State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Inspection Report

Permit Number:	**C0070039**
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, November 16, 2016
Start Date/Time:	11/16/2016 7:30:00 AM
End Date/Time:	11/16/2016 10:00:00 AM
Last Inspection:	Monday, October 17, 2016

Inspector: Karl Houskeeper,

Weather: Clear Skies, Temp. 38 Deg. F.

InspectionID Report Number: 5697

Accepted by: DHADDOCK
11/22/2016

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

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

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

Mineral Ownership

- [x] Federal
- [x] State
- [ ] County
- [x] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [ ] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Checked in at the Dugout Mine Office. Met with Bill King. Bill provided the required paperwork items needed for the complete inspection.

Karl R. Houskeeper

Inspector's Signature:

Karl Houskeeper,
Inspector ID Number: 49

Date Wednesday, November 16, 2016

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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UTAH DNR OIL, GAS & MINING

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 performace 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	☑	☐	☑	☐
2.	Signs and Markers	☑	☐	☑	☐
3.	Topsoil	☑	☐	☐	☐
4.a	Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b	Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c	Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d	Hydrologic Balance: Water Monitoring	☑	☐	☐	☐
4.e	Hydrologic Balance: Effluent Limitations	☑	☐	☑	☐
5.	Explosives	☑	☐	☑	☐
6.	Disposal of Excess Spoil, Fills, Benches	☑	☐	☐	☐
7.	Coal Mine Waste, Refuse Piles, Impoundments	☑	☐	☑	☐
8.	Noncoal Waste	☑	☐	☑	☐
9.	Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☐	☐
10.	Slides and Other Damage	☑	☐	☐	☐
11.	Contemporaneous Reclamation	☑	☐	☐	☐
12.	Backfilling And Grading	☑	☐	☐	☐
13.	Revegetation	☐	☐	☐	☐
14.	Subsidence Control	☑	☐	☐	☐
15.	Cessation of Operations	☑	☐	☐	☐
16.a	Roads: Construction, Maintenance, Surfacing	☑	☐	☐	☐
16.b	Roads: Drainage Controls	☑	☐	☐	☐
17.	Other Transportation Facilities	☑	☐	☐	☐
18.	Support Facilities, Utility Installations	☑	☐	☐	☐
19.	AVS Check	☑	☐	☐	☐
20.	Air Quality Permit	☑	☐	☐	☐
21.	Bonding and Insurance	☑	☐	☐	☐
22.	Other	☑	☐	☐	☐

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. The Plan is currently being revised.

Reclamation agreement signed by both parties on August 23, 2013.

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

Checked the diversions throughout the mine site. The diversions are open and functional.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The refuse pile sediment pond was inspected on 11/04/2016 (Fourth Quarter 2016). The surface facilities sediment pond was inspected on 09/15/2016 (Third Quarter 2016).

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for August, September and October 2016 were reviewed. No problems were noted. The discharge monitoring reports were submitted to DEQ on a monthly basis.

5. Explosives

The powder and cap agazines were checked as part of the complete inspection. The magazines are located remotely away from the main facility. The magazines are grounded against a lighting strike and have signs placed so that a gun shot going through the identification sign would not enter the magazines.

7. Coal Mine Waste, Refuse Piles, Impoundments

Fourth quarter 2016 refuse pile inspection was done on 11/04/2016. The refuse pile during the time of the inspection was stable with no visible hazards.

8. Noncoal Waste

The mine site was free of noncoal waste items.

NO SOLICITING
VISITS BY APPOINTMENT ONLY
INQUIRIES? CALL ON PAGER PHONE
COAL TRUCK
SPEED LIMIT
15
CF
CANYON FUEL COMPANY, LLC
DUGOUT CANYON MINE
223 North 5th Street, 9th Floor
Grand Junction, Colorado 81501
Tel. No. 970-241-3150
MSHA DUGOUT CANYON NO. 42-01890
C/007/039
ALL TRUCKS
YIELD TO
MINE
EQUIPMENT
NOTICE
ALL VISITORS/
VENDORS MUST
REPORT TO
MINE MONITOR
PERSONNEL
UPON
ARRIVAL