



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

Partial: Complete: XXX Exploration:
Inspection Date & Time: 11/28/2001 11AM to 5PM
Date of Last Inspection: 10/31/2001

Mine Name: Bear Canyon Mine County: Emery Permit Number: C/015/025
Permittee and/or Operator's Name: Co-Op Mining Company
Business Address: P.O. Box 1245, Huntington, Utah 84528
Type of Mining Activity: Underground XXX Surface Prep. Plant Other
Company Official(s): Charles Reynolds
State Official(s): Mike Sufлита Federal Official(s): None
Weather Conditions: Cold 35 degrees, cloudy, calm
Existing Acreage: Permitted 3336.18 Disturbed 36.4 Regraded Seeded
Status: Active XXX

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 N/A.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

Table with 4 columns: EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include categories like PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; SIGNS AND MARKERS; TOPSOIL; HYDROLOGIC BALANCE; EXPLOSIVES; DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES; COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS; NONCOAL WASTE; PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES; SLIDES AND OTHER DAMAGE; CONTEMPORANEOUS RECLAMATION; BACKFILLING AND GRADING; REVEGETATION; SUBSIDENCE CONTROL; CESSATION OF OPERATIONS; ROADS; OTHER TRANSPORTATION FACILITIES; SUPPORT FACILITIES/UTILITY INSTALLATIONS; AVS CHECK; AIR QUALITY PERMIT; BONDING & INSURANCE.

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The Operator delivered to me clean copies of the approved (11/3/2001) Ballpark Amendment for transport to SLC. Next week they will submit the amendment to install a new culvert in Bear Creek. By the end of the year they expect to submit a Phase 2 of Wild Horse Ridge for installing portals in the Tank Seam. This will probably be an Incidental Boundary Change involving about 2 acres, but will require all the Division disciplines. Next Spring, a number of amendments are expected involving other Federal Leases and permit boundary changes. These involve the Forest Service and an EA or EIS may be involved.

The SPCC Plan was reviewed and found to be last certified in 08/00. It's due to be re-certified in 08/03. The plan was not signed by senior management and this will need to be done in the provided lines.

There are no Forest Service special use permits for Bear Canyon Mine.

2. SIGNS AND MARKERS

Additional disturbed area markers have been installed in the new construction area for Wild Horse Ridge.

Since the new construction is in an ephemeral stream, Stream Buffer Zone signs are not required. However, the stream length below SBC-14 is perennial since the spring there provides base flow. Stream Buffer Zone signs have been installed on the road there. One more sign will be hung on the conveyor belt when it's constructed over SBC-14.

Three substitute topsoil signs have been installed around the pile below the coal stockpiles. Topsoil piles all have appropriate signs. The main entrance road has a sign for the mine that contains all required information. Stream Buffer Zone signs are in place along all perennial streams at the site.

Blasting warning signs are located at the main entrance to the mine, at the road entrance leading to the new construction, and in the immediate areas of the blasting. These signs were observed on this inspection as well as the last one.

3. TOPSOIL

Topsoil piles along the Tank Seam Road are signed and in good condition. No erosion was observed and vegetation looked OK. The new topsoil pile for Wild Horse Ridge is nearly full and will have a ditch to divert road flow around it and signs installed next week.

To correct conditions at the substitute topsoil pile beneath the coal piles, the Operator has proposed a plan which will be implemented in the Spring. This is necessary since winter snows now cover the site. The plan involves: 1) removing coal pieces and vacuuming the dust from the substitute topsoil pile,

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2) surface preparation and seeding the pile using the MRP-approved seed mix, and 3) installing multiple cutoff switches on the coal stacking tube. These switches will automatically stop the coal conveyor from discharging coal before the coal reaches the edge of the pad. This was felt to be less expensive and more reliable than berms or concrete barriers at the edge of the piles.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The corrugated metal culvert on the road below (approaching) the coal stockpiles has been cleaned; however, the inlet is still partially crushed. Although repair was attempted, more work needs to be done to complete the job.

All culvert inlets were found to be clear as were all ditches. This includes the culvert inlet mentioned last month as needing cleaning. The ditch leading to the main road underpass culvert has had concrete added to the inlet to that culvert. This adds height and considerable strength to the ditch. Although the ditch conforms to regulations, the Inspector (me) was concerned that a failure at this point would cause offsite impacts since a stream is adjacent. The Operator agreed and voluntarily added this concrete reinforcement.

One culvert on the Tank Seam road has a flexible conduit on the outlet end that has come loose. This will need to be repaired.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Sediment pond A is at the point it will need cleanout in the spring. The sediment is nearly up to the 60% cleanout marker on the sediment depth pipe. Embankments were in good condition as were the primary and emergency spillways. A PE-certified inspection report is on file for the pond right after it was cleaned out on 8/31/00.

Pond B had water discharging into it; however, had not filled to the point of discharging through the primary spillway. The water level was about 2 feet below the emergency spillway. This is a full-containment pond. Embankments were in good condition as were the primary and emergency spillways. A PE-certified inspection report is on file for the pond right after it was cleaned out on 12/20/00. The pond does not need immediate cleanout.

Pond C was completely dry and vegetation indicates it has not had water in it for some time. According to Mr. Reynolds, this pond has never discharged under normal operating conditions. Embankments were in good condition as were the primary and emergency spillways. A PE-certified inspection report is on file for the pond right after it was cleaned out on 12/20/00. The pond does not need immediate cleanout.

Pond D will be installed at the upper end of the Wild Horse Ridge construction site in the coming weeks. There are two sediment traps in that canyon. The lower one is constructed, complete with a rip-rapped outlet channel. It's larger than the approved trap, but that's good. The upper trap, located at the coal storage pile, has not been constructed yet.

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4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

Three Alternate Sediment Control areas were inspected and found to be in good condition. These are areas between upper and lower roads. The vegetation is as good or better than surrounding natural areas.

4D. HYDROLOGIC BALANCE: WATER MONITORING

Second quarter water monitoring has been uploaded to the Division and third quarter data will be uploaded tomorrow. Referencing pages 7-55 and 7-32 in the MRP, all required water monitoring parameters are being reported. This includes field and laboratory parameters. Hard copies of the lab reports were reviewed and found to be in order and complete.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The EPA monthly Discharge Monitoring Reports have been submitted for the last quarter. No parameters have been exceeded since there were no discharges from any of the three sediment ponds. UPDES Permit, UTG0400060, is current and is to be renewed on 04/30/03.

5. EXPLOSIVES

Surface blasting records were reviewed and found to be current and complete. Records were available showing blasting on 8/15, 9/4, 9/5, 9/9, 9/14, 9/18, and 9/25. This inspector was present and witnessed the blasts on 9/18 and 9/25 and was able to verify the correctness of those records.

There are two structures for explosives storage. One is for detonator caps and one is for the explosives themselves. Both structures are made of welded steel plate and have screened upper and lower ventilation ports. The doors have welded cables to electrically connect them to the building and the building is connected to an earthen grounding rod. Both are locked with two padlocks protected by housings to prevent vandalism and protect locks from the weather.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

There are no waste rock piles or facilities at the mine site. Any waste rock generated is blended into the coal product or used as roadbase on the mine roads. The Wild Horse Ridge amendment authorizes the mine to use the waste rock pile at Hiawatha Mine, but this has not been done yet.

8. NONCOAL WASTE

The mine site was found to be clear of non-coal waste.

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

The last raptor survey was done in 5/2001 and showed two active golden eagle nests just east and west of the mine. It appears the mine will not impact the birds.

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10. SLIDES AND OTHER DAMAGE

No slides or other damage have occurred at the mine site in the last quarter.

11. CONTEMPORANEOUS RECLAMATION

Seeding and installation of erosion control matting is proceeding along with the new construction of the Wild Horse Ridge addition. The area near SBC-14 is about one-third done while overall the new construction is about 10% seeded.

12. BACKFILLING AND GRADING

Construction areas are being backfilled and graded according to the approved plan. Some areas are sufficiently completed to be seeded and have erosion control matting in place.

13. REVEGETATION

See notes under Contemporaneous Reclamation above. A copy of the tag was obtained from the seed bags being used for the Wild Horse Ridge work. This was given to Susan White, Division Biologist, to confirm it meets the approved seed mix.

14. SUBSIDENCE CONTROL

Ground work for the subsidence data was completed in September. Calculations will be finished in December for inclusion in the Annual Report.

15. CESSATION OF OPERATIONS

Although the mine itself is still operational, mining has ceased in Bear Canyon # 2 Mine in the Tank Seam. The portal is sealed. Equipment has been moved down from the #2 mine for use in the Hiawatha Seam and in the new Wild Horse Ridge mine. Reclamation of the Tank Seam road will commence next spring. Although the MRP has an approved Reclamation Plan for the area, the Operator will notify the Division before reclamation begins.

16A. ROADS: CONSTRUCTION/MAINTENANCE/SURFACING

All roads had been recently graded and were in good condition.

16B. ROADS: DRAINAGE CONTROLS

All roadside ditches had been recently graded and cleaned out. As mentioned under section 4a. above (Diversion), one flexible connector on the outlet end of a culvert under the Tank Seam Road needs maintenance.

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17. OTHER TRANSPORTATION FACILITIES

The two new towers approved in the latest amendment are partially installed. The coal storage bin is being constructed for the Wild Horse Ridge project. The sloping bin is in place, but much work on the support structure remains to be done. The uppermost concrete pad for the conveyor system has been placed. The concrete culvert under this uppermost pad is essentially complete, but needs a few more pipe sections. The Operator estimates about two weeks to complete this uppermost pad and install sediment pond D.

There are three new conveyor belt sections in the new construction. Number 1, the lowest, has yet to be begun. Number 2, the middle section, is completely installed and only needs electric power to be added. All the top and side covers are installed and the lower pan to collect coal fines is installed. Number 3, the upper most section, is about 10% complete with tower installation proceeding.

19. AVS CHECK

A check of the AVS system showed no outstanding Notice of Violation. The last NOV was in February of 2001, which has been resolved. The last one before that was in 1995.

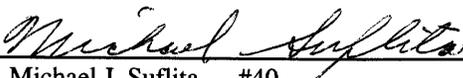
20. AIR QUALITY PERMIT

Air Quality Permit DAQE 862-99 was issued in 10/29/99. There is no renewal date. Although there was snow on the ground, there was no evidence of violation of air quality standards.

21. BONDING AND INSURANCE

A Performance Bond in the amount of \$1,825,000 is in force as of 6/28/2001 from Lyndon Property Insurance Co.

A Certificate of Liability Insurance is in force from Federal Insurance Co. **It expires 01/01/02, which is only a month away. A new liability insurance certificate will be needed.** I notified Ms. Grubaugh-Littig to be sure this matter is not missed by the Division. Coverage of the current policy is: Each Occurrence \$1,000,000, Fire Damage \$100,000, Med Exp \$10,000, Personal & Adv Injury \$1,000,000, General Aggregate \$2,000,000, and Products-Comp/Op Agg \$1,000,000.

Inspector's Signature: 
Michael J. Suflita #40

Date: November 29, 2001

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Wendell Owen, Co-Op Mining
Price Field office

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