



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:	Tuesday, August 8, 2017
Start Date/Time:	8/8/2017 8:00:00 AM
End Date/Time:	8/8/2017 11:00:00 AM
Last Inspection:	Tuesday, July 25, 2017

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

Inspector: Karl Houskeeper,

Weather: Clear Skies, Temp. 72 Deg. F.

InspectionID Report Number: 5918

Accepted by: DHADDOCK

8/23/2017

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	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:

See the PDF version of this inspection report for pictures taken during the inspection.

Karl R. Houskeeper

Inspector's Signature:

Date: Tuesday, August 8, 2017

Karl Houskeeper,
Inspector ID Number: 49

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 checked="" 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 checked="" 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 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, 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.

New disturbed area markers have been installed around the approved waste rock expansion area #2. The markers were viewed during the inspection. Disturbance is scheduled to begin on August 14, 2017. Some of the old markers are still in place on the interior and need to be removed to avoid confusion.

3. Topsoil

Some topsoil stripping is scheduled to begin on August 14, 2017 in conjunction with the refuse pile expansion area sediment pond construction. The Division has been notified (Priscilla Burton Soils Scientist) and a soil scientist Leland Sasser has been contracted to oversee the soil stripping.

4.a Hydrologic Balance: Diversions

As built's of the new maintenance done for the main waste rock site diversion have been approved by the Division through the amendment process.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The main sediment pond was cleaned on August 5th and 6th 2017. A P.E. certification of the pond was done on August 6, 2017 and submitted electronically the same day. This serves as the third quarter 2017 sediment pond inspection.

The waste rock sediment pond 2nd quarter 2017 inspection was done on 6/5/2017. One foot of freeboard remains from the existing sediment level to the 60% sediment level that requires cleaning.

4.e Hydrologic Balance: Effluent Limitations

The May and June 2017 discharge monitoring reports were reviewed. No problems were noted.

5. Explosives

The explosive storage pad area was inspected and the powder and cap magazines were properly grounded and signed.

7. Coal Mine Waste, Refuse Piles, Impoundments

The third quarter 2017 refuse pile inspection was done on 7/27/2017. Year to date 51,562 tons or 34,777 cubic yards have been placed at the waste rock site. A sample was last pulled for analysis on 7/24/2017.

8. Noncoal Waste

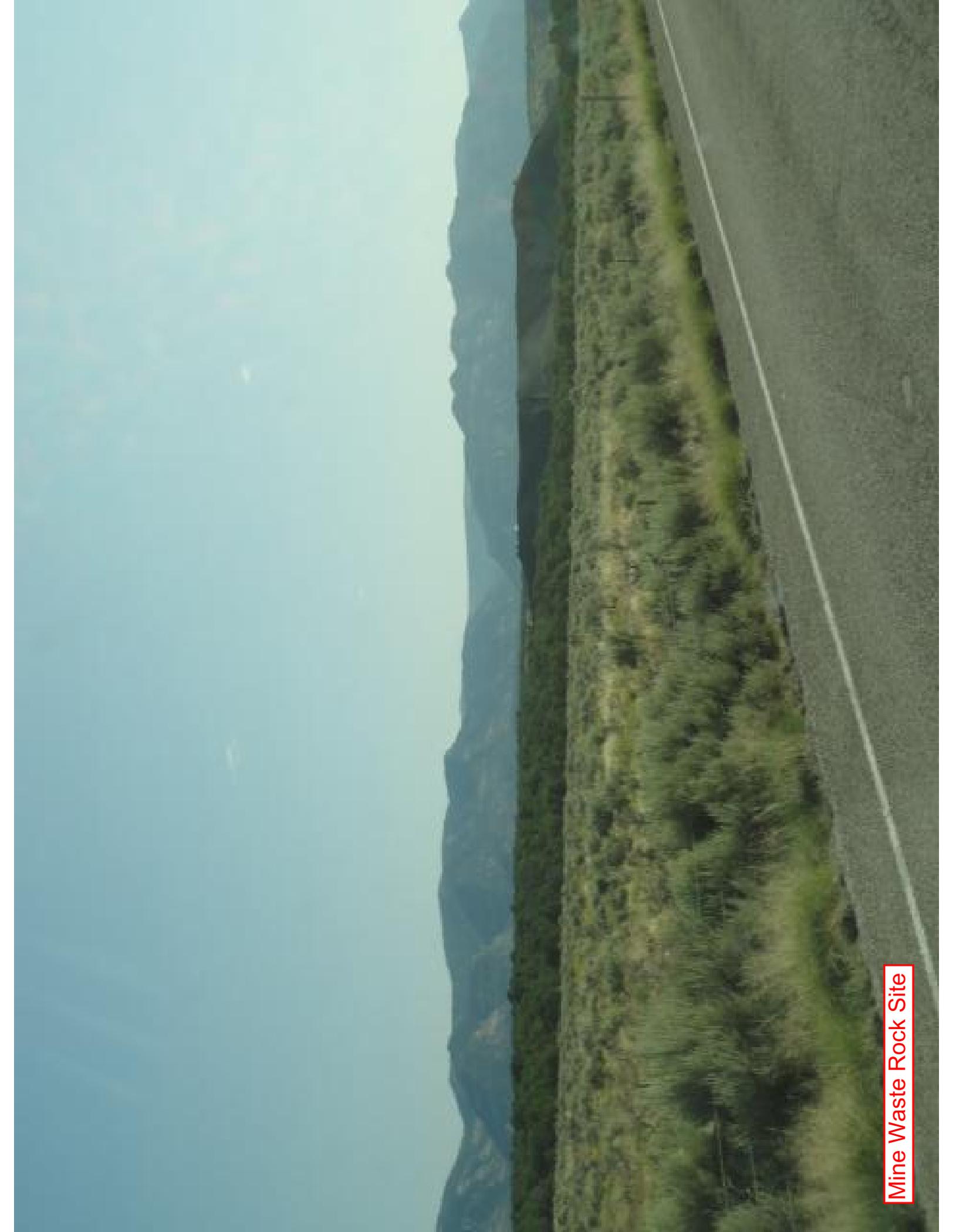
The mine site and waste rock site were both free of noncoal waste items.

20. Air Quality Permit

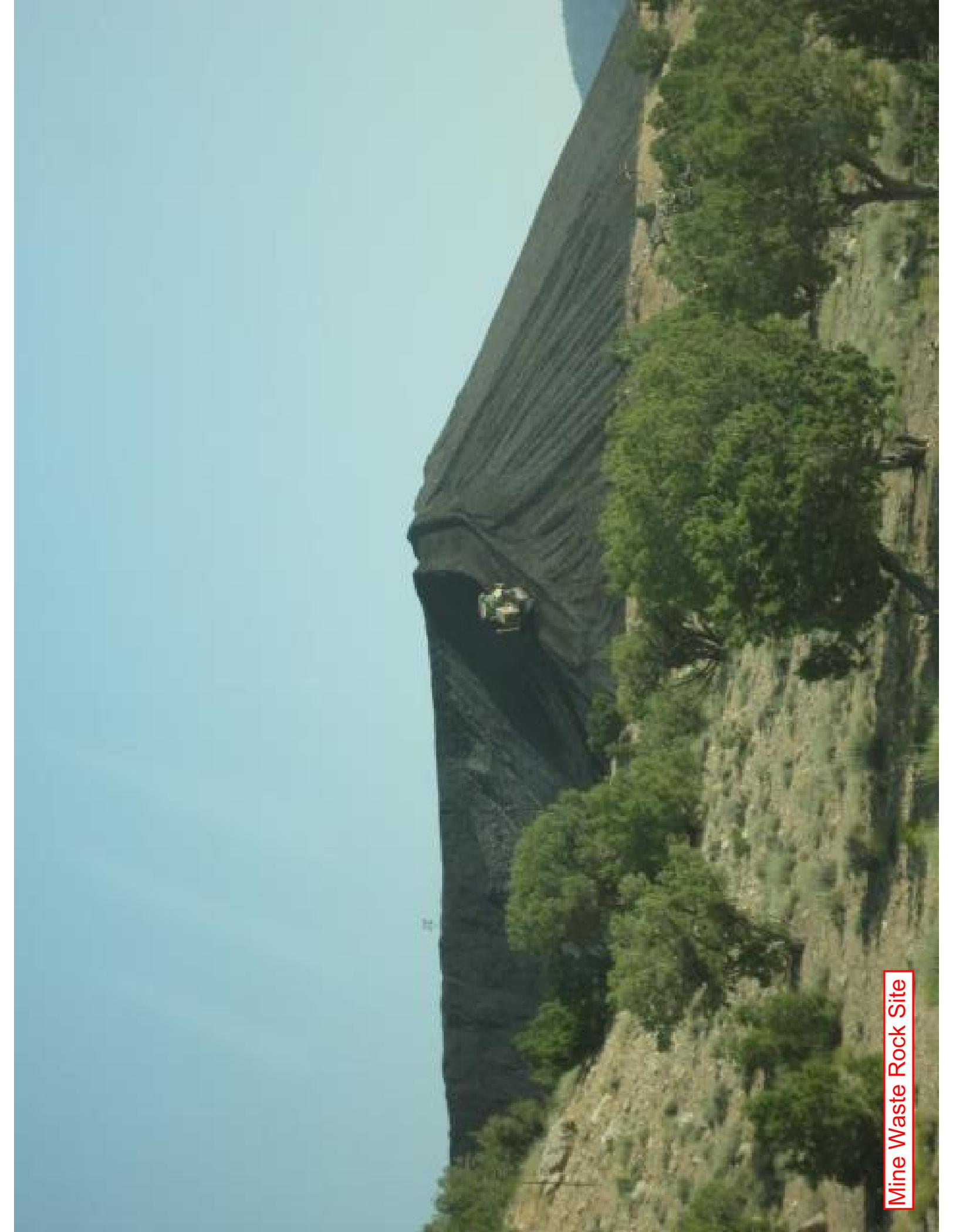
The Air Quality permit is DAQO-C01166340001-16 effective February 16, 2016. This permit remains in effect.

21. Bonding and Insurance

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



Mine Waste Rock Site



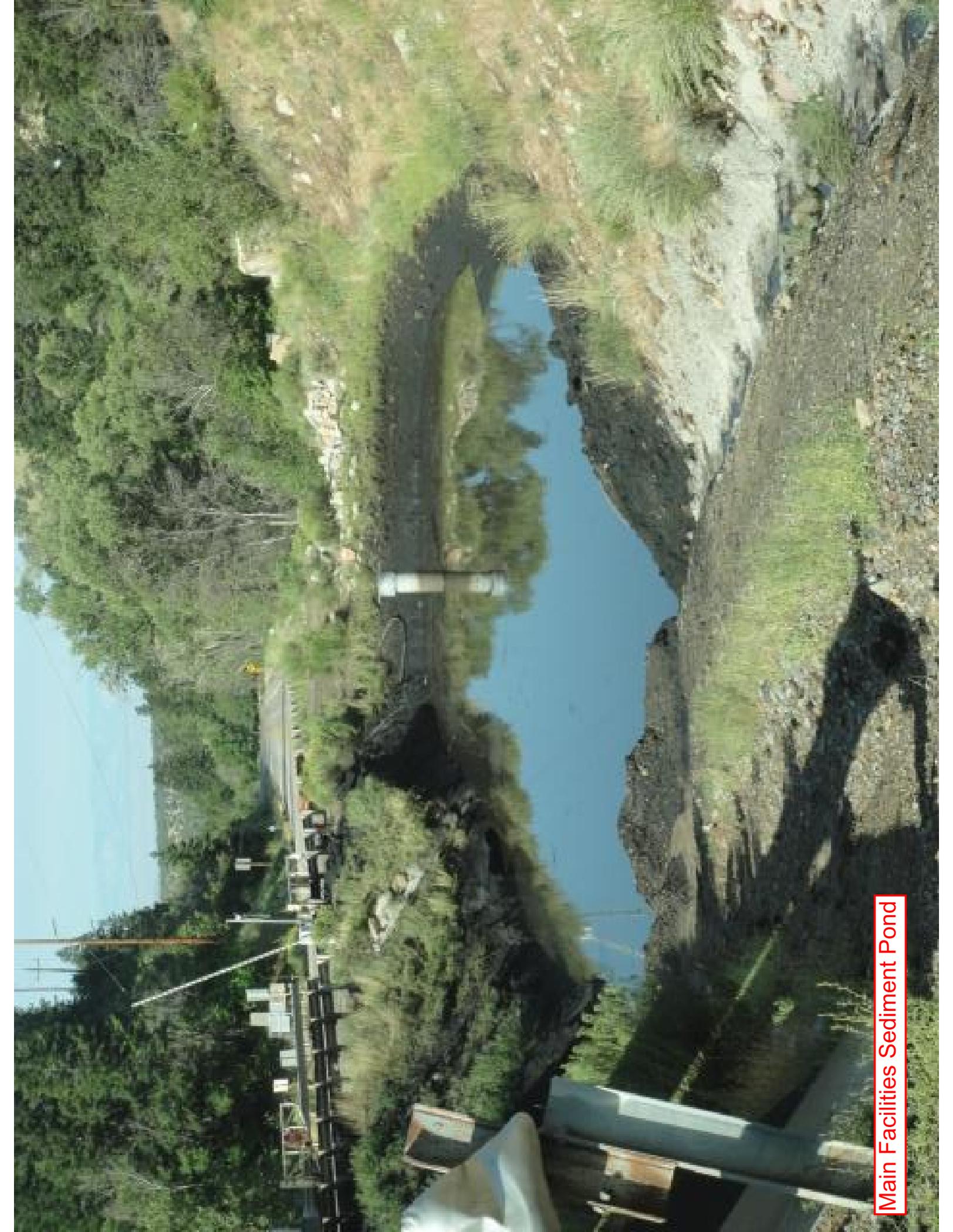
Mine Waste Rock Site

...IONS OF ATTORNEYMENT ONLY
INQUIRIES? CALL ON PAGER PHONE


ALL TRUCKS
YIELD TO
MINE
EQUIPMENT


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

Mine Identification Sign Main Facility



Main Facilities Sediment Pond



Main Facilities