



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 OVERSITE
Inspection Date:	Tuesday, November 14, 2017
Start Date/Time:	11/14/2017 8:00:00 AM
End Date/Time:	11/14/2017 1:00:00 PM
Last Inspection:	Wednesday, October 11, 2017

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

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp 48 Deg. F.

InspectionID Report Number: 6009

Accepted by: DHADDOCK

11/21/2017

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:

Pictures taken during the inspection are attached to the PDF version of this inspection report.

Karl R. Houskeeper

Inspector's Signature:

Date: Tuesday, November 14, 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 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

The identification signs at the mine entrance, refuse pile entrance and topsoil pile storage area were all checked as part of the complete OSM oversight inspection with the Division complete inspection. The name, address, phone number and mining permit number were all displayed on each sign as required by law. The signs are in compliance.

One topsoil pile located at the entrance into the refuse pile storage area had a topsoil pile identification sign that had slid down the mounting pole to the ground. This sign needs to be raised and re-secured. There were topsoil identification on the fence in addition to the sign on top of the pile.

3. Topsoil

As part of the inspection the shared topsoil storage area shared by both Dugout and Soldier Canyon mines was visited. One pile has sparse vegetation. It was re-seeded a couple of years ago. The pile is stable and protected by earthen berms.

4.a Hydrologic Balance: Diversions

Undisturbed and disturbed diversions were checked during the inspection. All diversions were open and fully functional.

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 4th quarter 2017 inspection was done on 11/3/2017.

4.e Hydrologic Balance: Effluent Limitations

The latest submitted discharge monitoring report were reviewed. The September 2017 DMR's were submitted to DEQ electronically. A paper copy was printed and filed for inspection by the Division. No problems were noted on the submitted report to DEQ.

5. Explosives

The explosive storage area was inspected. The powder and cap magazines have identification signs placed so that a bullet entering the face of the sign will not enter the magazines. The magazines are also grounded with a cable to the ground for protection against a lightning strike. The explosive storage area is located up canyon from the mine site as well.

7. Coal Mine Waste, Refuse Piles, Impoundments

Refuse pile expansion area #1 is now covered with subsoil and topsoil. Curlex blanket is on site and addition blanket was being delivered to allow seeding and covering the area in the new couple of weeks. The diversion below the area requires some additional work and some rocks and soil covering the area needs to be removed and re-contoured.

Refuse pile expansion area #2 has been grubbed and had topsoil removed from the immediate area of expansion. Thereby preparing it to receive refuse. The refuse pile appeared stable. No visible hazards were observed. A water truck was on site to control dust of the pile and roadways.

8. Noncoal Waste

The mine site was free of noncoal waste items outside of approved containments. The parking lot has several garbage cans to allow employees to place trash in contained areas.

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.



Explosive Storage



Undisturbed Bypass Inlet



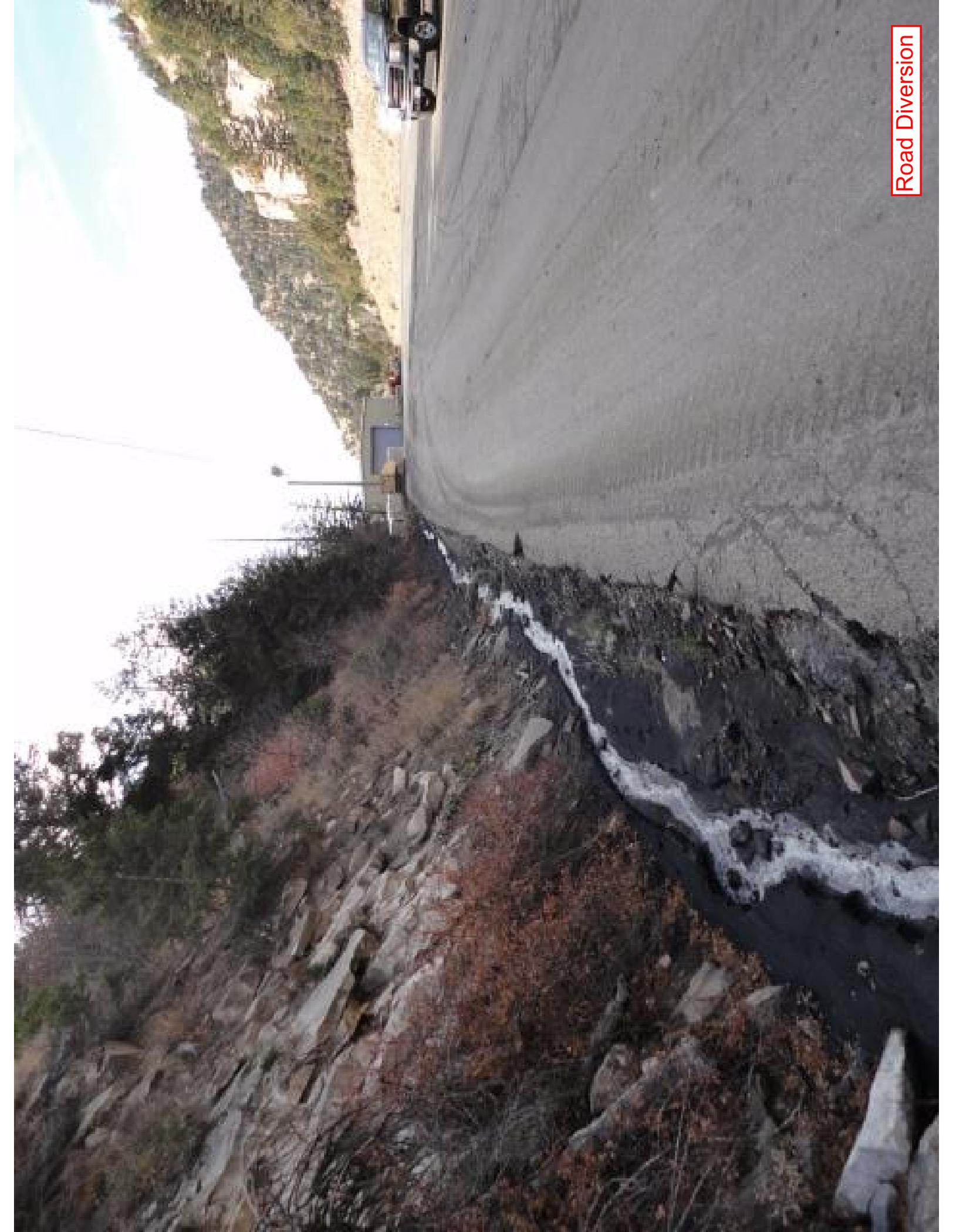
ICoal Storage Pile



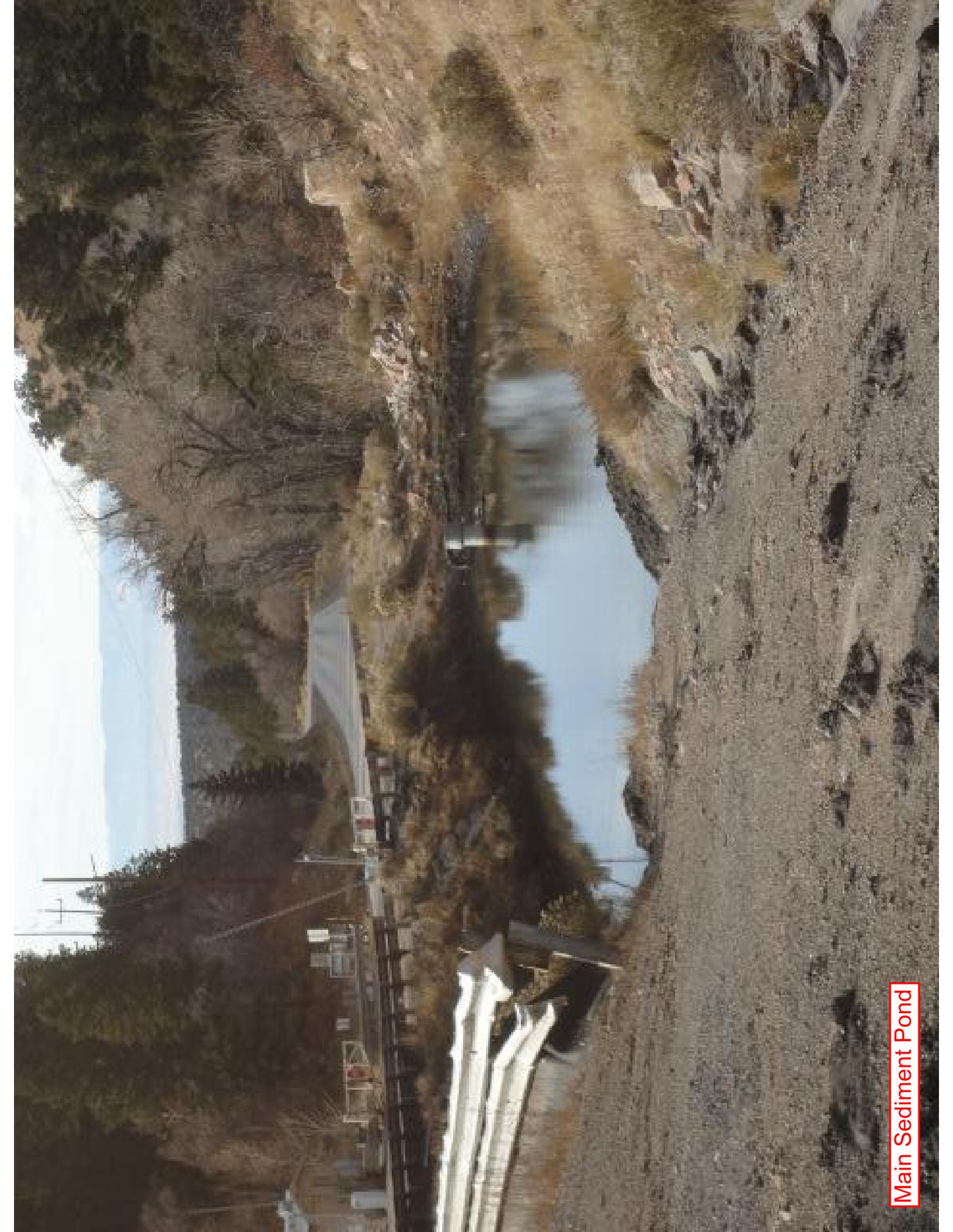
Belt/Fan Pad



Road Diversion

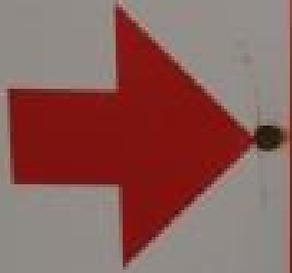


Road Diversion



Main Sediment Pond

INQUIRIES? CALL UN PAGEA 1 1101M



CANYON FUEL COMPANY, LLC

DUGOUT CANYON MINE

225 North 5th Street, 9th Floor

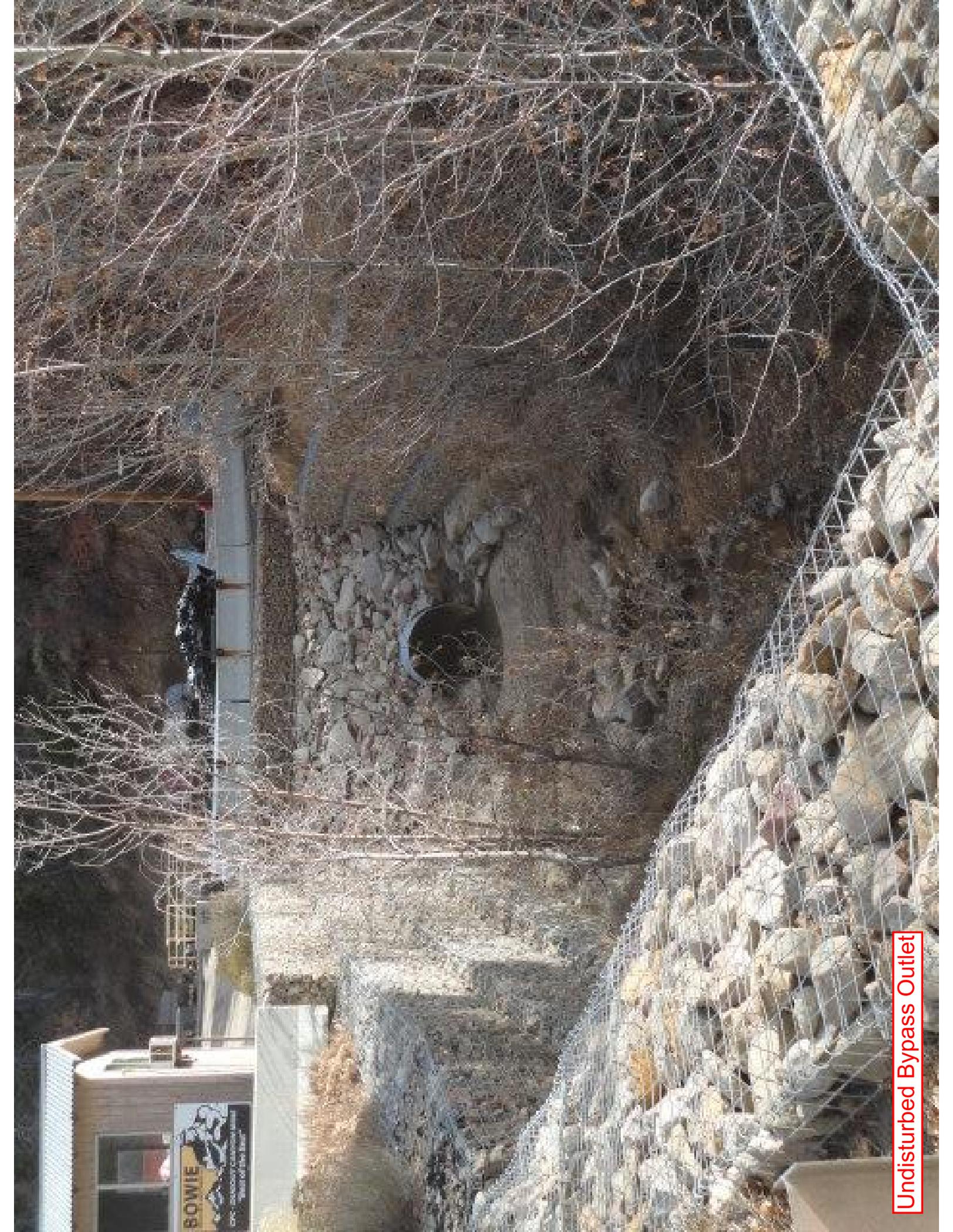
Grand Junction, Colorado 81501

Tel. No. 970-263-5130

MSHA DUGOUT CANYON NO. 42-01890

C/007/039

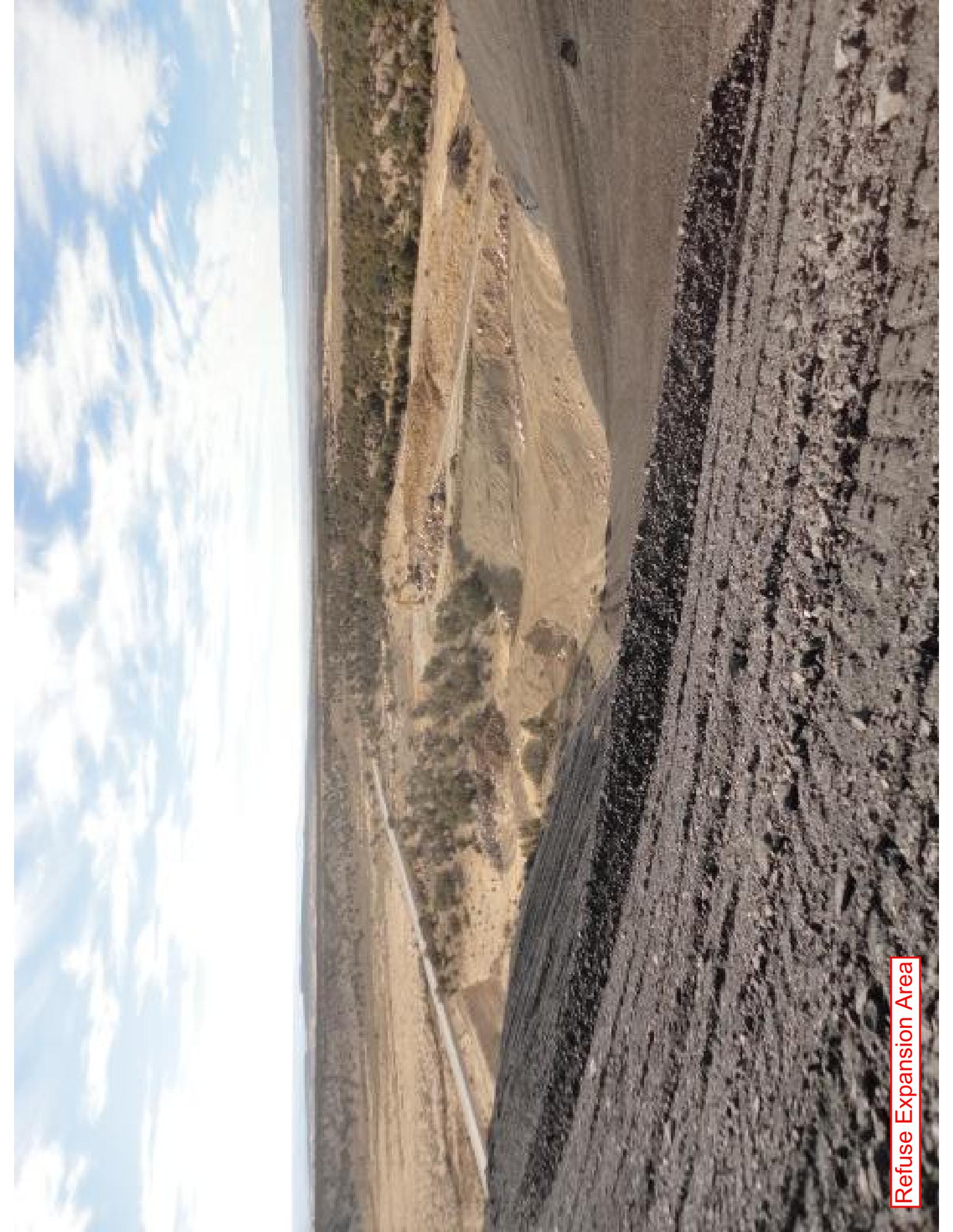
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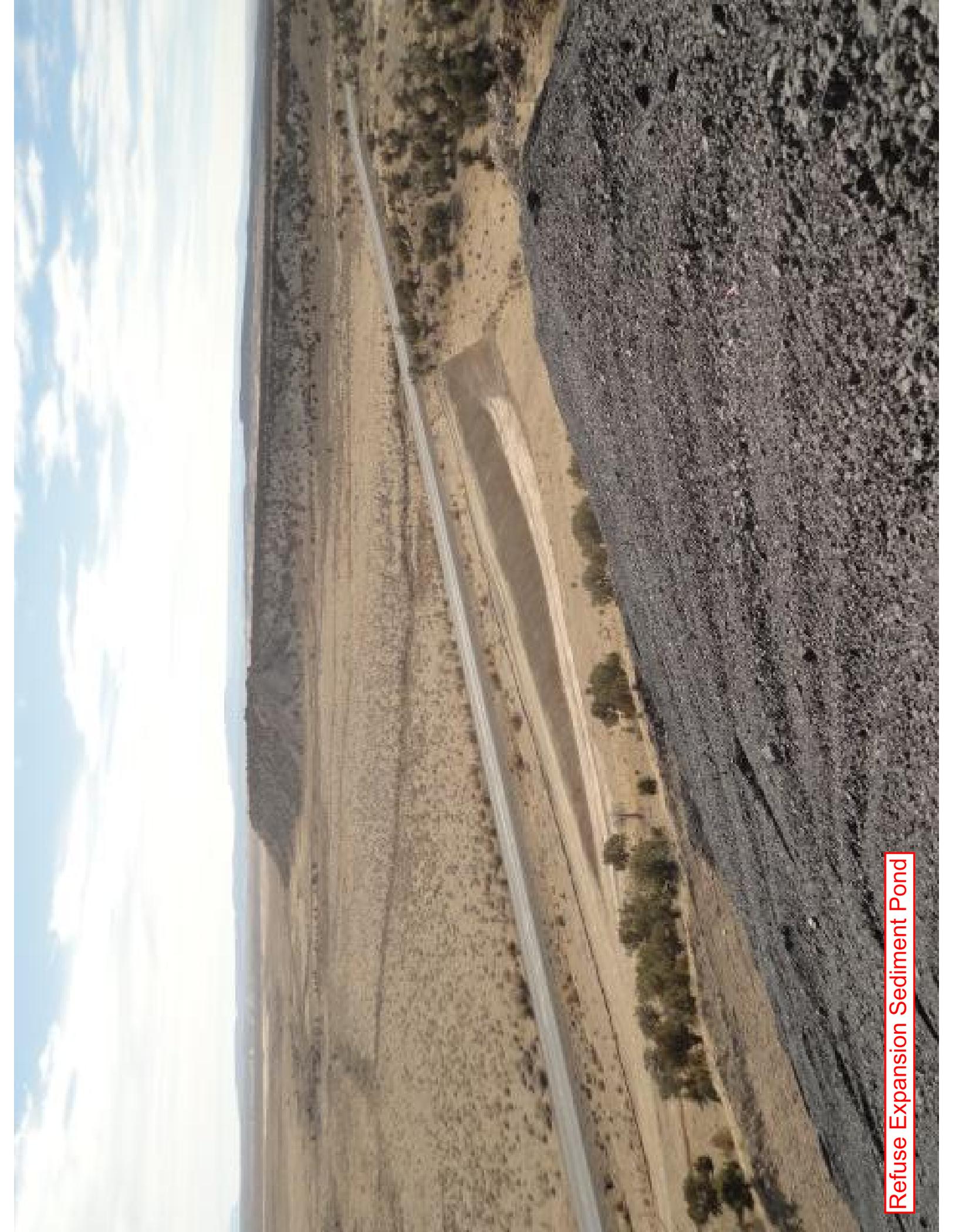
Undisturbed Bypass Outlet



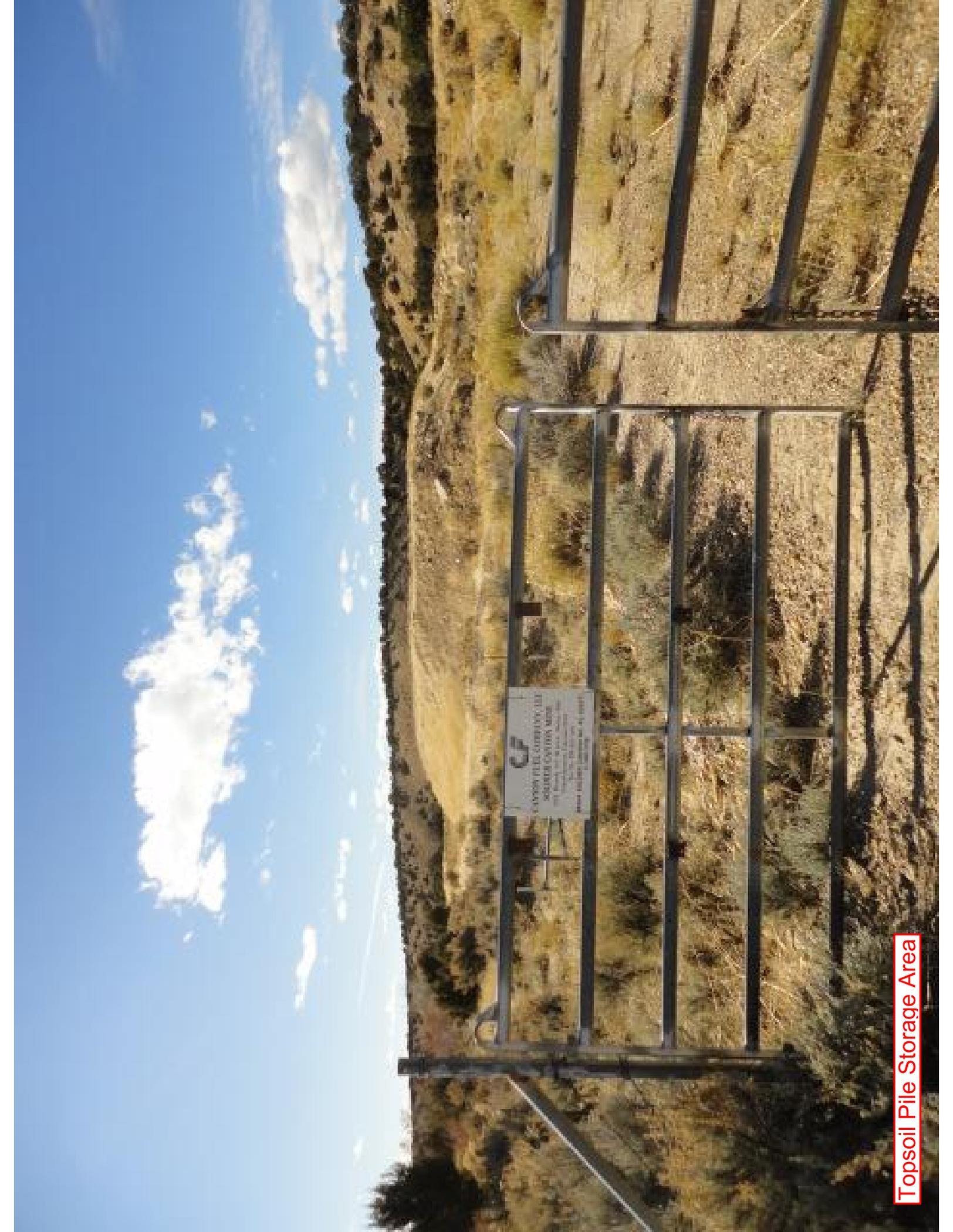
Reclaiming a Portion of the Refuse Pile



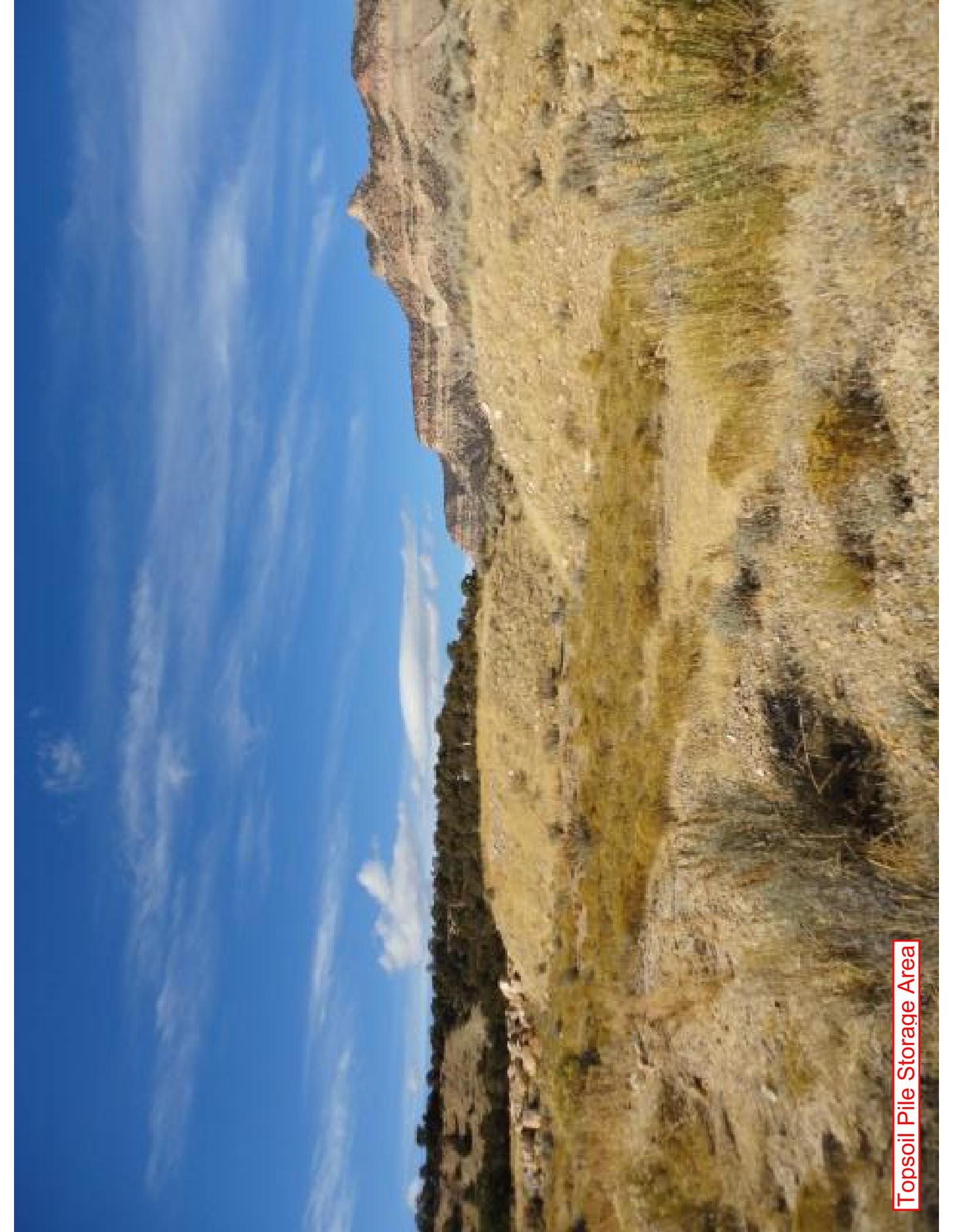
Refuse Expansion Area



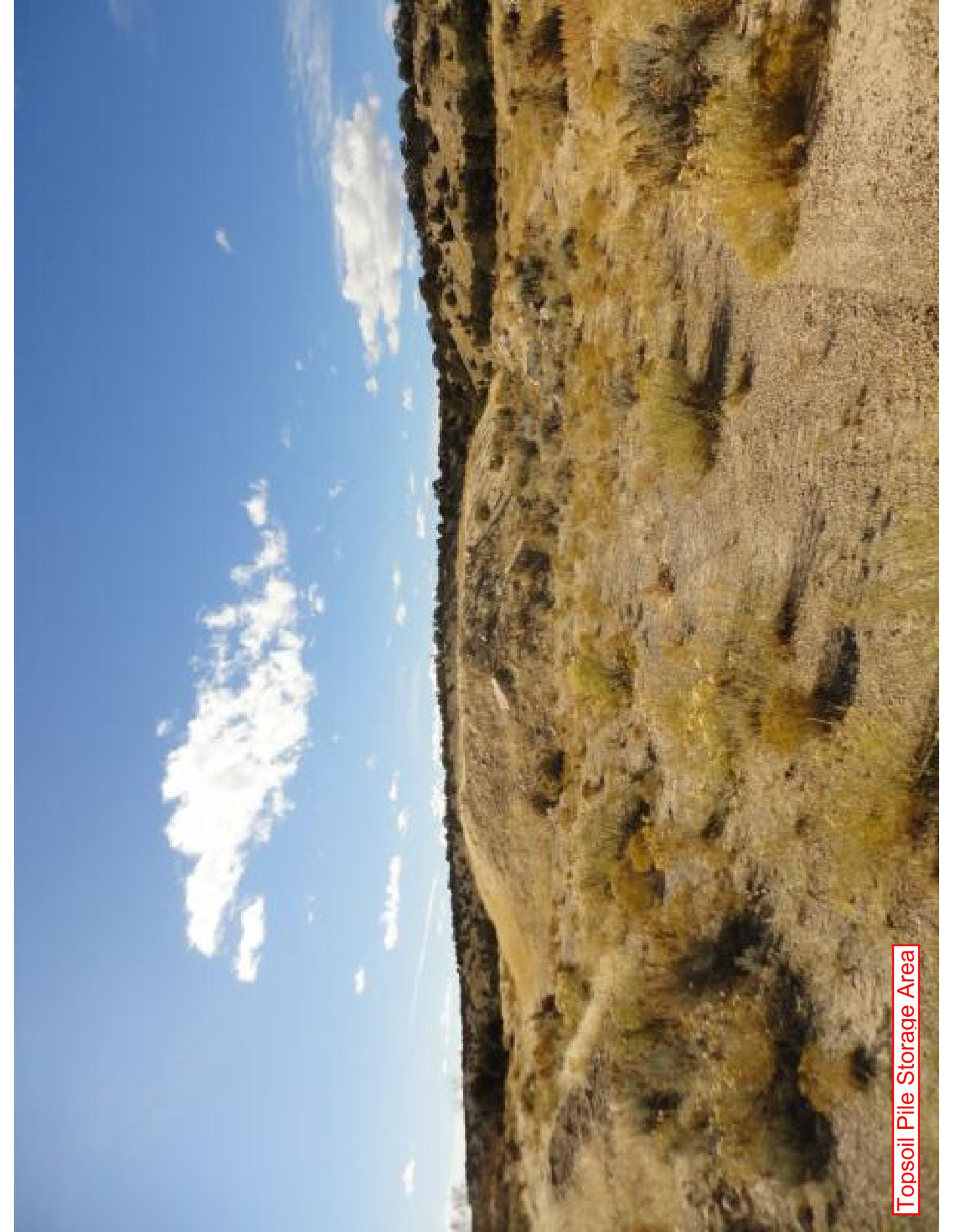
Refuse Expansion Sediment Pond



Topsoil Pile Storage Area



Topsoil Pile Storage Area



Topsoil Pile Storage Area