



# 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:	<b>C0070039</b>
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, May 26, 2015
Start Date/Time:	5/26/2015 9:00:00 AM
End Date/Time:	5/26/2015 2:00:00 PM
Last Inspection:	Monday, April 13, 2015

Representatives Present During the Inspection:	
Company	Bill King
Company	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Overcast/Rainining, Temp. 52 Deg. F.

InspectionID Report Number: 4200

Accepted by: JHELFRIC  
5/27/2015

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	<b>Total Permitted</b>
108.70	<b>Total Disturbed</b>
37.00	<b>Phase I</b>
19.00	<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:

Date: Tuesday, May 26, 2015

Karl Houskeeper,  
Inspector ID Number: 49



**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 checked="" 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 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, Policy # GL6576428. The Insurance is effective beginning February 1, 2015 and expires on February 1, 2016. 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 and the waste rock site were checked as part of the complete inspection. The signs contained all of the required information that is required under regulation.

## **3. Topsoil**

The topsoil piles at the waste rock site were checked. They have a containment berm around them for soil retention.

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

The majority of the diversions were checked and found to be in compliance with the approved designs contained in the MRP.

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

The second quarter sediment pond inspections were done on April, 6 2015. sediment elevations are as follows:

Refuse Pile Sediment Pond  
60% Elevation 5896.5'  
Existing Sediment Elevation 5895.5'

Surface Facilities Sediment Pond  
60% Elevation 6951.66'  
Existing Sediment Elevation 6949.7'

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

The January, February, March and April 2015 discharge monitoring reports were reviewed. All reports were submitted to DEQ. No exceeded parameters occurred.

**5. Explosives**

The powder and cap magazines were checked and found to be properly grounded and signed.

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

First quarter 2015 refuse pile inspection was done March 22, 2015. No problems were noted.

**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, July 31, 2007..