



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:	Wednesday, August 17, 2016
Start Date/Time:	8/17/2016 8:00:00 AM
End Date/Time:	8/17/2016 12:00:00 PM
Last Inspection:	Thursday, July 14, 2016

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

Inspector: Karl Houskeeper
 Weather: Cloudy Skies, Temp. 79 Deg. F.
 InspectionID Report Number: 5603
 Accepted by: JHELFRIC
 8/29/2016

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

9,568.00	Total Permitted
106.88	Total Disturbed
37.00	Phase I
19.00	Phase II
1.82	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:

Karl R. Houskeeper

Inspector's Signature:

Karl Houskeeper,
 Inspector ID Number: 49

Date Wednesday, August 17, 2016



Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
 telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

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 checked="" 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 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 DAQO-C0116340001-16 effective February 16, 2016. 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 23, 2015.

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 the name address, phone number and mining permit number. All of the required information is present and up to date.

4.a Hydrologic Balance: Diversions

The diversions are all open and functional.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The refuse pile sediment pond was inspected on 07/19/2016. One foot of freeboard remains between the existing sediment level and the 60% sediment elevation. The surface facilities sediment pond was inspected on 06/13/2016. The pond was just cleaned days before the inspection. The leach field was inspected on 06/08/2016.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for May, June and July 2016 were reviewed. Outfalls 003 and 005 discharged all three months. Both are mine water discharges. 002 discharged in May and June 2016, this discharge is from the sediment pond.

7. Coal Mine Waste, Refuse Piles, Impoundments

Third quarter 2016 refuse pile inspection was done on 07/19/2016. The refuse pile was stable with no visible hazards. The last sample was pulled on 02/26/2016.

8. Noncoal Waste

The mine site was free of noncoal waste items.

20. Air Quality Permit

The Air Quality permit is DAQO-C01166340001-16 effective February 16, 2016. This permit remains in effect.

21. Bonding and Insurance

Bond # 4005A1917 for \$3,550,000.00, July 31, 2007.



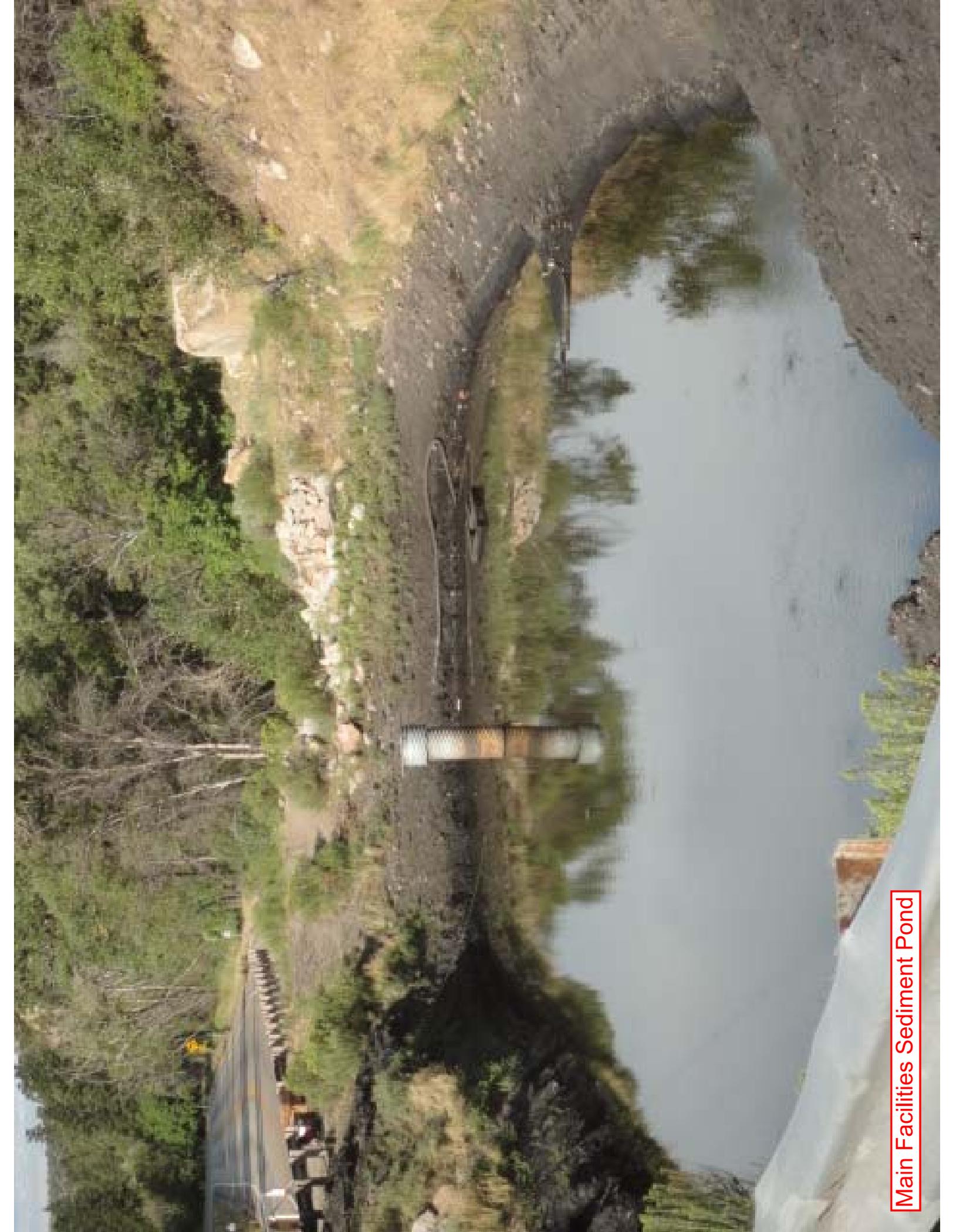
ALL TRUCKS
YIELD
MINING
EQUIP.



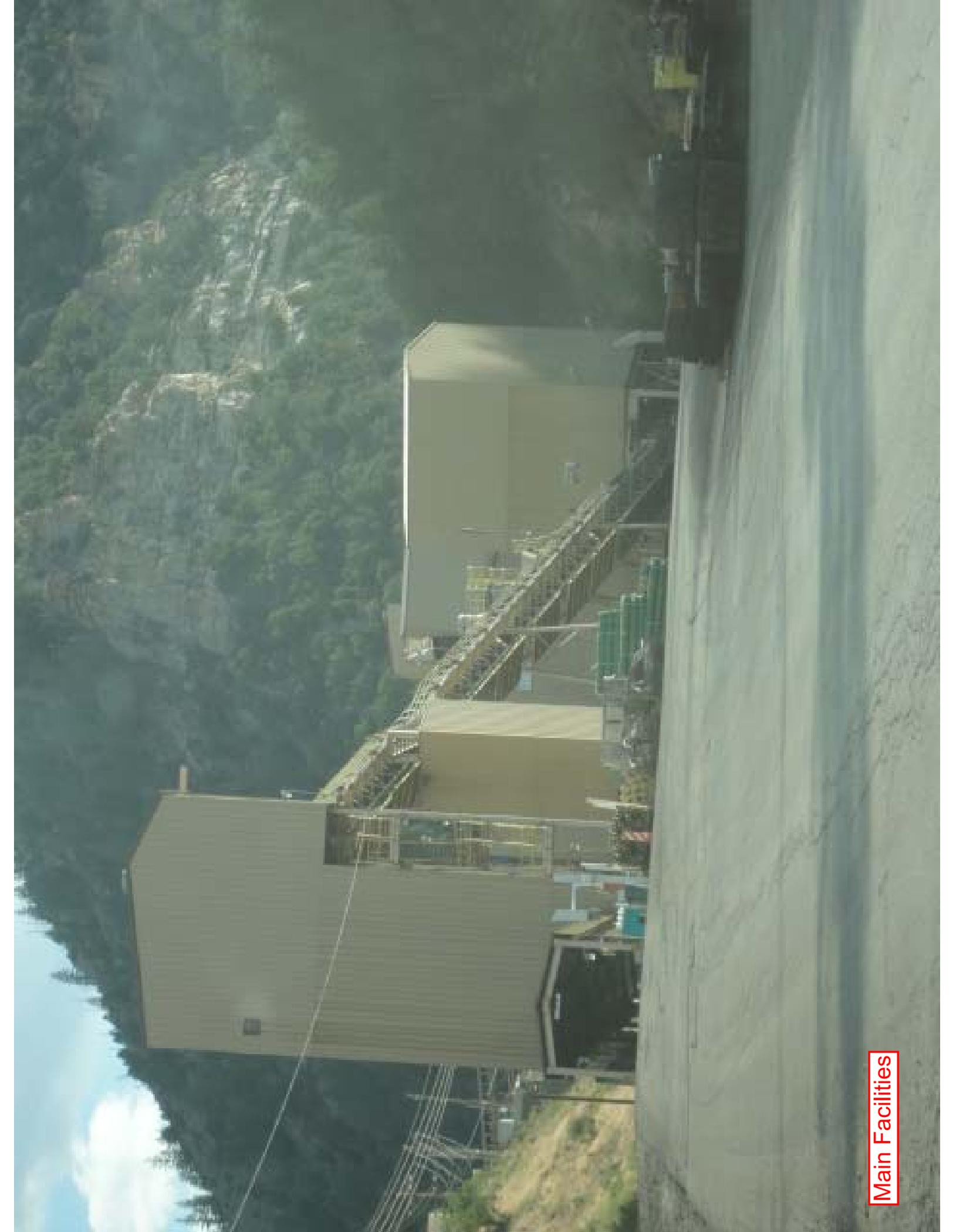
CANYON FUEL COMPANY, LLC
DUGOUT CANYON MINE

225 North 5th Street, 9th Floor
Grand Junction, Colorado 81501
Tel. No. 970-263-5130

MSHA DUGOUT CANYON NO. 42-01890
C/007/039



Main Facilities Sediment Pond



Main Facilities