



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 4, 2020
Start Date/Time:	8/4/2020 6:30:00 AM
End Date/Time:	8/5/2020 10:00:00 PM
Last Inspection:	Wednesday, July 15, 2020

Representatives Present During the Inspection:	
Company	Vicky Miller
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Smokey/Hazy Skies, Temp. 95 Deg. F.

InspectionID Report Number: 6737

Accepted by: SCHRISTE
9/14/2020

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

9,568.00	Total Permitted
106.88	Total Disturbed
37.00	Phase I
18.95	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:

The Dugout Complete Inspection spanned a two day period, August 4 & August 5, 2020. August 4, 2020 inspection was of the degas holes associated with Dugout. August 5, inspection was for the mine site and waste rock site. Vicky Miller with Wolverine accompanied the Division inspector on both days.

The Dugout Mine Site is in cessation. The fan and underground pumps have been shut off. Portals are sealed with gating to prevent access. The smaller sub-station #2 is being removed from the mine site. This substation provided power to the de-commissioned fan.

The waste rock site was inactive for operation and reclamation activities.

Pictures were taken and are attached to the PDF version of this inspection report. Attachment A depicts Pace Canyon Portals, Fan Shaft and the Degas Holes. Attachment B depicts the Dugout Mine Site and Waste Rock Site.

Inspector's Signature:

Date Wednesday, August 5, 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 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 checked="" 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 checked="" 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, 2020 and expires at midnight on August 31, 2025..

Insurance coverage is through Imperium Insurance Company. The Insurance is effective beginning May 1, 2020 and expires on May 1, 2021. 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 leading into the permit areas associated with the Dugout Mine were checked at numerous places. Signs were posted at the mine site, waste rock site, topsoil storage pile area, Pace Canyon Port/Fan Shaft Area, Degas Sites. The signs post the name Address, phone number and mining permit number for the Dugout Operations. The signs are in compliance.

3. Topsoil

Topsoil piles at Pace Canyon, Dugout Topsoil Storage Area, Waste Rock Site and some locations at Degas sites were checked during the course of the complete inspection. Protection for these piles I provided by vegetation and earthen berms. No problems were noted. The topsoil piles located at Pace Canyon were free of thistle .

4.a Hydrologic Balance: Diversions

The diversions at the Dugout Mine Site and Waste Rock Site were all open and functional according to design.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The main sediment pond located at the mine site contained water. The two sediment ponds located at the waste rock site were dry. Embankments at all sediment ponds were checked and found to be stable.

Second quarter 2020 sediment pond inspections were conducted on May 6, 2020. No problems were noted on the inspection reports.

4.e Hydrologic Balance: Effluent Limitations

No problems were noted with the discharges. Storm water permit are now going to be separated from the UPDES permit. A separate permit will be issued by DEQ.

5. Explosives

The explosive storage area was checked during the complete inspection. The area has proper signs posted in accordance with the regulations and the magazines are grounded against a lightning strike.

7. Coal Mine Waste, Refuse Piles, Impoundments

The waste rock pile is well graded, compacted and sloped. The site was not active at the time of the complete inspection and has been inactive for about two weeks. Reclamation of the out slopes and partial top of the pile is temporarily suspended.

Second quarter 2020 refuse pile inspection was done on May 6, 2020. No problems were noted on the inspection report.

8. Noncoal Waste

The Dugout Mine Site, Waste Rock Site, Topsoil Storage Area and degas sites were free of noncoal waste items.

16.a Roads: Construction, Maintenance, Surfacing

One portion of the AMV road was not traversed do to the depth of the water bar and potential to high center and/or damage the vehicle.

18. Support Facilities, Utility Installations

The mine fan has been shut down. The sub-station that provided power to the fan is being disassembled and removed from the mine site. This sub-station is sub-station number two, which is the smaller of the sub-stations.

The underground water pumps have been shut off and the portal entrances at the Dugout Mine are covered with gating.

The Pace Canyon Portal has a permanent seal installed in accordance with MSHA design and approval. The fan shaft at Pace Canyon has been completely filled/plugged and then a concrete cap has been poured over top of the shaft in accordance with BLM requirements.

Degas sites were visited as part of the complete inspection. The sites looked good and were well vegetated. The fences around the degas sites were in good shape. No thistle was observed on any of the degas sites.

Pictures were taken of the Pace Canyon Portal/Fan Shaft Area and degas sites and are attached to the PDF version of this complete inspection as Attachment A.

Pictures of the Dugout Mine Site and Dugout Waste Rock Site were taken and are attached as Attachment B to the PDF version of this complete inspection report.

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.

ATTACHMENT B – Photos Dugout August 5, 2020 site visit



PHOTO 1

Dugout Waste Rock Site Overview



PHOTO 2

Dugout Waste Rock Site Overview



PHOTO 3

Dugout Waste Rock Site Identification Sign



PHOTO 4

Dugout Mine Site Identification Sign

ATTACHMENT B – Photos Dugout August 5, 2020 site visit



PHOTO 5

Dugout Sediment Pond



PHOTO 6

Dugout Mine Overview



PHOTO 7

Dugout Explosive Storage Area



PHOTO 8

Dugout Water Tanks

ATTACHMENT B – Photos Dugout August 5, 2020 site visit

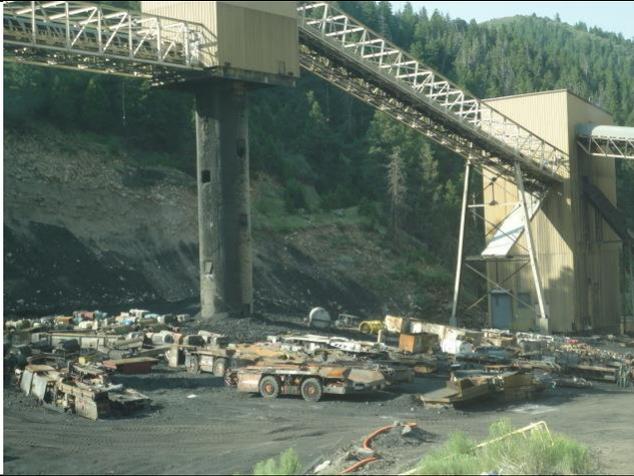


PHOTO 9

Dugout Mine Overview



PHOTO 10

Dugout Travel Portal Closure



PHOTO 11

Dugout Sub-Station Removal (#2 Smaller Sub-Station for Fan)



PHOTO 12

Dugout Waste Rock Site Overview

ATTACHMENT B – Photos Dugout August 5, 2020 site visit



PHOTO 13

Dugout Waste Rock Site Topsoil Pile



PHOTO 14

Dugout Waste Rock Site Overview

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 1

Dugout Degas Identification Sign



PHOTO 2

Pace Canyon Portal



PHOTO 3

Pace Canyon Portal Seal



PHOTO 4

Pace Canyon Generator Pad

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 5

Pace Canyon Fan Motor House



PHOTO 6

Pace Canyon Topsoil Pile



PHOTO 7

Pace Canyon Fan Shaft Concrete Cap



PHOTO 8

Pace Canyon Fan Shaft Concrete Cap/Fan Housing

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 9

Pace Canyon Fan Shaft Monitoring Pipes (Pressure & Depth)



PHOTO 10

Pace Canyon Additional Topsoil Pile



PHOTO 11

Degas G-12



PHOTO 12

Degas AMV Road

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 13

Degas G-19



PHOTO 14

Degas G-19



PHOTO 15

Degas Road Water Bar To Deep To Pass Through



PHOTO 16

G-11 Site (No Hole/Topsoil & Subsoil Storage)

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 17

Thayn Cabin/Drinking Water Quality Spring



PHOTO 18

Degas G-25



PHOTO 19

Degas G-18



PHOTO 20

Degas G-26

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 21

Degas G-31



PHOTO 22

Degas G-30



PHOTO 23

AMV Road G-31 Left Side & G-18 Right Side (Upper)



PHOTO 24

Degas G-15 (Never Drilled/Reclaimed)

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 25

Degas G-13
(Road Dissects. Left Side Looking Up Canyon)



PHOTO 26

Degas G-13
(Road Dissects. Right Side Looking Up Canyon. Blue Spruce)



PHOTO 27

Degas G-17
(Aspen Trees Were Left during Construction and Operation)



PHOTO 28

Degas G-16

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 29

Degas G-7



PHOTO 30

Degas G-2



PHOTO 31

Degas G-6



PHOTO 32

Degas G-5

ATTACHMENT A – Photos Dugout Degas August 4, 2020 site visit



PHOTO 33

Degas G-9



PHOTO 34

Degas G-10