



**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:	Wednesday, February 10, 2016
Start Date/Time:	2/10/2016 7:30:00 AM
End Date/Time:	2/10/2016 10:00:00 AM
Last Inspection:	Wednesday, January 06, 2016

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

Inspector: Karl Houskeeper  
 Weather: Clear Skies, Temp. 25 Deg. F.  
 InspectionID Report Number: 5434  
 Accepted by: JHELFRIC  
 2/11/2016

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>
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:**

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*Karl R. Houskeeper*

**Inspector's Signature:**

Karl Houskeeper,  
 Inspector ID Number: 49

**Date** Wednesday, February 10, 2016



**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 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 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 for the Dugout Canyon Mine is C/007/0039. 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 September 1, 2015 and expires at midnight on August 31, 2020.

Insurance coverage is through National Union Fire Insurance Company, Policy # GL6576428. The Insurance is effective beginning February 1, 2016 and expires on February 1, 2017. 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**

Mine identification signs are posted at the entrance into the mining permit area at the main mine facility, waste rock site and topsoil storage area. All three signs contained all of the required information and are up to date.

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

Diversions at the mine site are blanketed by a heavy snow covering. Care has been taken not to plow snow into the diversions.

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

Fourth quarter 2015 sediment pond inspections were done on 12/29/15 and 12/31/15. The existing sediment levels are below the 60 % sediment elevations.

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

The discharge monitoring reports for October, November, December 2015 and January 2016 were reviewed. No problems were noted on any of the referenced months.

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

The fourth quarter 2015 refuse pile inspection and P.E. Certification was done on 12/31/15. No problems were associated with this inspection.

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**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.