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# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

October 26, 2015

Kirt Tatton, General Manager  
Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, Utah 84542

Subject: 2014 Annual Report Review Completion, Dugout Canyon Mine, C/007/0039, Task ID #4853

Dear Mr. Tatton:

The Division staff has completed the review of the 2014 Annual Report. Enclosed is a copy of the review with each reviewer's comments.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock  
Coal Program Manager

DRH/sqs

Enclosure

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# Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

## GENERAL INFORMATION

Company Name	Canyon Fuel Company, LLC	Mine Name	Dugout Mine
Permit Number	C/007/0039	Permit expiration Date	2018-03-17
Operator Name	Same	Phone Number	+1 (435) 637-6360
Mailing Address	PO Box 1029	Email	dspillman@bowieresources.com
City	Wellington		
State	Utah	Zip Code	84542

## DOGM File Location or Annual Report Location

Excess Spoil Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Refuse Piles	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Attached
Impoundments	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Attached
Other:		

## OPERATOR COMMENTS

## REVIEWER COMMENTS

Met Requirements  Did Not meet Requirements

The annual report included copies of the quarterly inspection of the Refuse pile completed on: 1/3/14, 4/16/14, 9/8/14, and 11/11/14 for the Waste rock disposal site and Elk Canyon. The inspection reports were completed by Dave Spillman, a Utah PE certified professional engineer. The quarterly reports shows that in January and April no refuse was placed. the field inspections state that all foundation preparation was completed according to design specification. In September the site was still not active however, refuse had been recently delivered to the site. Records indicated that the last refuse sample analysis was completed on November 21, 2013. The September inspection states that since that date an additional 3,583 tons have been deposited on site. In November the site was active at the time of inspection, with records shows that 23,075.90 tons had been placed at the facility YTD. Records also show that a recent sample of the refuse was taken for analysis on 11/4/14, meeting the permit requirements. The Permit requires one sample per every

5,000 CY, therefore no additional sampling was required at that time. The slopes showed no signs of instability such as rills, gullies, or sloughage. The certified refuse pile 2014 annual assessment estimates a total of 29,375 tons delivered to the site during 2014, with an average density of the placed/compacted refuse being 106 pcf. The remained capacity at years end was 2,025,724 CF. The Permittee has addressed the requirements of this commitment. (CP - 6/15/15/) State of Utah Professional Engineer (David Spillman, P.E. #151610) certified impoundment inspection reports were submitted for the Refuse Pile sediment pond, the Pace Canyon Sediment pond as well as primary sediment pond at the Dugout Canyon Mine. No signs of instability, structural weakness or hazardous conditions were identified at any of the sediment pond structures. The primary sediment pond at the Dugout Canyon Mine was cleaned by Nielsen Construction on June 25th, 2014. Annual clean-out procedures will continue in 2015.

# COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

## Title: ANNUAL RAPTOR SURVEYS

**Objective:** To obtain baseline data prior to mining disturbances including subsidence of cliff habitat and any surface disturbances (construction, reclamation, or exploration). Conduct follow-up surveys within one year if nests were observed during the baseline surveys and if the nest or raptors could be impacted from mining (subsidence or proximity to surface facilities).

**Frequency:** Annually

**Status:** Ongoing

**Reports:** Annual

**Citation:** MRP, Volume 2, Chapter 3, Section 322, Page 3-13

Operator Comments

See Appendix D Confidential

Reviewer Comments  Met Requirements  Did Not Meet Requirements

According to appendix C, there were no visual observations of subsidence during 2014. Dugout Canyon Mine has discontinued helicopter surveys but continues to monitor the known nests within the permit area by conducting ground surveys at those known nest locations. According to the raptor survey performed by Mt. Nebo Scientific, Inc., no hawks or eagles were observed at known nest locations in 2013 & 2014. Reports for both 2013 & 2014 were submitted.

Please note: In the future, provide a map with that clearly shows where nests are located in relation to areas of subsidence and mining activity. From the map provided in the raptor survey, it is impossible to determine if the survey adequately covers areas of subsidence. Since the purpose of the monitoring is to determine if mining operations, including subsidence, have impacted raptors, the requested information is necessary for a comprehensive review. Maps without adequate information will not be acceptable for this review. Additionally, the Natural Heritage Program data indicates several known eagle nests in Sections 23, 24, 25, and 26 in T.13 S, R 13E., which is also the general area of 2018 and 2019 mining as indicated on the mine plan map. Reviewed by Lisa Reinhart 5/20/15

## Title: SUBSIDENCE MONITORING VISUAL INSPECTIONS

**Objective:** To check for surface subsidence features.

**Frequency:** Annually

**Status:** Ongoing

**Reports:** Annual

**Citation:** MRP, Volume 3, Chapter 5, Section 525.100, page 5-29

Operator Comments

See Appendix C

Reviewer Comments  Met Requirements  Did Not Meet Requirements

The Permittee included a subsidence mine map and summary table within the annual report. The subsidence map shows the locations of each of the subsidence monitoring point for the Dugout Mine as of 2014. The subsidence table includes information from 2001 to 2014, which ranged from 0.06 ft to an upheaval of 5.50 ft. The subsidence report included a visual check for subsidence during water monitoring events and the included reports details that no surface irregularities were observed. The Permittee has addressed the requirements of this commitment. (CP).

**Title: WASTE ROCK SAMPLING**

**Objective:** To protect ground and surface water and potentially substantiate lesser cover at the waste rock site.  
**Frequency:** One sample per 5,000 cubic yards taken to the waste rock site. Acid/toxic material to be buried within 30 days and should be compacted, and isolated from water infiltration.  
**Status:** Ongoing. **Please indicate the volumes or tonnage placed during the year into the refuse pile and the remaining capacity in the pile.**  
**Reports:** Annual report, and to be included in RA attachment 5-4.  
**Citation:** MRP, Chapter 5, Section 513.400, Section 528.300, Section 536 and Refuse Pile Amendment Volume, Section 536.200

Operator Comments

See Appendix C

Reviewer Comments  Met Requirements  Did Not Meet Requirements

**Title: SEALING OF WELLS**

**Objective:** Permanent casing and sealing of wells when no longer in use.  
**Frequency:** Once upon termination of use.  
**Status:** N/A  
**Reports:** Report on status of wells  
**Citation:** Chp. 6, Section 631, Chp. 7, Section 765

Operator Comments

Degas Wells G-2 through G-7, G-9 through G-14, G-16, G-18, G-19, G-22, G-25, G-26, G-30, G-31 are sealed.

Reviewer Comments  Did Not Meet Requirements  Met Requirements

Wells and associated drill pads/access roads were inspected on November 19, 2014 during a bond release inspection. Phases 1 and 2 bond release was achieved on sites G-2 through G-7, G-10, G-12, G-13, G-14, G-18 and G-31. Phase 1 bond release was achieved on G-9, G-16 (& access road), G-19, G-22 (& access road), G-25, G-26, G-30, G-31 (& access road), and about 1,350 feet of the AMV road. (AD)

# FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

**Title: OVERBURDEN SAMPLING AND ANALYSIS****Objective:** Generate quality substitute topsoil**Frequency:** At Final Reclamation**Status:** long term**Reports:** at final reclamation**Citation:** MRP, Chapter 2, Section 224, Section 233.100, .300, and .400.**Title: NUTRIENTS AND AMENDMENTS****Objective:** Establishment of vegetation**Frequency:** At final reclamation**Status:** Long term**Reports:** At final reclamation**Citation:** MRP, Chapter 2, Section 243; Refuse Pile Amendment Volume, Section 243.**OPERATOR COMMENTS (OPTIONAL)****REVIEWER COMMENTS**

As the mine is still active, the final reclamation commitments do not apply at this time. (Steve Christensen June 30th, 2015)

## REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

N/A

Reviewer Comments

NA

