

March 23, 2017

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

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DIV. OF OIL, GAS & MINING

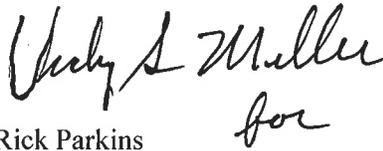
Re: 1st Quarter Pond and Waste Rock Inspections, Fossil Rock Mine

Dear Sirs:

Please find enclosed with this letter the 1st Quarter inspections of the Fossil Rock Waste Rock Site and the waste rock site pond. In addition the inspection for the mine site pond is included

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

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

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
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Quarterly Inspection Form - Refuse Disposal Areas

(please provide to DOGM promptly after inspection is complete)

Permit Number :	<u>C/015/009</u>	Inspection Date :	<u>3/15/17</u>
Mine Name :	<u>Fossil Rock Mine</u>	Quarter / Year :	<u>1st / 2017</u>
Mine Operator (Permittee) :	<u>Fossil Rock Resources, LLC</u>	Inspector Name :	<u>Vicky Miller</u>
MSHA ID # :	<u>1211-UT-09-02052-04</u>	Inspector Signature :	
Facility Name / Location / Address :	<u>Fossil Rock Waste Rock Site</u>		

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
The material salvaged from the site was approximately 42,198 Tons in 2016, no material has been salvaged in 2017 to date

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)

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.

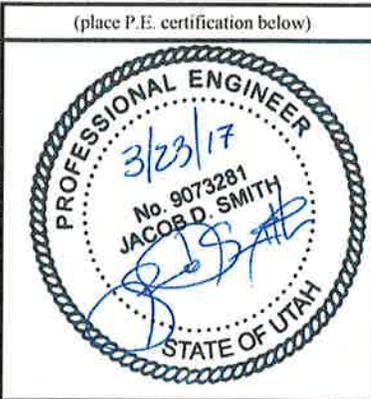
10. Please provide any other information pertaining to the stability of the structure (attach any photos taken during the inspection)

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"/>	
Cracks or scarps in slope ?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
Surface movements? (valley bottom, hillsides)	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
Erosion of Toe ?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
Water impounded by structure ?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
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

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.



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

Inspector Vicky Miller Date 3/15/17

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

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 and culverts were checked and cleaned where needed to allow flow to the pond.

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

Pond contained water and some of the site ditches were flowing to the pond at time of inspection. The pond was discharging and a sample was taken. There was still snow on the ground over about 30% of the site and in some of the ditches and culvert inlets.





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

Inspector Vicky Miller Date 3/15/2017

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

Pond has water in it, when the pond was checked on 3/9 and 3/15 it was not discharging.

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, the relocated one on the waste rock site appears to be functioning as designed. Culverts and ditches were cleaned of sediment where needed earlier in the quarter, however they will receive additional work once spring runoff is complete .
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 - The pond was approximately 2/3 full at the time of the inspection.

