



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:	Thursday, February 13, 2020
Start Date/Time:	2/13/2020 8:00:00 AM
End Date/Time:	2/13/2020 12:00:00 PM
Last Inspection:	Thursday, January 16, 2020

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

Inspector: Karl Houskeeper
 Weather: Clear Skies, Temp 26 Deg. F.
 InspectionID Report Number: 6624
 Accepted by: SCHRISTE
 3/2/2020

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		Mineral Ownership	Types of Operations
9,568.00	Total Permitted	<input checked="" type="checkbox"/> Federal	<input checked="" type="checkbox"/> Underground
106.88	Total Disturbed	<input checked="" type="checkbox"/> State	<input type="checkbox"/> Surface
37.00	Phase I	<input type="checkbox"/> County	<input type="checkbox"/> Loadout
19.00	Phase II	<input checked="" type="checkbox"/> Fee	<input type="checkbox"/> Processing
1.82	Phase III	<input type="checkbox"/> Other	<input type="checkbox"/> Reprocessing

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

Karl R. Houskeeper

Inspector's Signature:

Date Thursday, February 13, 2020

Karl Houskeeper,
 Inspector ID Number: 49



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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input 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, 2020 and expires on May 1, 2020. 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 01/01/2020 and expires on 12/31/2020.

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.

3. Topsoil

Topsoil and Subsoil from the area near Refuse Sediment Pond #1 was moved over a month ago to the surface of the refuse pile so that the refuse pile could be expanded to that area. This was documented in the January 16, 2020 partial inspection. At that time no signs or berms were on these piles. On today's complete inspection there are signs on the piles, but still no protection berms. Told the operators representative Sam Slaughter that the berms need to be installed by February 18, 2020 to avoid enforcement action.

A follow up site visit was on the afternoon of 02/18/2020 with Jay Marshall and Sam Slaughter to inspect the waste rock site to see if the berm installation around the topsoil and subsoil piles was completed. The berms are in place. No violation was issued. Pictures were taken to document the work and are attached to the PDF version of this inspection report.

4.a Hydrologic Balance: Diversions

Diversions at the mine site are still snow covered, but the flow path is obvious. Diversions at the waste rock site are open and functional.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment pond at the mine site contains water. Sediment pond #1 & #2 at the waste rock site are dry. Fourth quarter 2019 sediment pond inspections were conducted on November 11, 2019. All existing sediment levels are below the 60% sediment elevation That requires cleaning.

4.e Hydrologic Balance: Effluent Limitations

Discharges reports are submitted to DEQ electronically.

7. Coal Mine Waste, Refuse Piles, Impoundments

The refuse pile inspection for fourth quarter 2019 was conducted on November 11, 2019. No problems were noted. The site was actively receiving material in the new expansion area by sediment pond #1.

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

891 SOUTH MORICE STREET
SUITE 202
SANDY UTAH 84070
TEL: 801-986-9800

MSHA REFUSE PILE 1211-UT-09-01890-01
C/007/039

Identification Sign



Refuse Expansion Area

NO SOLICITING
VISITS BY APPOINTMENT ONLY
INQUIRIES? CALL ON PAGER PHONE



**COAL TRUCK
SPEED LIMIT**
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CANYON FUEL COMPANY, LLC
DUGOUT CANYON MINE
415 SOUTH MONROE STREET
SUITE 203
SANDY, UTAH 84070
TEL: (801) 995-9107
DUGOUT CANYON NO. 42-01890
C/007/039

**ALL TRUCKS
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!

NOTICE
ALL VISITORS
VENDORS MUST
REPORT TO
MINE MONITOR
PERSONNEL
UPON
ARRIVAL

Identification Sign



Main Sediment Pond



Mine Site Overview



Topsoil/Subsoil Pile on top of Refuse Pile



Topsoil/Subsoil Pile on top of Refuse Pile



Topsoil/Subsoil Pile on top of Refuse Pile



New Expansion area of Refuse Pile Where Topsoil/Subsoil piles Were Removed From



Topsoil/Subsoil Pile on top of Refuse Pile. Berm installation To Avoid NOV 02/18/2020



Topsoil/Subsoil Pile on top of Refuse Pile. Berm installation To Avoid NOV 02/18/2020



Topsoil/Subsoil Pile on top of Refuse Pile. Berm installation To Avoid NOV 02/18/2020



Topsoil/Subsoil Pile on top of Refuse Pile. Berm installation To Avoid NOV 02/18/2020