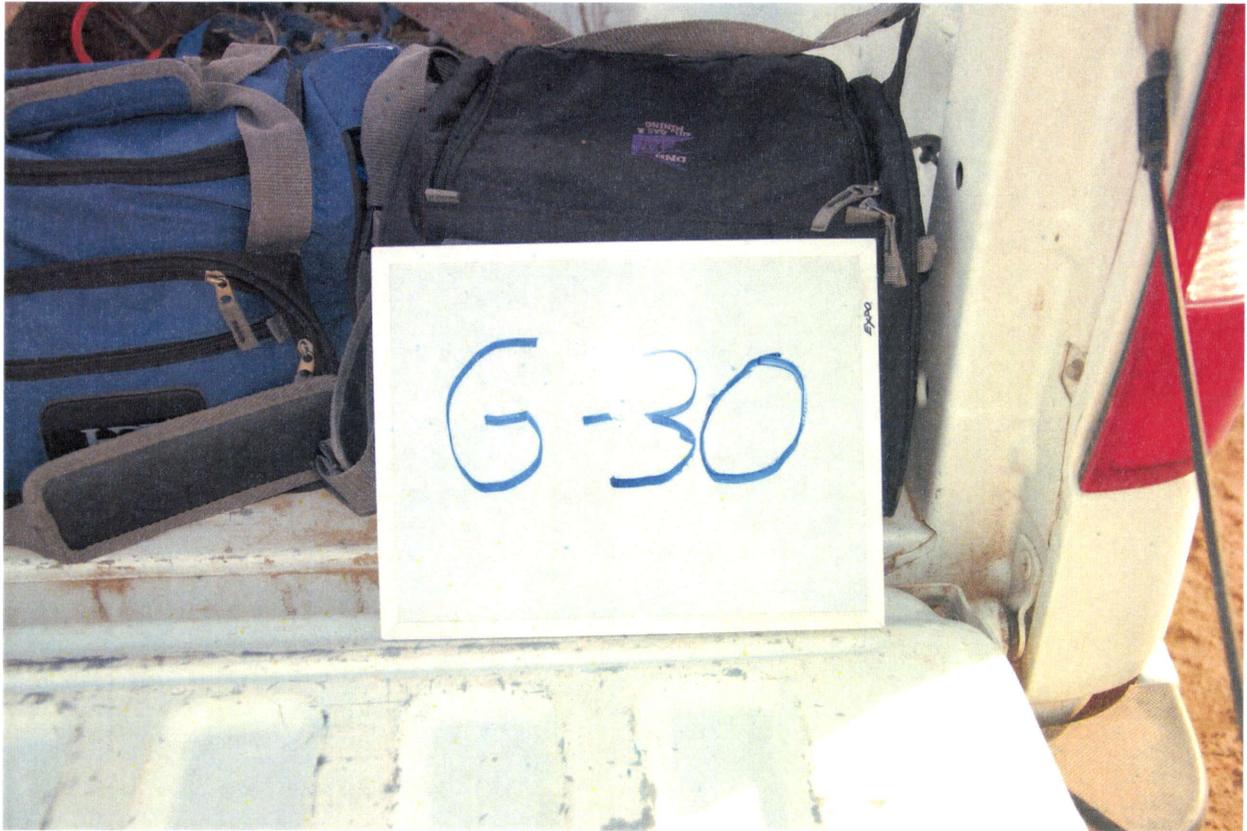
G-17: The site is being utilized as a top soil storage area. Top soil from Site G-22 and its access road are stored here. Once site G-22 is reclaimed, this area should be reclaimed as soon as possible.

12. Backfilling And Grading

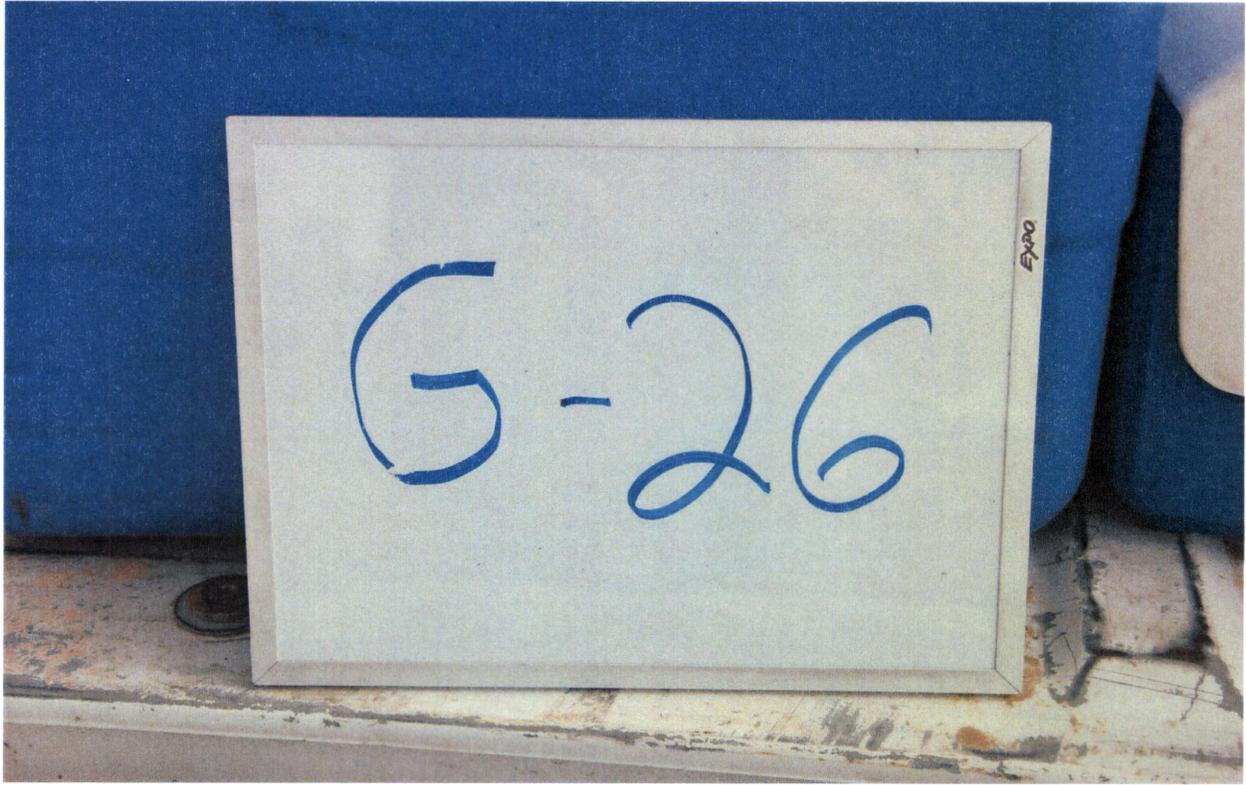
Site 22 was being graded. A dozer was lifting material from the outslope in 5 ft. increments. The topsoil for this site is stored at site G 17.

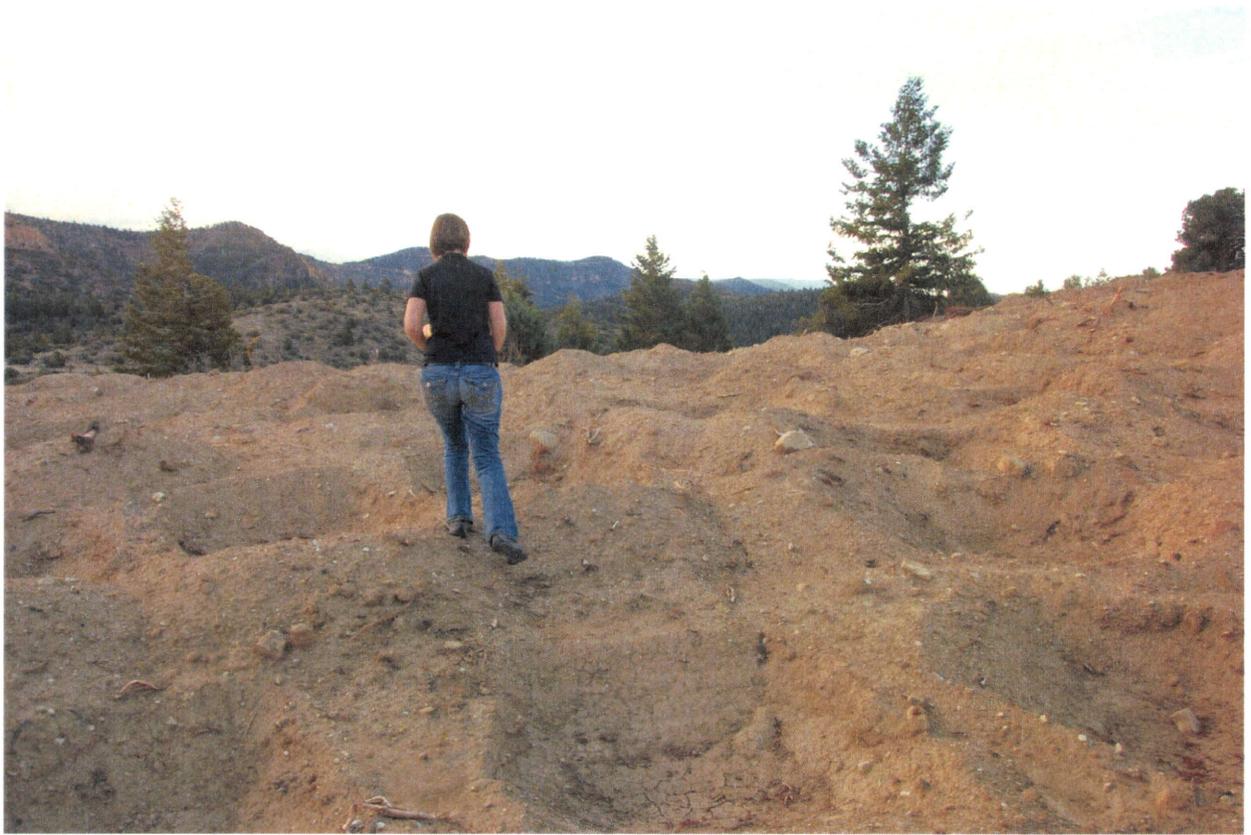
16.b Roads: Drainage Controls

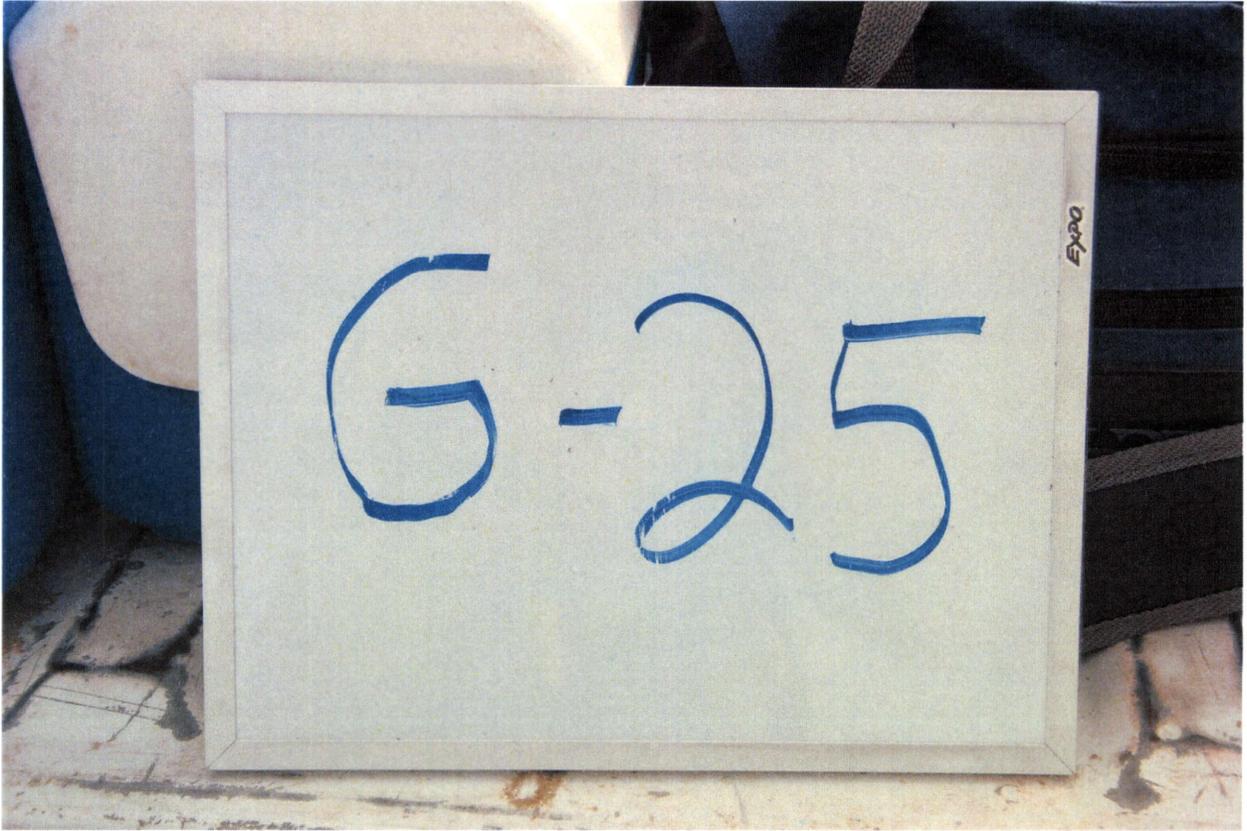
The AMV access road utilizes various methods for drainage control. The road is sloped towards the cut at approximately a 2-3% slope in order to prevent storm water from running uncontrolled over the disturbed outslope of the road cut. Water bars are utilized the entire length of the AMV road and appear to be functioning as designed. Some light maintenance with hand tools is necessary (as noted above) at the water bar outlets in order to insure they function as designed.



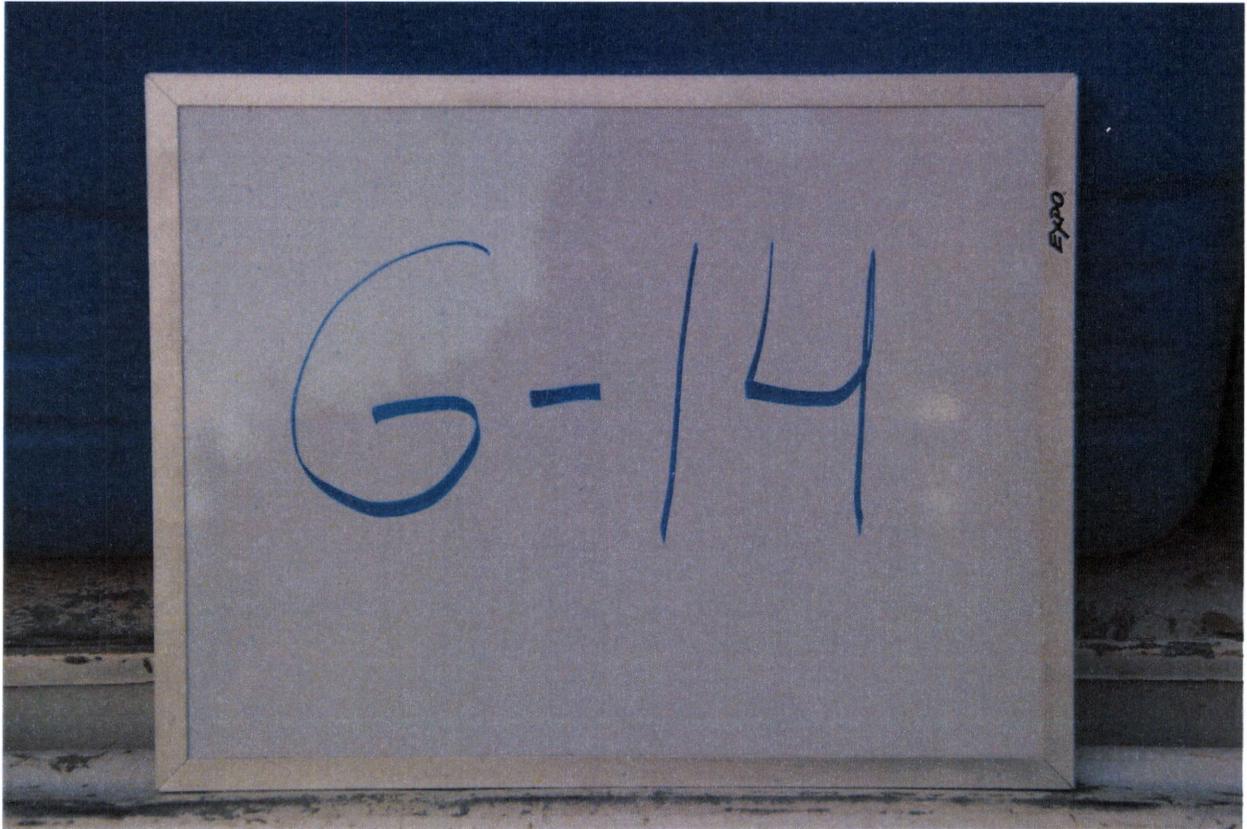


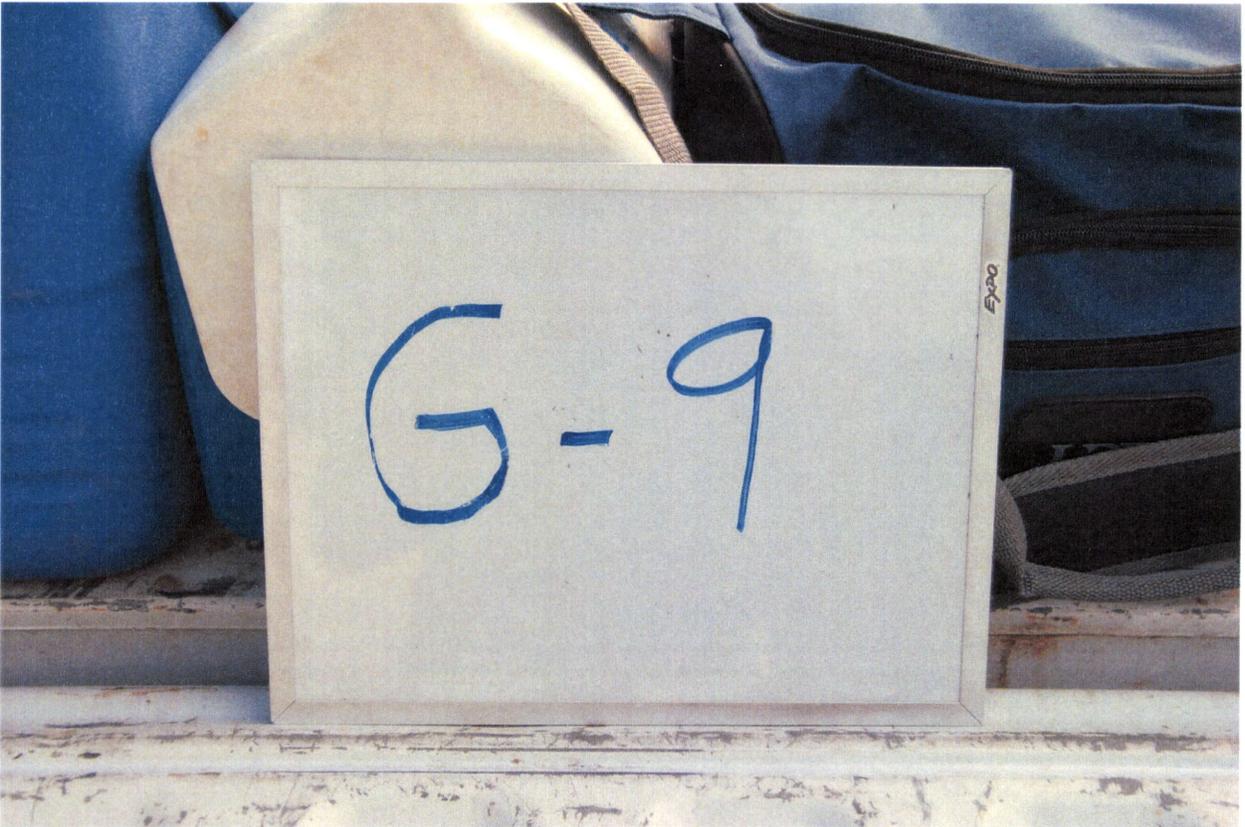




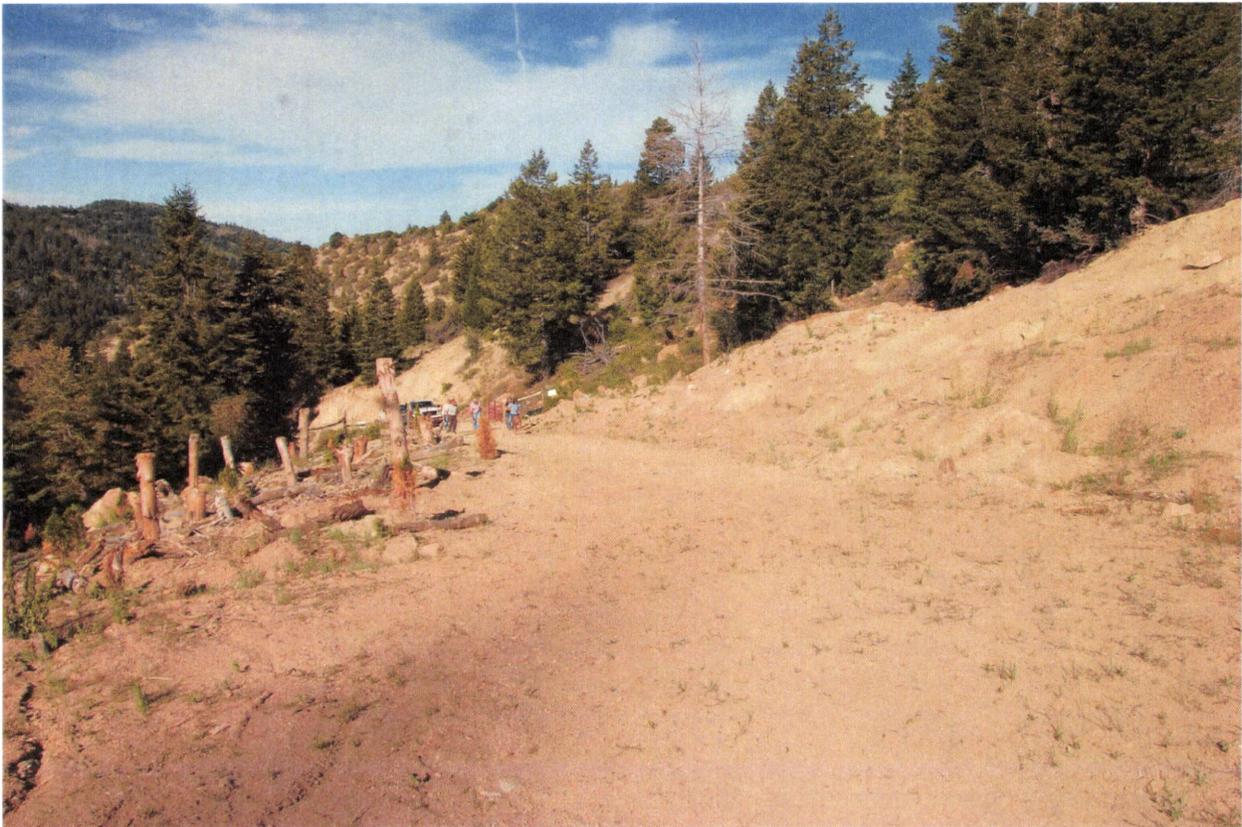


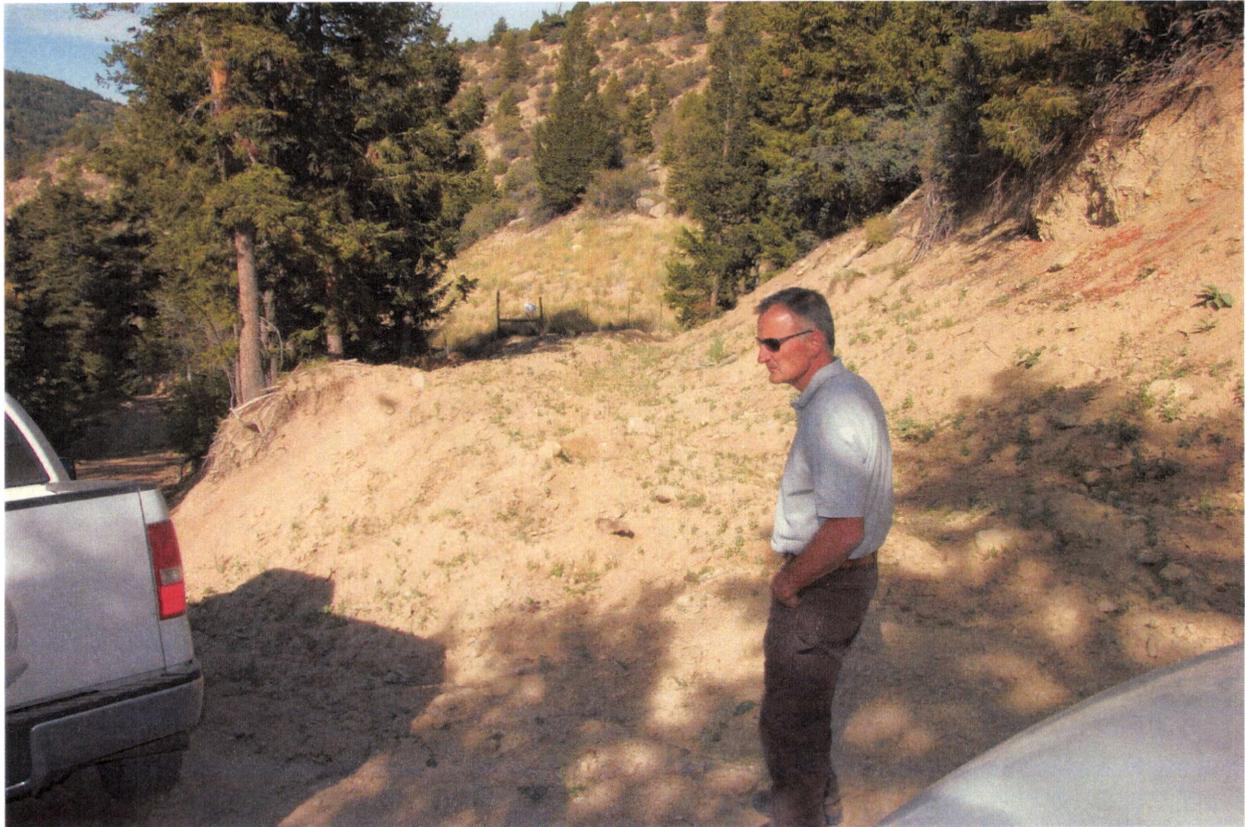


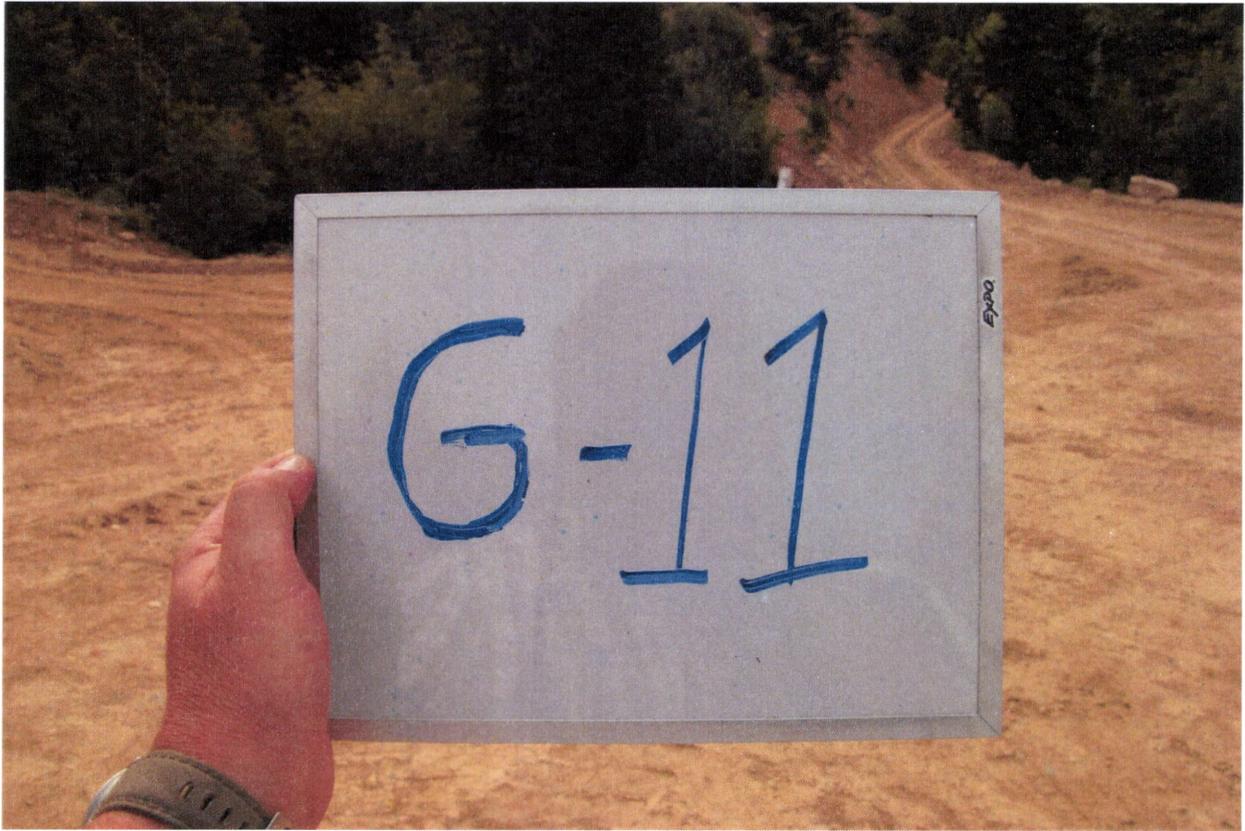








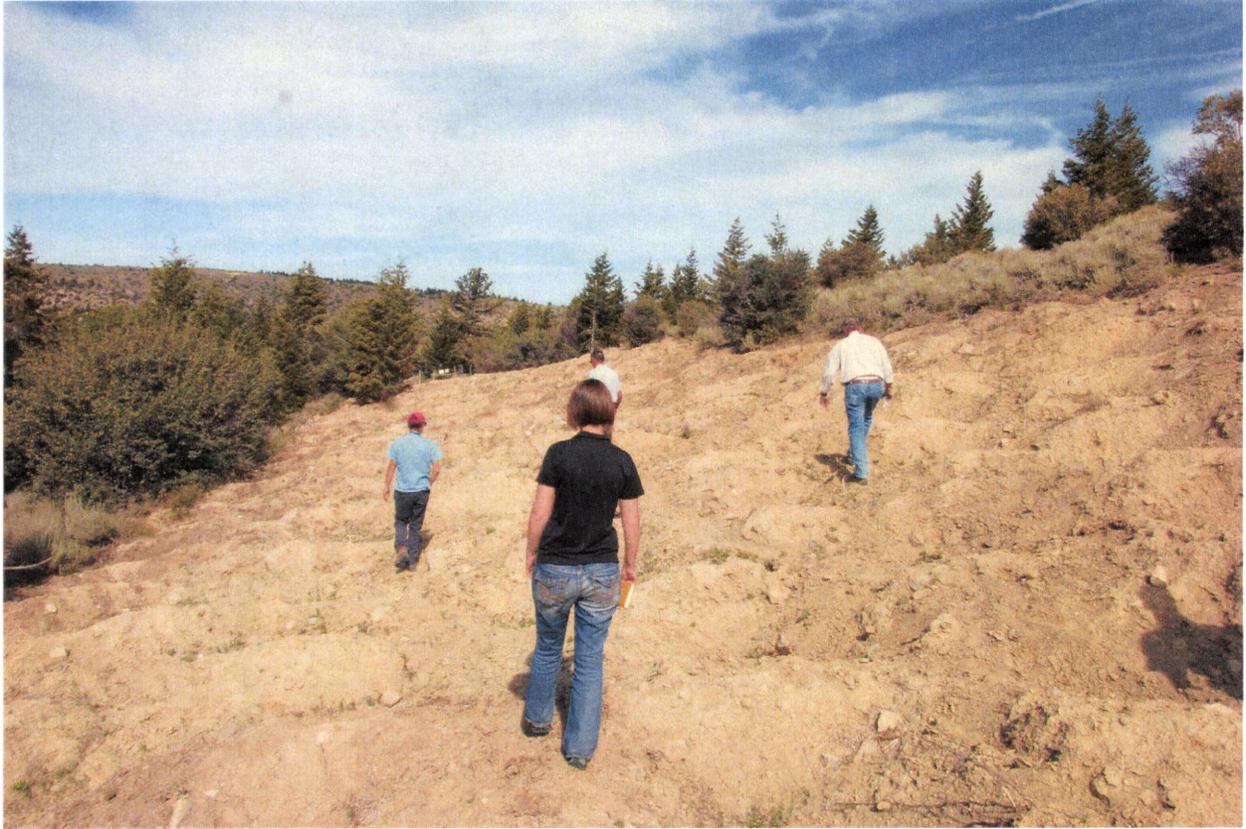








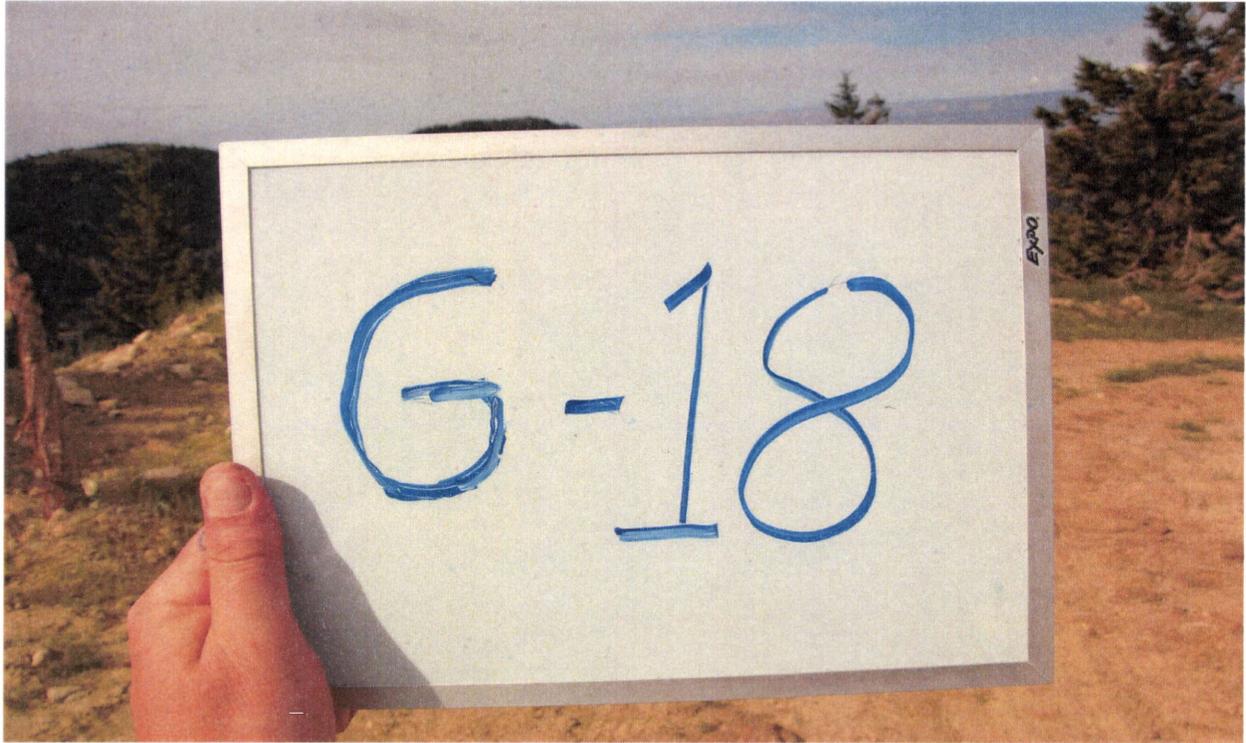






East View: AMV Road and Reclaimed Section between Sites G-18 and G-31

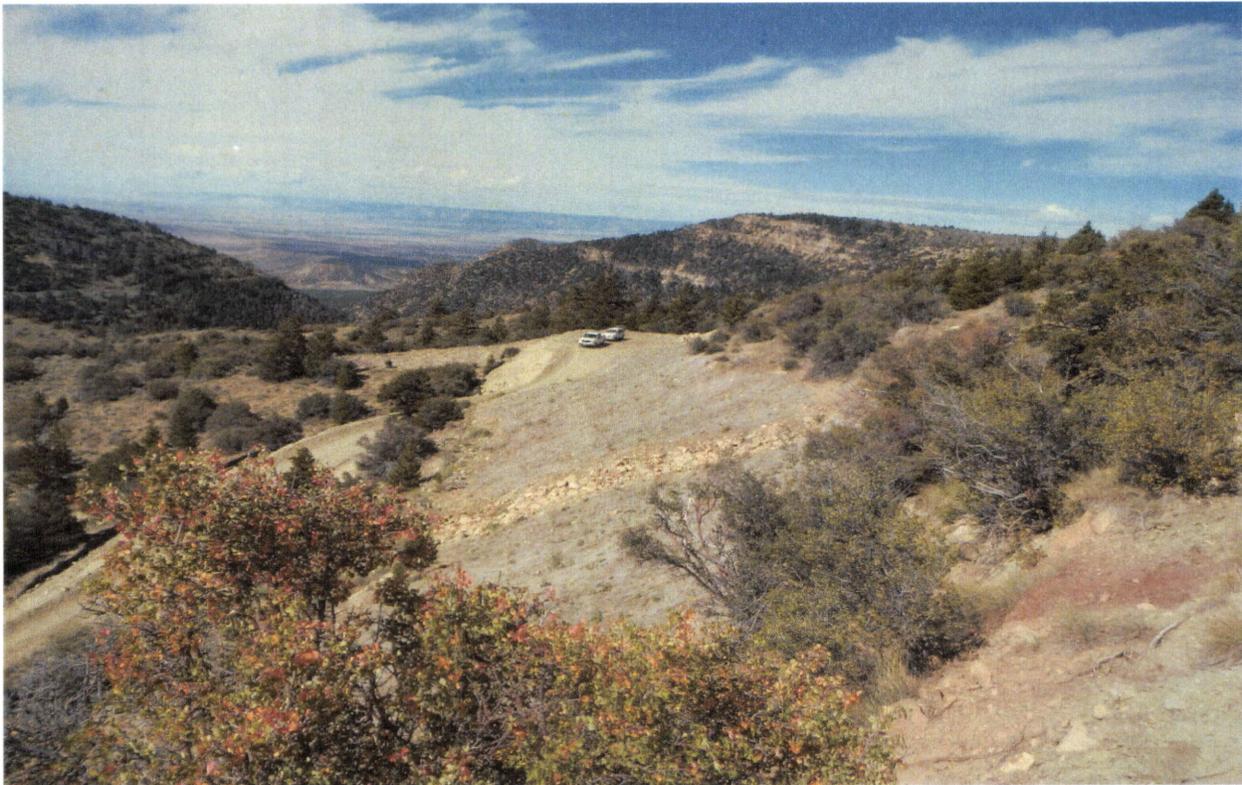




West View: Reclaimed Access Road to Site G-18



Reclaimed Access Road to Site G-18



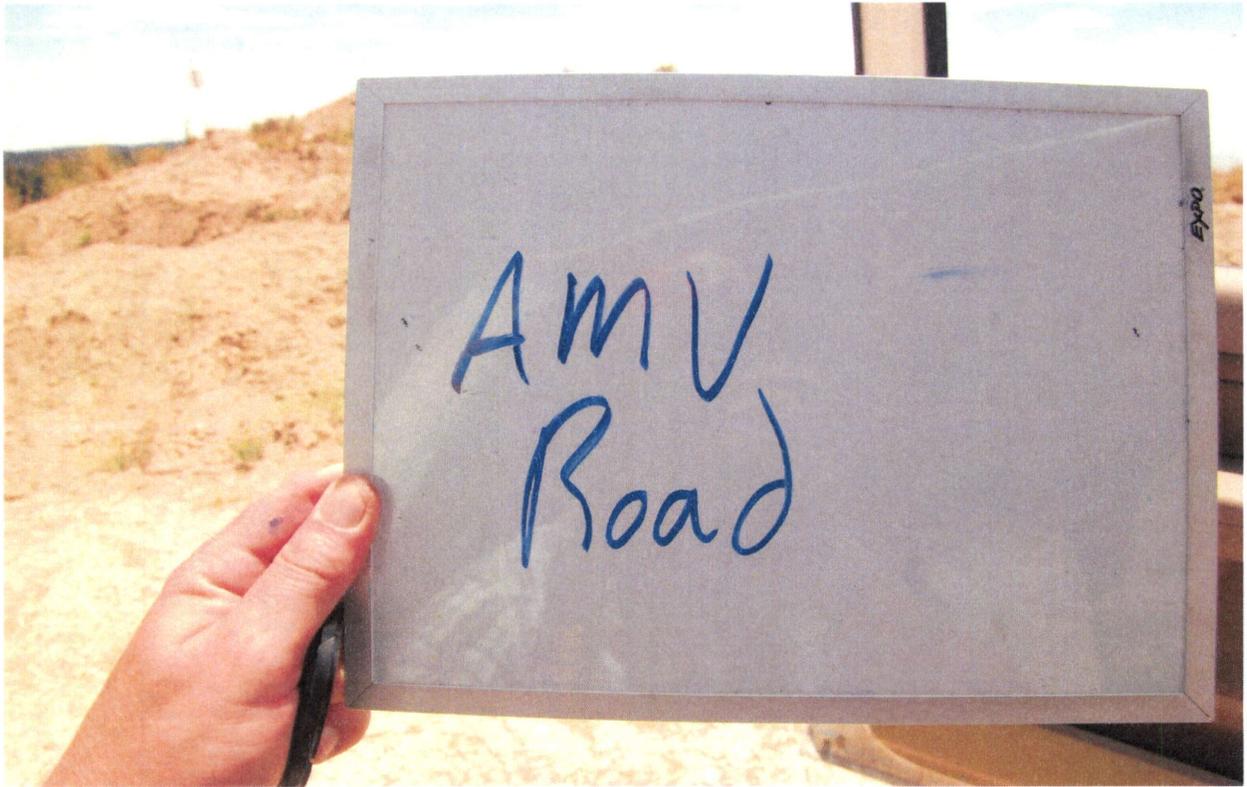
Reclaimed Access Road to Site G-18



G-18: Pad Site



G-18: Pad Site









Pre-existing skid road to Site G-19



Pre-existing skid road to Site G-19



Pre-existing skid road to Site G-19



Pre-existing skid road to Site G-19



Site G-19



Site G-19



Site G-19



Site G-19



Site G-19



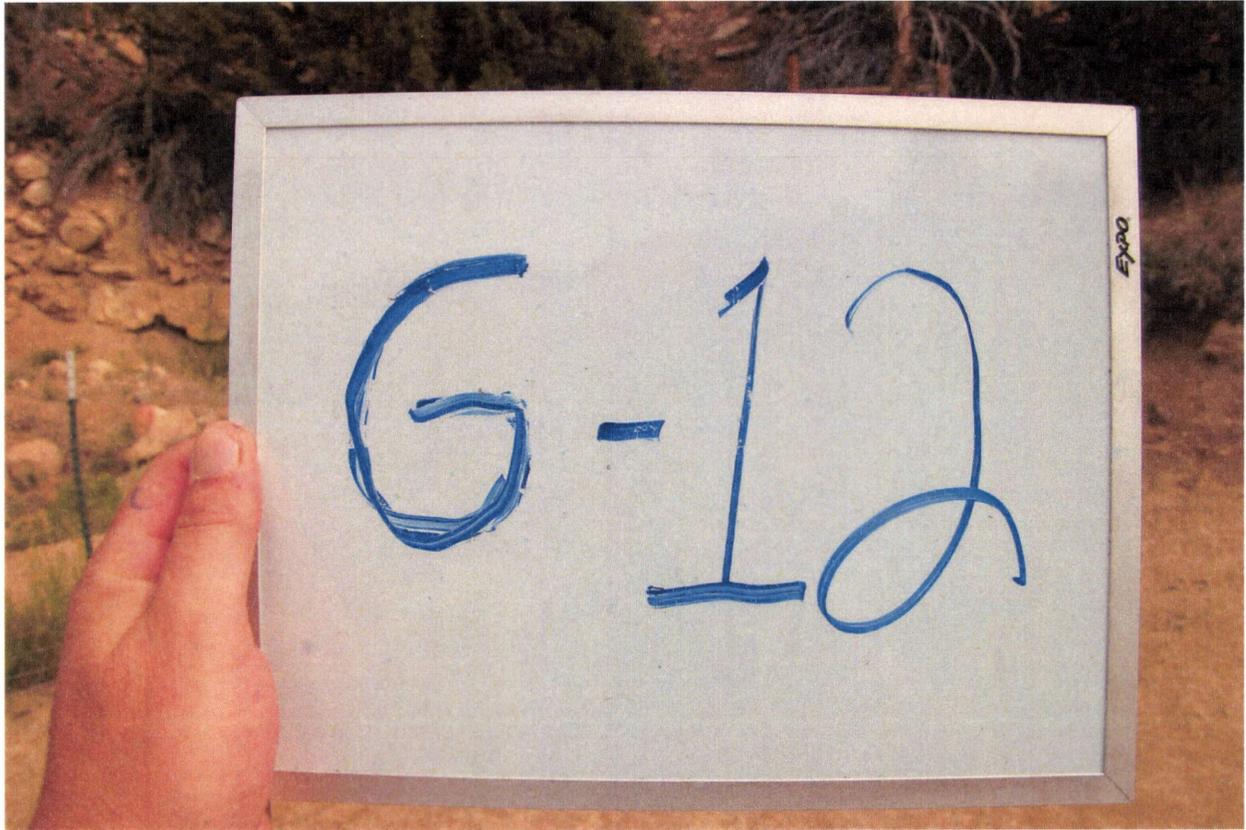
Site G-19

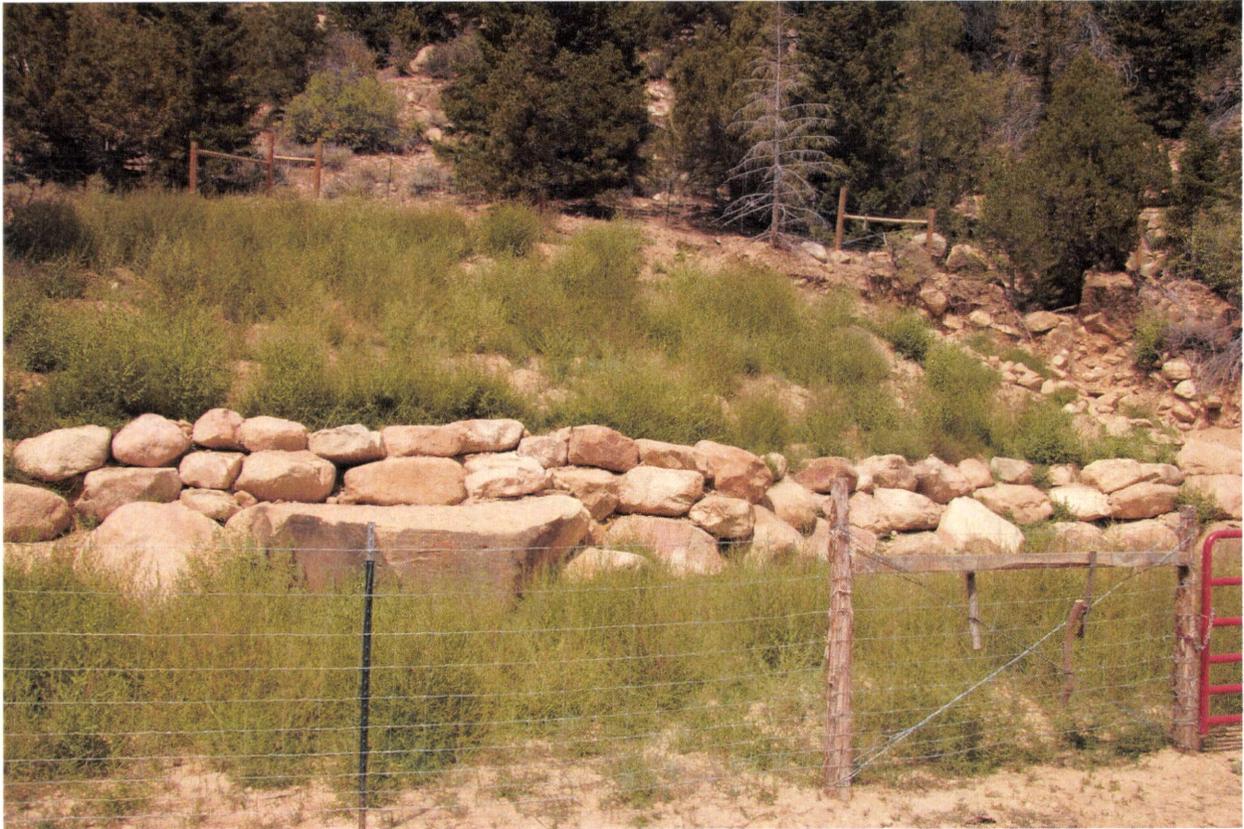


Site G-19



Site G-19





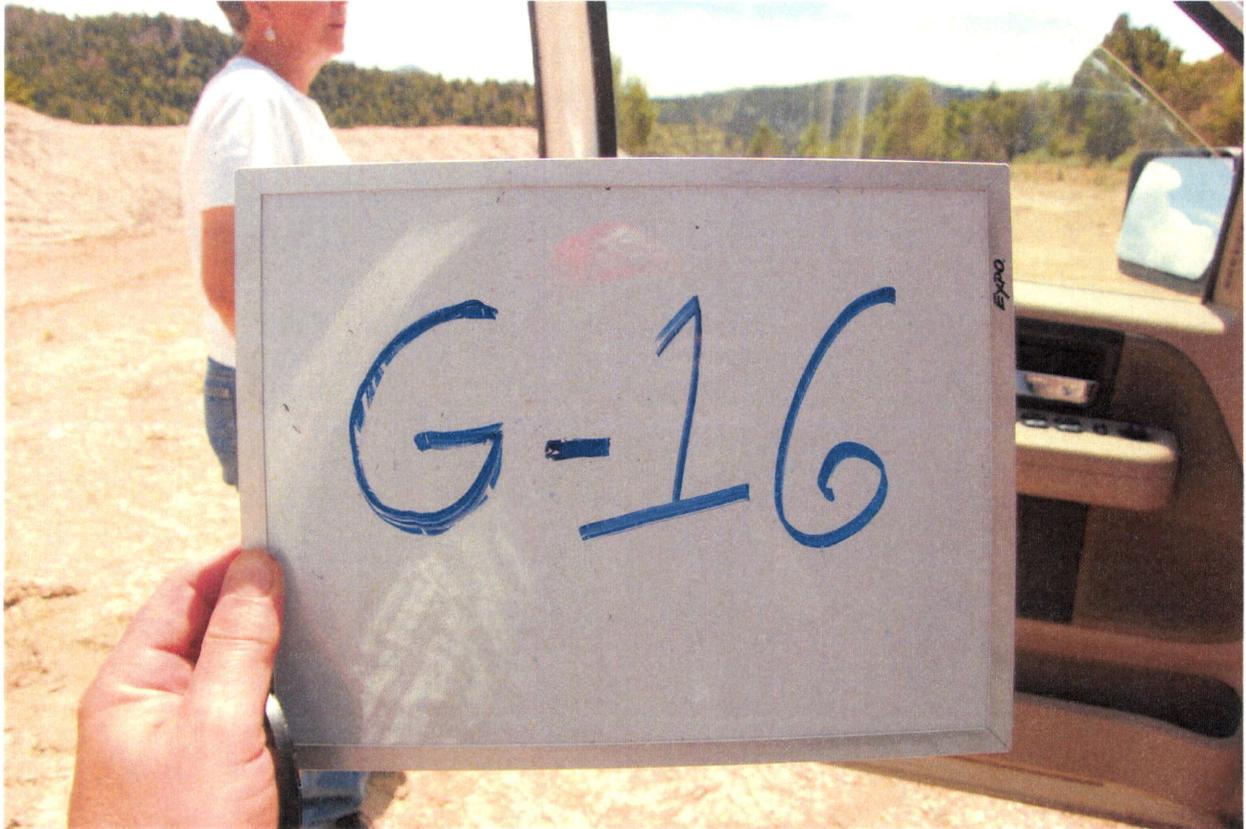


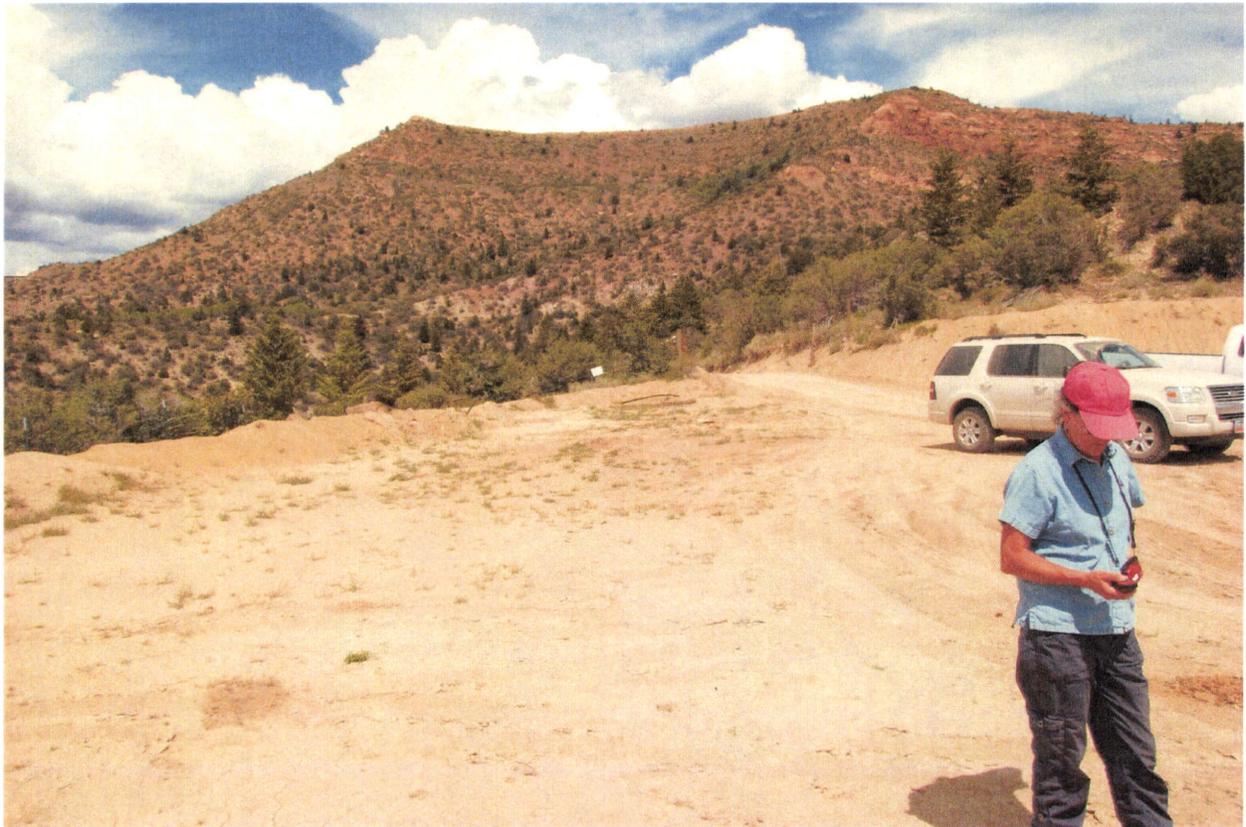


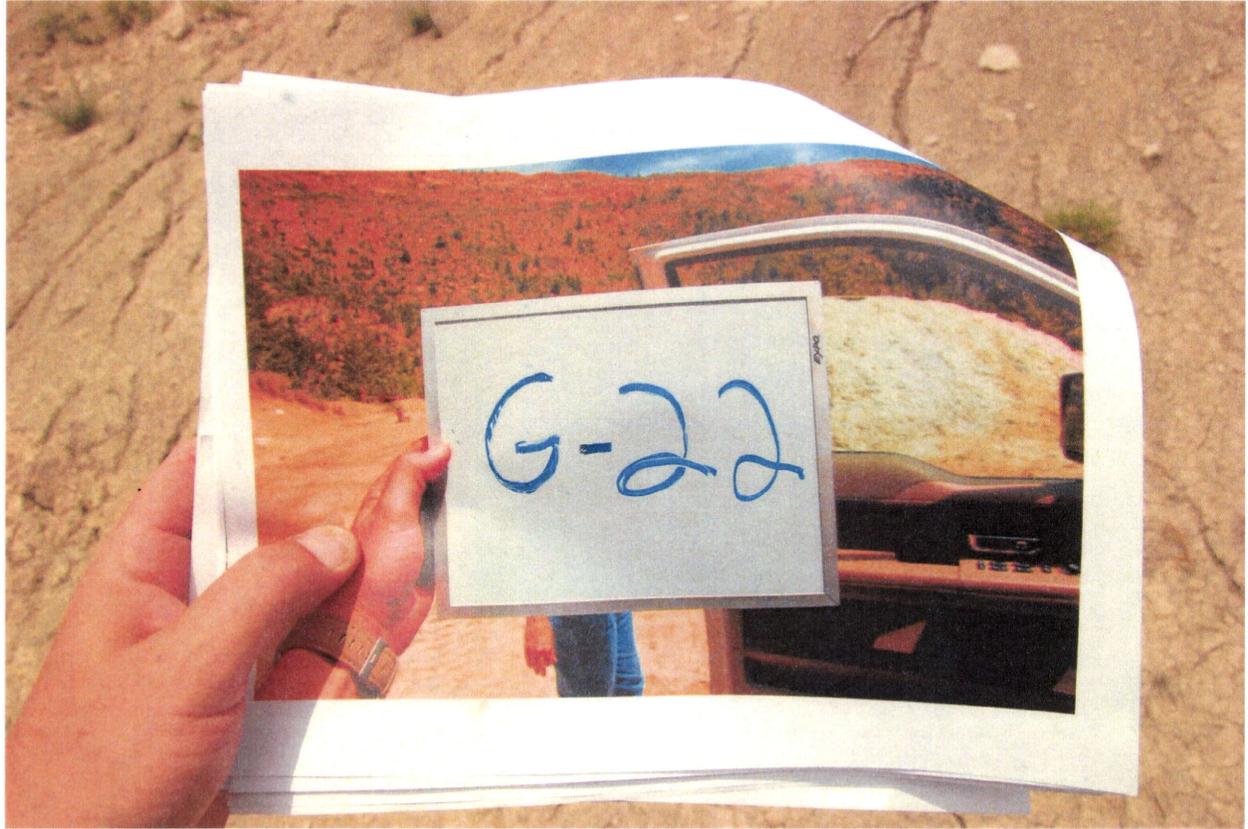




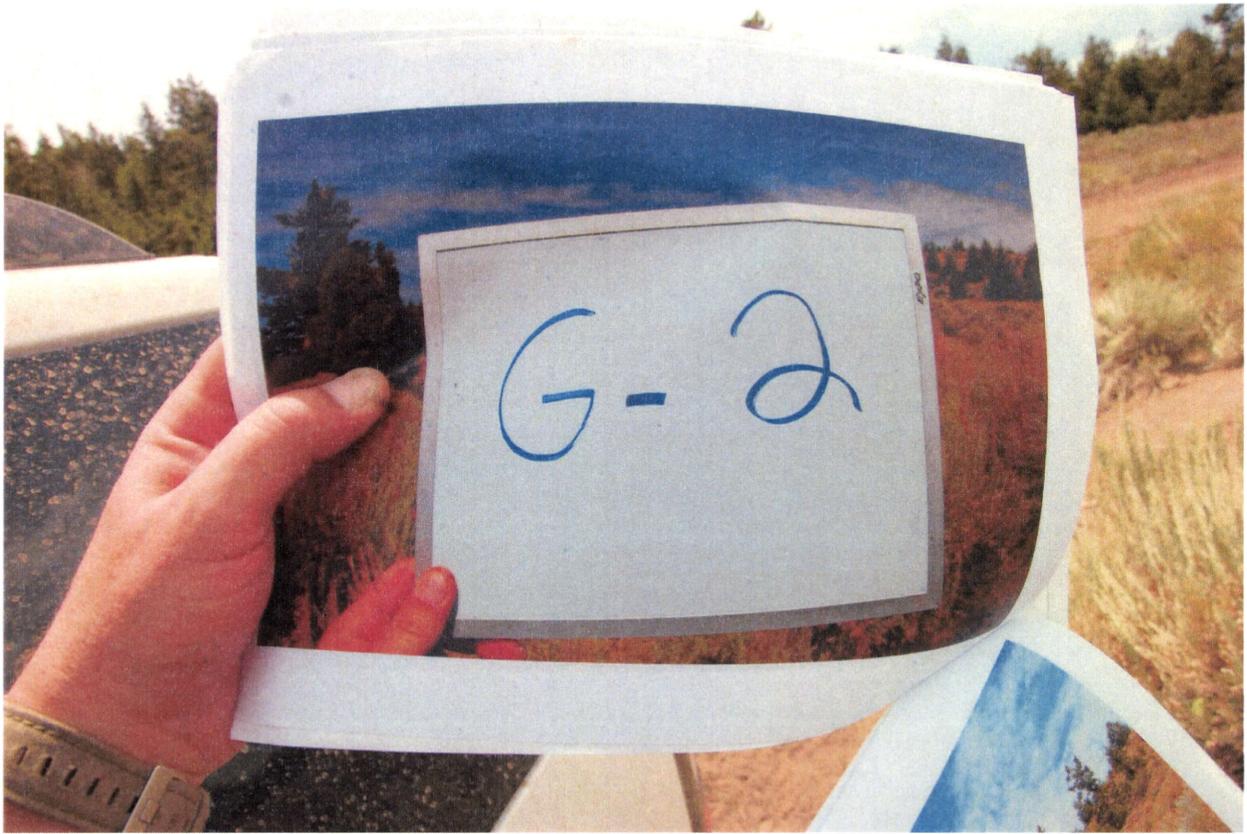




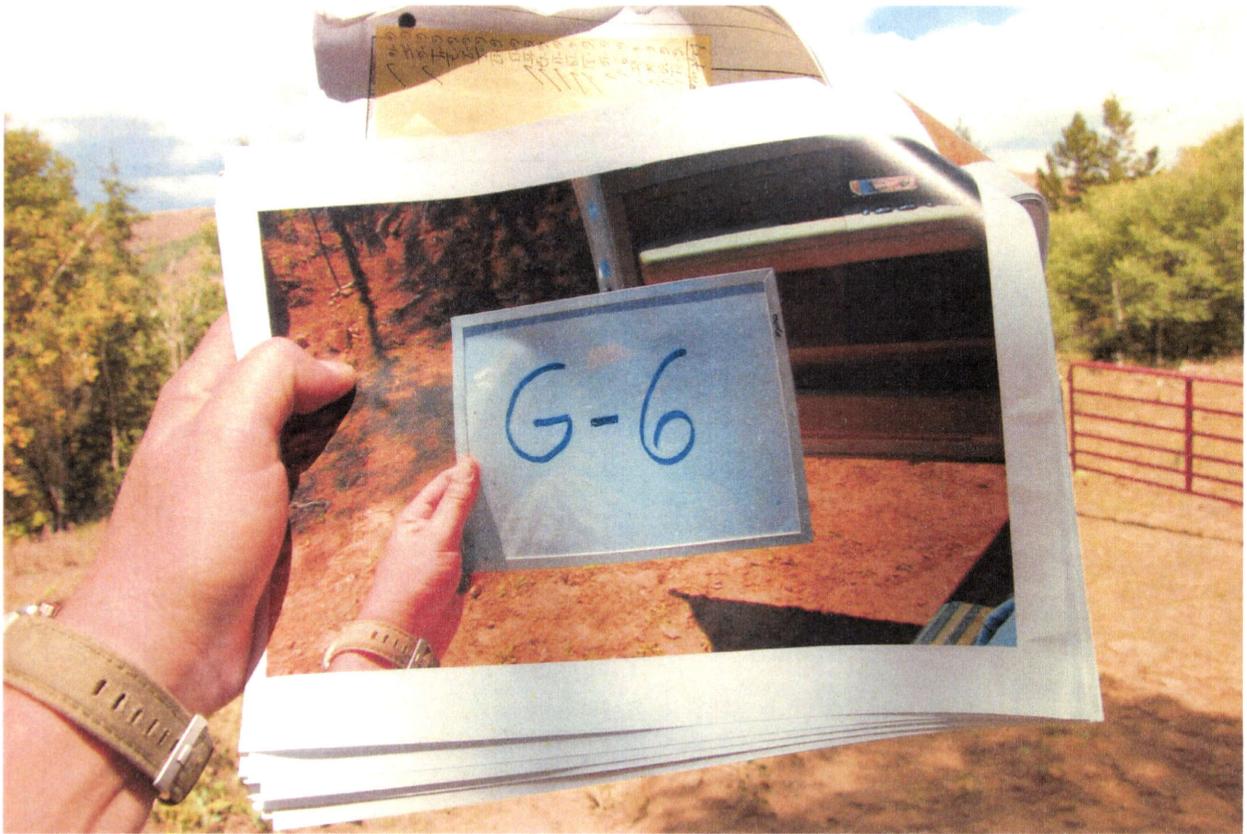
















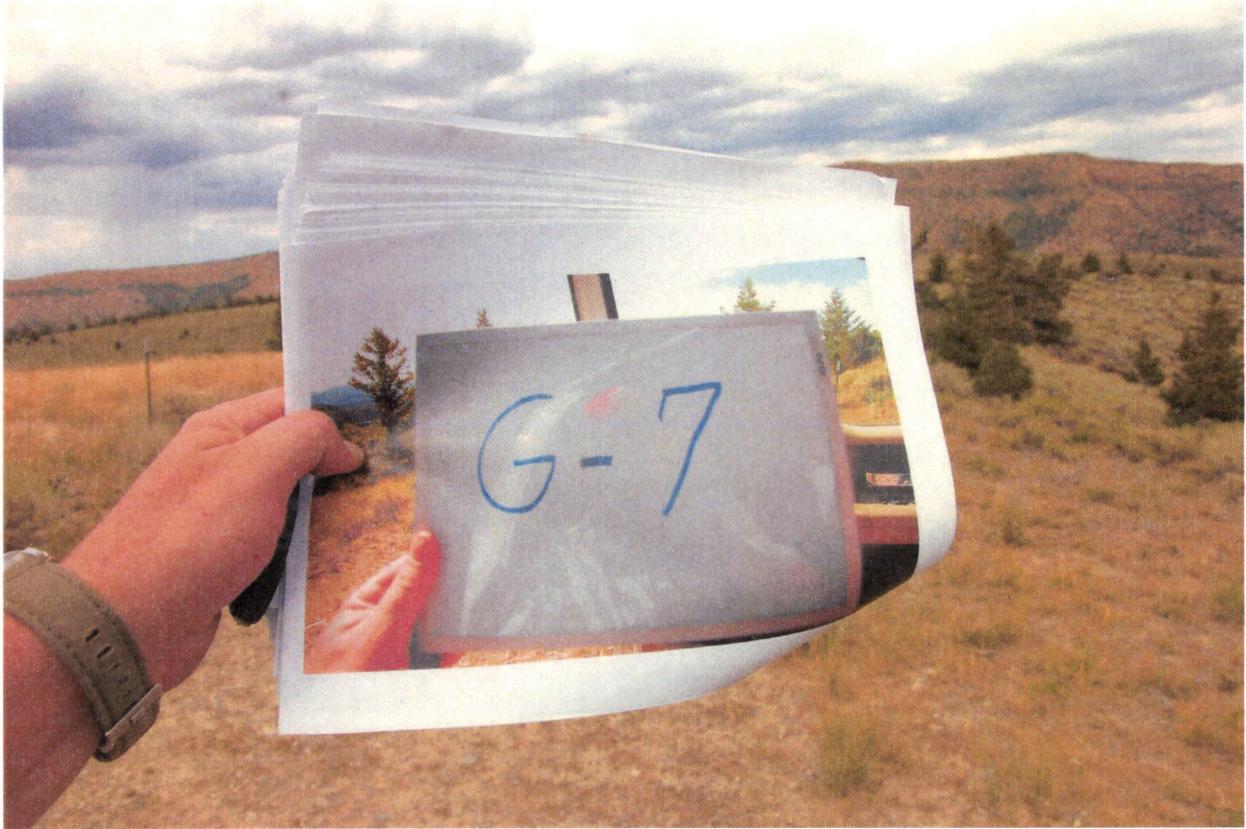
















Site G-17