



# 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:	COMPLETE
Inspection Date:	Thursday, November 13, 2014
Start Date/Time:	11/13/2014 7:00:00 AM
End Date/Time:	11/13/2014 3:30:00 PM
Last Inspection:	Tuesday, October 14, 2014

Representatives Present During the Inspection:	
Company	David Spillman
Company	Bill King
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Overcast/Light Snow, Temp. 27 Deg. F.

InspectionID Report Number: 4018

Accepted by: JHELFRIC  
12/1/2014

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	<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:

*Karl R. Houskeeper*

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, November 13, 2014



**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 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 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## **1. Permits, Change, Transfer, Renewal, Sale**

The mining permit issued through the Division of Oil, Gas & Mining is listed as C/007/0039 for the Dugout Canyon Mine. The permit was issued on March 16, 2013 and expires on March 16, 2018. The permit requires electronic submission of all water quality data.

The Air Quality permit is DAQE-AN0116340009-07 effective August 17, 2007. This permit remains in effect.

UPDES Permit UT-0025593 effective December 1, 2009 and expires at midnight on November 30, 2014. There is a new submittal in place. The Division of Water Quality has extended the existing permit until a new one is issued.

Insurance is through National Union Fire Insurance Company. The Insurance is effective beginning February 1, 2014 and expires on February 1, 2015. The policy includes explosion coverage. The certificate holder is listed as the State of Utah. The cancellation clause is acceptable to the Division of Oil, Gas & Mining. All minimum coverage requirements have been met.

The mine site has a SPCC Plan in place. The Plan is dated October 2010 and is P.E. dated, stamped and signed by a Utah P.E. on October 25, 2010.

Reclamation agreement signed by both parties on January 13, 2009.

## **2. Signs and Markers**

The mine identification signs at the Main Facility, Waste Rock Site and Topsoil Storage Pile were inspected. The signs were at the Main Facility and the Waste Rock Site were found to be in good repair and the information was found to be accurate and correct with the information in the General Chapter One of the official MRP on file with the Division. The Topsoil pile is shared with the Soldier Canyon Mine. The identification sign located here has been shot up and portions were not legible. Bill King spot repaired the sign with a magic marker making it legible until a new sign could be acquired to replace the current sign, thereby avoiding enforcement action.

## **3. Topsoil**

See Item 2.

## **4.a Hydrologic Balance: Diversions**

The diversions observed during the complete inspection were open and functional.

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

There are two sediment ponds within the Dugout Canyon mining permit area. The Main Sediment Pond and a sediment pond located at the Waste Rock Site.

The Fourth Quarter 2014/Annual 2014 Sediment Pond Report and Certification were reviewed as part of the complete inspection. Two problems were noted. The existing sediment elevation is not listed. Reference is made as to the amount of freeboard until the sediment level reaches the 60% clean level, but the regulations and report require a physical elevation. The Division inspector requested that Dave Spillman revise the reports. In addition the reports have only been submitted to the Division one a year through the Annual Report. The regulations require that they be submitted immediate after there completion to the Division. This regulation has not been followed in the past. The Division inspector requested that this policy be followed in the future.

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

The discharge monitoring reports for September and November 2014 were reviewed during the inspection. No problems were noted.

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

The Waste Rock Pile (Refuse Pile) was inspected as follows:

First Quarter 2014 on January 3, 2014.

Second Quarter 2014 on April 16, 2014.

Third Quarter 2014 on September 8, 2014.

No problems were noted on any of the referenced inspections.

#### **8. Noncoal Waste**

Several items of noncoal waste were observed outside of the approved storage facility. These items were gathered during the inspection and enforcement action was thereby avoided.

#### **20. Air Quality Permit**

The Air Quality permit is DAQE-AN0116340009-07 effective August 17, 2007. This permit remains in effect.

#### **21. Bonding and Insurance**

Bond # 4005A1917 for \$3,550,000.00, May 18, 2000.



**CANYON FUEL COMPANY LLC  
SOLDIER CANYON MINE**

**225 North 5th Street, 9th Floor  
Grand Junction, Colorado 81501**

**Tel. No. 970-263-5130**

**MSHA SOLDIER CANYON NO. 42-00077  
ACT 007/018**

Mine ID Sign at Topsoil Pile



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Mine ID Sign at Topsoil Pile after Enhancement