



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:	PARTIAL
Inspection Date:	Wednesday, February 10, 2016
Start Date/Time:	2/10/2016 10:00:00 AM
End Date/Time:	2/10/2016 11:00:00 AM
Last Inspection:	Wednesday, January 20, 2016

Representatives Present During the Inspection:	
Company	Jaren Jorgensen
OGM	Joe Helfrich

Inspector: Joe Helfrich

Weather: Sunny 29

InspectionID Report Number: 5439

Accepted by: JHELFRIC

2/18/2016

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
35.02	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:

The purpose of this site visit was to conduct a partial inspection at the Bear Canyon mine.

Inspector's Signature:

Joe Helfrich,
Inspector ID

Date Thursday, February 11, 2016



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 type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

Four documents regarding phase I and II bond release and revised bond amounts for the Bear Canyon mine are included in this report. They include:
Final approval Phase I and II Task 4402 January 13, 2014 ;
Conditional Approval Midterm Task 4462 January 15, 2014:
Coal Bonds as of 12/31/2015 and:
Bond Total Summary.XLS

18. Support Facilities, Utility Installations

Two areas along the conveyor for the number three mine were inspected, they were the slope under the conveyor leading to the transfer point and the area under the conveyor upstream from where the access road to the # 3 and 4 mines crosses under the conveyor. Mine personnel continued clean-up efforts in these areas until weather conditions precluded access in late November. Clean-up efforts will resume when weather conditions allow access to these areas. Photographs are included in this report.



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

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JOHN R. BAZA
Division Director

January 13, 2014

Tony Welch, Resident Agent
Castle Valley Mining, LLC
5550 W Bear Canyon Road
Huntington, Utah 84528

Subject: Final Approval of Phase I & II bond release of the Tank Seam Road, Upper Storage Pad and Portal Pad Access Area. C/015/0025. Task ID #4402

Dear Mr. Welch:

The Division has approved Phase I & II bond release on 5.62 acres. We received concurrence from OSM on December 4, 2013. The clean copies of the application submittal were received by the Division on January 3, 2014.

While the Division is approving Phase II bond release on the 5.62 acres, we are not approving the release of any bond funds. The amount of bond required for the entire site has increased due to updating unit costs, bond re-evaluation, and escalation and the bond that would have been released is being reapportioned to those costs.

A stamped incorporated copy of the approved plans are enclosed for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
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January 15, 2014

Tony Welch, Resident Agent
Castle Valley Mining, LLC
5550 W. Bear Canyon Road
Huntington, Utah 84528

Subject: Conditional Approval of Midterm Completion Response, Task ID #4462, Fan and Substation Upgrades, Task ID #4451 and Bond Release Fan & Substation Upgrades, Task ID #4452, Bear Canyon Mine, Castle Valley Mining, LLC, C/015/0025

Dear Mr. Welch:

The above-referenced amendments are approved conditioned upon receipt of 2 clean copies prepared for incorporation of the following documents:

1. Chapter 5 Revisions, submitted with the Midterm Completion Response
2. Chapter 7, pages 7-53, 7-56, 7-60, 7-60A and 7-90, submitted with the Midterm Completion Response
3. Plate 7-11, submitted with the Midterm Completion Response
4. Appendix IH3 & IH4, submitted with the Midterm Completion Response. Appendix IH3 & IH4 will require revision prior to submittal of the clean copies. Please see the attached deficiency report for the required revisions.
5. The Bond Reclamation Calculations based on the approved bond amount \$2,092,000 submitted as part on the Bond Release Fan & Substation Upgrades.
6. A properly certified surface facilities map, to include the fan and substation upgrades.

Please submit these copies by February 21, 2014.

If you have any questions about the Bond Reclamation Calculations or surface facilities map submittal requirements, please call James Owen at (801)538-5306.

The above-referenced amendments are also conditioned upon posting additional bond. The current bond for the Bear Canyon Mine is a surety bond in the amount of \$1,830,000 posted with Western Surety Company #929518448(A). A rider to increase the bond \$262,000, for a total of \$2,092,000 is required. Please submit the attached Exhibit "D" along with surety rider to the Division. Contact Suzanne Steab, Bond Coordinator, at (801)538-5265, if you have any questions.

Page 2
Tony Welch
January 15, 2014

Once the conditions have been satisfied, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time for insertion into your copy of the Mining and Reclamation Plan. This modification does not necessitate an update to the Technical Analysis.

If you have any questions, please call me at (801) 538-5325 or Joe Helfrich at (801) 538-5290.

Sincerely,



Daron Haddock
Coal Program Manager

DRH/sqs
cc: Jaren Jorgenson, Castle Valley Mining, LLC
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COAL BONDS

Name of Project Permit Number	Disturbed Surface Acres	Present Bond Amount	Type of Bond Posted	Principal Holder* (Rating)	Year Date Posted (Ridered)	Cost per Acre	Comments
PacificCorp Deer Creek Mine C/015/0018	91.63	\$3,374,000	Surety	Travelers Casualty and Surety Company of America 103908970(A++)	9/01/94 (2/28/12)	\$36,822	Waste Rock Storage Added 9/88. Original Bond Amount - \$1,224,000; New Bond Submitted for PacificCorp 12/90. Ridered "termination" language 9/91; Increased from \$1,724,000 to include amendment changes 9/92; Disturbed Acreage Increased to 93.29 acres (2/14/93); Replaced 9/1/94. Ridered for escalation 8/26/96. Increased to \$3,000,000 rider eff. 12/1/100. St. Paul Fire & Marine Ins. Co. #400JN6140 still needs to be released. Bond adjusted to \$2,458,000 in 2004 dollars on 1/15/03. Bond adjusted for Rilda Surface Facilities on 7/26/05 to \$4,113,000. Phase II & III Bond Release of 9" East Portal decreased disturbed acreage .6 acres to 97.45 acres (1/18/11). Authorized a bond reduction of \$739,000 (Task #33984 to reflect as-built conditions). New amount is \$3,374,000 (2/28/12). Submitted Exhibit A updating actual disturbance from 97.45 to 91.63 acres.
PacificCorp Cottonwood/Wilberg Mine C/015/0019	45.32	\$2,779,000	Surety	Travelers Casualty and Surety Company of America 1037771497 (A++)	9/01/94 (10/22/01) (6/29/12)	\$61,320	Original Bond Amount-\$1,294,522 Ridered 6/7/90 for Waste Rock Site - \$1,586,008 (New Bond Submitted 11/20/90 for PacificCorp with revised amount); Ridered "termination" language 9/91; Replaced 9/1/94. Approved amount revised to \$3,082,587 (Year 2005 dollars) per letter dated 9/19/01, due by 12/19/01). Received 10/22/01. St. Paul Fire & Marine Ins. Co. #400JN6138 still needs to be released. Travelers Casualty and Surety Company bond increased to \$3,252,000 with 2007 Midterm review. Disturbed acres decreased by 13.81 acres to 51.05 acres with the approval of the Phase II and III Bond Release 7/22/09. Cottonwood Fan Portal and the Miller Canyon Breakout Portals was removed from bond liability and regulatory jurisdiction on 1/18/11. Bond decreased by \$288,000 and 7.4 acres. Authorized to reduce bond \$185,000 (2,779,000) as result of midterm review. New amount is \$2,779,000 (6/29/12).
Castle Valley Mining, LLC Bear Canyon Mine C/015/0025	35.02	\$2,210,000	Surety	Western Surety Company #929518448(A)	7/02/01 11/11/10 (2/17/14) (8/15/14)	\$63,106	Automatically Renewable: Increased to \$340,282 on 1/1/194; Increased to \$487,911 on 9/1/94; Rider Increased to \$507,000 on 2/17/95. Rider increased to \$525,000 on 7/31/95. Bond Increased to \$899,000 on 3/1/99. Posted a surety on 7/2/01 for \$1,825,000 for Wild Horse Ridge Addition. Released LOC with Bank One #1055 (\$899,000 on 7/11/01). Ridered "Co-Op Mining" to bond on 5/30/03. Added loadout expansion in 8/07, increased by \$362,000. Total bond is \$2,187,000 as of 8/07. LOC expires on 8/10/09. Total bond needs to be \$1,825,000, which is currently being held by surety. Returned LOC to Bank of Utah on 10/29/08 no longer necessary as a result of bond adjustment. Received new Reclamation Agreement and Bond for Castle Valley Mining, LLC on 11/11/10. Western Surety Company assumed the bond on 6/9/11. Bond increased to \$2,002,000 effective 2/17/14 as a result of Midterm review. Rider to increase bond from \$2,002,000 to \$2,210,000 as a result of Bathroom Parking Lot

As of: December 31, 2015

COAL BONDS

Name of Project Permit Number	Disturbed Surface Acres	Present Bond Amount	Type of Bond Posted	Principal Holder* (Rating)	Year Date Posted (Ridered)	Cost per Acre	Comments
							Expansion (#4650) effective 8/15/14. Also increased disturbed area from 40.46 to 40.64 acres. Phase III bond release on 12/16/15 for \$52,000 (\$2,158,000 remains). 5.62 acres released. No rider to date.