



**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, May 17, 2017
Start Date/Time:	5/17/2017 8:00:00 AM
End Date/Time:	5/17/2017 11:00:00 AM
Last Inspection:	Wednesday, April 19, 2017

Representatives Present During the Inspection:	
Company	David Spillman
OGM	Karl Houskeeper

Inspector: Karl Houskeeper  
 Weather: Clear Skies, Temp. 62 Deg. F.  
 InspectionID Report Number: 5848  
 Accepted by: DHADDOCK  
 5/17/2017

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	<b>Total Permitted</b>
106.88	<b>Total Disturbed</b>
37.00	<b>Phase I</b>
19.00	<b>Phase II</b>
1.82	<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:**

Karl Houskeeper,  
 Inspector ID Number: 49

**Date** Wednesday, May 17, 2017



**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 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, 2017 and expires on February 1, 2018. 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 January 2017 and is P.E. dated, stamped and signed by a Utah P.E. on January 12, 2017.

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 of these signs contained the name address, phone number and mining permit number. All of the required information is present and up to date. The signs are compliant with the coal rules.

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

The diversions at the waste rock site have been re-done this spring. Pictures of the diversions were taken and are attached to the PDF version of this report.

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

First quarter 2017 sediment pond inspections for the main sediment pond and the waste rock sediment pond were done on March 10, 2017. No problems were identified in the reports.

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

The discharge monitoring reports for January, February, March and April 2017 were reviewed. No problems or exceeded parameters were identified on the reports.

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

First quarter 2017 refuse pile inspection was done on March 15, 16 and 22, 2017.  
The report was P.E. certified on March 23, 2017. No problems were identified.

**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.



CANYON FUEL COMPANY, LLC

DUGOUT CANYON MINE

225 North 5th Street, Suite 900

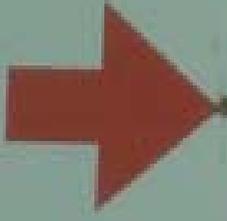
Grand Junction, Colorado 81501

Tel. No. 970-263-5150

MSHA REFUSE FILE 1211-UT-09-01890-01

C/007/039

...VISITORS BY APPOINTMENT ONLY  
INQUIRIES? CALL ON PAGER PHONE



S is - P I C



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

ALL TRUCK  
YIELD TO  
MINE  
EQUIPMENT

**NOTICE!**

ALL TRUCK/DELIVERY  
DRIVERS, VENDORS AND  
CONTRACTORS **MUST** RECEIVE  
ANNUAL HAZARD TRAINING!

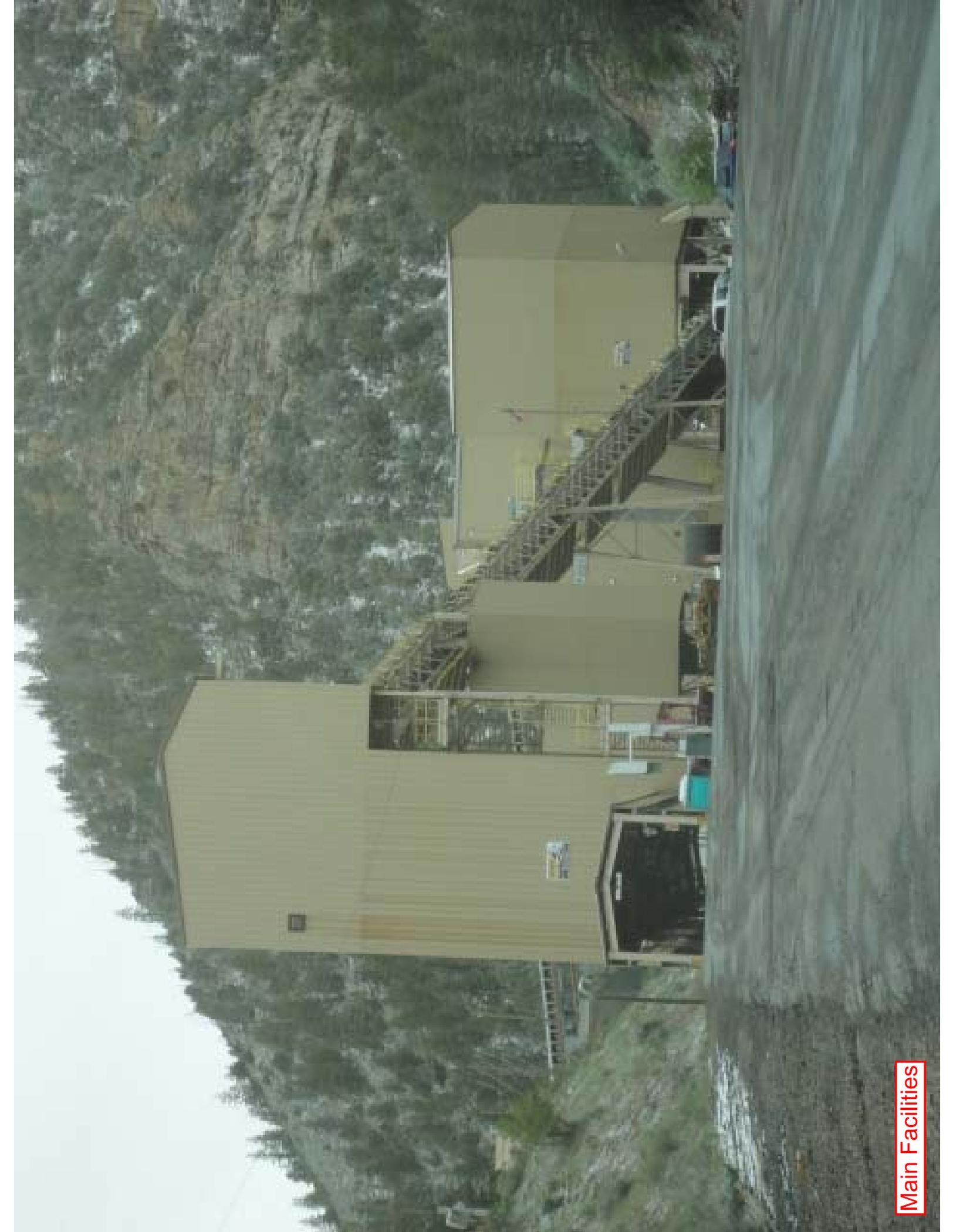
**NO EXCEPTIONS!!**

PLEASE REPORT TO THE  
WAREHOUSE, MINE MONITOR  
OFFICE OR CONTACT A  
MEMBER OF THE  
SAFETY DEPARTMENT

Mine Identification Sign Main Facility



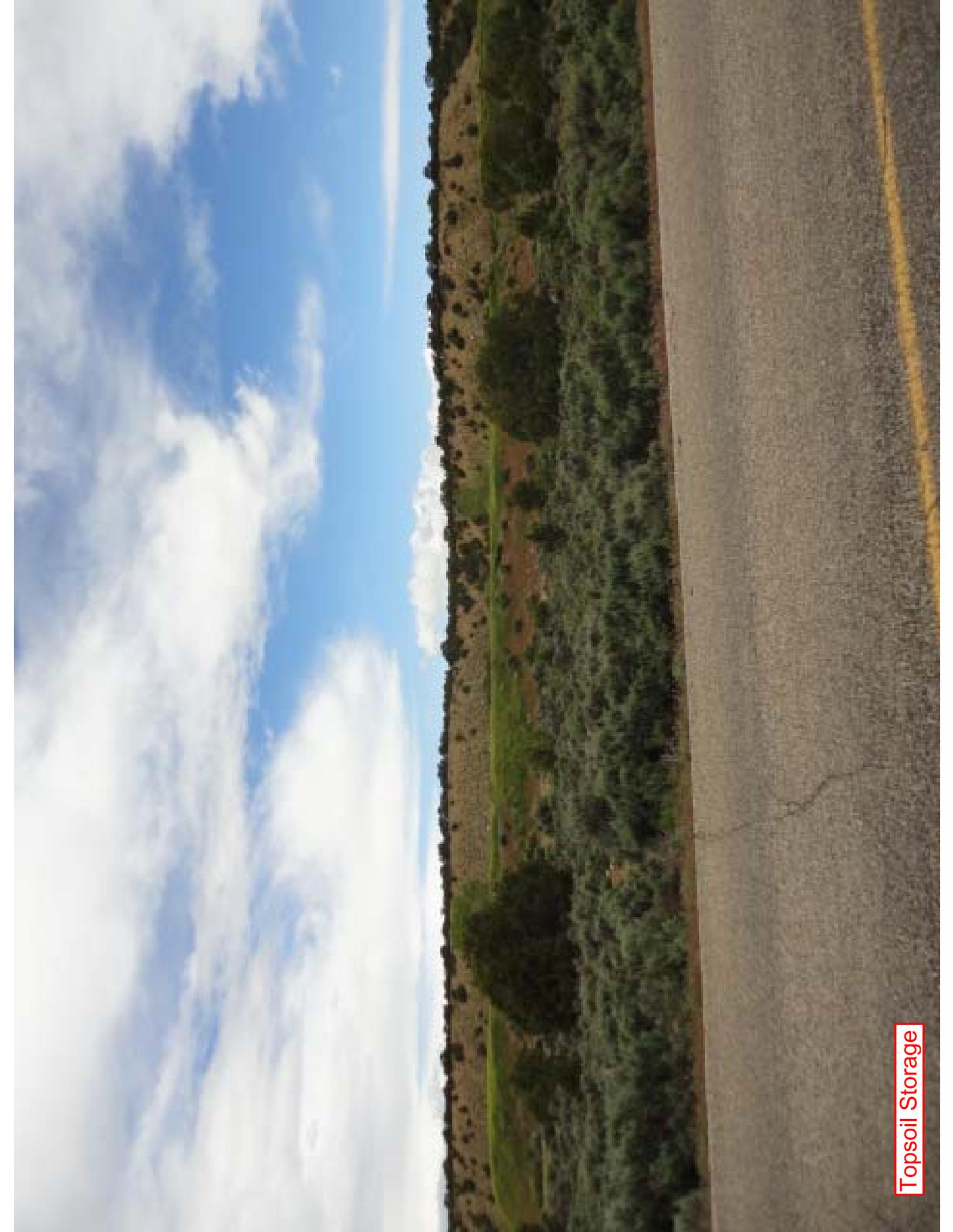
Main Facilities Sediment Pond



Main Facilities



Waste Rock Diversion Reconstruction



Topsoil Storage



Topsoil Storage