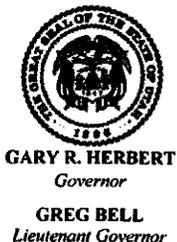


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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0150025
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, February 01, 2012
Start Date/Time:	2/1/2012 8:30:00 AM
End Date/Time:	2/1/2012 1:00:00 PM
Last Inspection:	Tuesday, January 10, 2012

Representatives Present During the Inspection:	
Company	Jaren Jorgensen
OGM	Karl Houskeeper

Inspector: Karl Houskeeper
Weather: Overcast, Temp. 32 Deg. F.
InspectionID Report Number: 3001

Accepted by: jhelfric
2/14/2012

Permittee: **CASTLE VALLEY MINING LLC**
Operator: **CASTLE VALLEY MINING LLC**
Site: **BEAR CANYON MINE**
Address: **2352 NORTH 7TH STREET, UNIT B, GRAND JUNCTION CO 81501**
County: **EMERY**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages	
10,991.83	Total Permitted
40.46	Total Disturbed
	Phase I
	Phase II
	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:

Inspector's Signature: _____

Karl Houskeeper

Date Wednesday, February 1, 2012

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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 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 current DOGM permit C/015/0025 on file was issued effective 12/16/2010 and expires 11/02/2015 to Castle Valley Mining LLC.

-Certificate of Insurance policy number GL0936045 through National Union Fire Ins Co., issued 12/01/2010 and terminates 06/01/2012.

-UPDES permit # UTG040000(UTG040006) effective 08/01/2008 and expires @ midnight 04/30/2013. Permit transferred to Castle Valley Mining LLC. On 08/25/2010.

-Air Quality permit DAQE-145-02, issued February 22, 2002. Permit transferred to Castle Valley Mining LLC 09/20/2010.

-SPCC Plan dated January 2011. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E on 01/25/2010.

2. Signs and Markers

The mine identification sign is located at the gate entrance into the permit area. The sign contains the required information.

4.a Hydrologic Balance: Diversions

The diversion adjacent to the lump coal storage area needs to be cleaned and the berm augmented.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The annual 2011 and third quarter 2011 pond inspections were combined and done on 08/01/2011. The fourth quarter 2011 pond inspections were done on 11/21/2011.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for October, November and December 2011 were reviewed. Outfall 004 is the only outfall that discharged. No parameters exceeded the threshold limits.

8. Noncoal Waste

Noncoal waste was observed outside of the approved storage container. Material is visible around the base of the dumpster. Material needs to be gathered and placed inside of the dumpster.

20. Air Quality Permit

The air permit DAQE-GN0102400005-10 was transferred into Castle Valley Mining LLC. Name on 09/20/2010.

21. Bonding and Insurance

Surety Bond # 929518448 is posted in the amount of \$1,830,000 for Castle Valley Mining LLC.