



# 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, November 13, 2018
Start Date/Time:	11/13/2018 8:30:00 AM
End Date/Time:	11/13/2018 11:30:00 AM
Last Inspection:	Wednesday, October 10, 2018

Representatives Present During the Inspection:	
Company	Jay Marshall
OGM	Karl Houskeeper

Inspector: Karl Houskeeper,

Weather: Sunny, Temp. 33 Deg. F.

InspectionID Report Number: 6285

Accepted by: DHADDOCK

11/14/2018

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:

Date Tuesday, November 13, 2018

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 type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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, 2018 and expires on March 16, 2023. 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 Great Midwest Insurance Company, Policy # GL00169760. The Insurance is effective beginning February 1, 2018 and expires on February 1, 2019. 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.

Business license is from Carbon County, License #110 (Canyon Fuels Co. LLC., issued on 01/01/2018 and expires on 12/31/2018.

## **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 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. A new address needs to be posted along with new phone numbers. Materials have been ordered to update the signs.

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

Fourth quarter sediment pond inspection for the main sediment pond, Waste Rock #1 & #2 were done on 10/10/2018. No problems were noted.

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

The September 2018 discharge monitoring reports for the Dugout mine were reviewed. No problems were noted. The reports were submitted to DEQ electronically.

**5. Explosives**

The explosive storage area was checked. The magazines have signs identifying the area and are grounded. No explosives are currently stored on site. The magazines are empty.

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

Fourth quarter 2018 refuse pile inspection was done on 10/16/2018 and third quarter 2018 was done on 07/18/2018. No problems were identified on the reports. The roadways to the pile had been watered. The pile appeared stable. No hazardous conditions were observed. Some erosion was present on the exit road off of the refuse pile. This will be re-graded.

**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.



Refuse Expansion Area



CANYON FUEL COMPANY, LLC  
DUGOUT CANYON MINE  
223 North 5th Street, Suite 1000  
Grand Junction, Colorado 81501  
Tel. No. 970-263-3130  
MSHA REFUSE FILE 1271-UT-09-01810-01  
C-007-039

Identification Sign

**SPEED**



VISITS BY APPOINTMENT ONLY  
INQUIRIES? CALL ON PAGER PHONE



**ALL TRUCKS  
YIELD TO  
MINE  
EQUIPMENT**

  
**CANYON FUEL COMPANY, LLC**  
**DUGOUT CANYON MINE**  
North 5th Street, 9th Floor  
Grand Junction, Colorado 81501  
Tel. No. 970-263-5130  
**DUGOUT CANYON NO. 42-01890**  
C/007/039

**NO  
TRESPASSING**

**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!**

Identification Sign



Main Sediment Pond



Mine Site Overview



Explosive Storage Area



Topsoil Pile on top of Refuse Pile