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DIV. OF OIL, GAS & MINING

September 21, 2016

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, UT 84114-5801

Re: 3rd Quarter Pond and Waste Rock Inspections, Fossil Rock Mine

Dear Sirs:

Please find enclosed with this letter the 3rd Quarter inspections of the ponds and waste rock site for the Fossil Rock Mine.

If you have questions or need addition information please contact Vicky Miller at (435)286-4481.

CANYON FUEL COMPANY, Fossil Rock Mine



Rick Parkins  
General Manager

Encl.

cc: DOGM Correspondence File

Fossil Rock Resources, LLC - Fossil Rock Mine

Waste Rock Sediment Pond Quarterly Inspection Report

Inspector Vicky Miller Date 9/15/16

- 1. Dam Structural Weakness Action Required
  - A. Cracks or scarps on crest \_\_ Yes  No  
None Observed
  - B. Cracks or scarps on slope \_\_ Yes  No  
None Observed
  - C. Sloughing or bulging on slope \_\_ Yes  No  
None Observed
- 2. Major Erosion Problems \_\_ Yes  No  
None Observed , Pond has been dry the majority of the quarter.
- 3. Surface Movements of Surrounding Slopes \_\_ Yes  No  
Not Observed
- 4. Visible Sumps or Sinkholes in Slurry Surface \_\_ Yes  No  
None Observed
- 5. Clogging
  - A. Spillway channels and pipes \_\_ Yes  No  
Channels and pipes clear
  - B. Decant System \_\_ Yes  No  
Clear and Operational



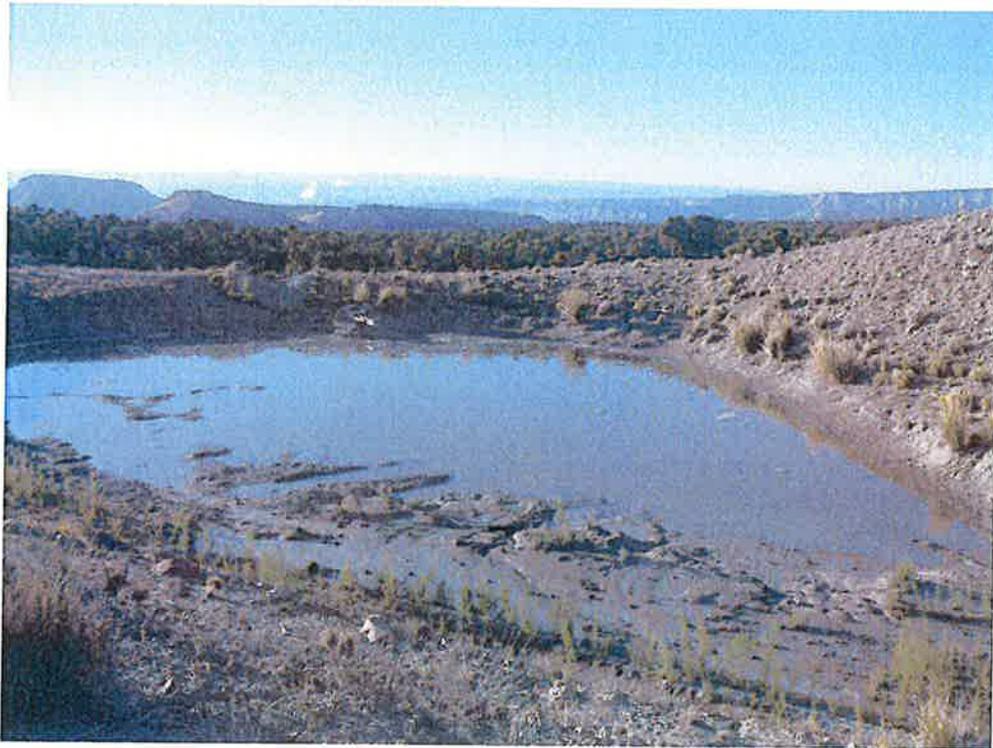
C. Diversion ditches were checked on 9/7 and 9/15 following storms in the area. Culverts and ditches were cleaned of sediment where needed. One silt fence will require cleaning once it dries out sufficient to get hand or mechanical equipment to the fence location.

6. Seepage (Specify Location, Color and Approx. Volume)     \_\_ Yes X No

7. Any appearance of instability, structural weakness, or  
other hazardous conditions                   \_\_ Yes X No

8. Other Comments

The pond collected approximately 8 inch of water from a storm on 9/12.



Fossil Rock Resources, LLC - Fossil Rock Mine  
Mine Site Sediment Pond Quarterly Inspection Report

Inspector Vicky Miller Date 9/20/16

1. Dam Structural Weakness Action Required

A. Cracks or scarps on crest \_\_ Yes X No

None Observed

B. Cracks or scarps on slope \_\_ Yes X No

None Observed

C. Sloughing or bulging on slope \_\_ Yes X No

None Observed

2. Major Erosion Problems \_\_ Yes X No

None Observed

3. Surface Movements of Surrounding Slopes \_\_ Yes X No

Not Observed

4. Visible Sumps or Sinkholes in Slurry Surface \_\_ Yes X No

None Observed

5. Clogging

A. Spillway channels and pipes \_\_ Yes X No

Channels and pipes clear

B. Decant System \_\_ Yes X No

Clear and Operational

C. Diversion ditches were checked on 9/7 and 9/15 following storms in the area. Culverts and ditches were cleaned of sediment where needed.



6. Seepage (Specify Location, Color and Approx. Volume)

Yes  No

7. Any appearance of instability, structural weakness, or other hazardous conditions

Yes  No

8. Other Comments

Storms on 9/3 and 9/12 put approximately 14 inches of water into the pond.  
Pond was not discharging during inspections.



**State of Utah**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Division of Oil, Gas & Mining**

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**Quarterly Inspection Form - Refuse Disposal Areas**  
 (please provide to DOGM promptly after inspection is complete)

Permit Number : C/015/009 Inspection Date : 9/15/16  
 Mine Name : Fossil Rock Mine Quarter / Year : 3rd / 2016  
 Mine Operator (Permittee) : Fossil Rock Resources, LLC Inspector Name : Vicky Miller  
 MSHA ID # : 1211-UT-09-02052-04 Inspector Signature : \_\_\_\_\_  
 Facility Name / Location / Address : Fossil Rock Waste Rock Site

1. Describe any changes in the geometry of the structure (as well as instrumentation, if any, used to monitor changes):  
The final design elevation will be approx. 6,850 ft. Storage Capacity quantities provide by Keenan Storrar of DOGM

2. Lift Height / Thickness Avg 2' Maximum 2' # \_\_\_\_\_ Elevation of Active Benches 6803  
 3. Vertical Angle of Outslope(s) / Location(s) where measured 2.57H:1V / South slope  
 4. Total storage capacity: 784,000 cy appx. Remaining storage capacity 501,760 cy appx. Volume placed during year: 0  
 5. Describe foundation preparation (including removal of vegetation, stumps, topsoil, and all other organic material):  
Due to new ownership of the existing pile, an assumption has been made that the foundation was prepared according to the approved plan.

6. Describe placement and compaction of fill materials (including an explanation of how compaction is confirmed):  
No material placed this quarter. The surveyed elevation at the center of the active lift was 6,803.31 ft. (2015 PacifiCorp) Pile elevation will be resurveyed once re-mining of the pile has been completed

7. Is there any evidence of fires or burning on the structure? (If YES, specify extent, location, and abatement/extinguishment of such fires):  
No

8. Describe placement of under drains, protective filter systems, and final surface drainage systems (report any seepage, including location, color, flow):  
Not applicable.

9. Describe any appearances of instability, structural weakness, or other hazardous conditions:  
No material placed since transfer of permit.

10. Please provide any other information pertaining to the stability of the structure (attach any photos taken during the inspection)

Are there cracks or scarps in crest?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	<u>NA</u>
Is there any detectable sloughing or bulging?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	<u>NA</u>
Do slope erosion problems exist?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	<u>No change since permit transfer in 2015</u>
Cracks or scarps in slope?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	<u>No change since permit transfer in 2015</u>
Surface movements? (valley bottom, hillsides)	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	<u>No change since permit transfer in 2015</u>
Erosion of toe?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	<u>No change since permit transfer in 2015</u>
Water impounded by structure?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	<u>No change since permit transfer in 2015</u>
Are diversion ditches stable?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
Is drainage positive?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
Could failure of structure create an impoundment (provide description)?	<u>NA</u>		

Are design standards established within the mining and reclamation plan for the disposal facility being met?  
To the best of our knowledge. Pile is in the process of being re-mined, the outslopes of the pile appear to be stable and pile area will be resurveyed upon completion.

Proctor Determination NA

I hereby certify that: I am experienced in the construction of earth and rock fills; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of earth and rock fills in accordance with structure; that the fill structure has been maintained in accordance with the approved design and meets or exceeds the minimum design requirements under all applicable federal, state, and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

(place P.E. certification below)