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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:	Tuesday, March 29, 2016
Start Date/Time:	3/29/2016 10:00:00 AM
End Date/Time:	3/29/2016 2:00:00 PM
Last Inspection:	Thursday, March 10, 2016

Inspector: Joe Helfrich,

Weather: Windy & cold 38

InspectionID Report Number: 5482

Accepted by: JHELFRIC
4/5/2016

Representatives Present During the Inspection:	
Company	Jaren Jorgensen
OGM	Dana Dean
OGM	Daron Haddock
OGM	Joe Helfrich
OGM	Steve Alder
OGM	Melissa Reynolds

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 inspect the alleged noncompliance areas listed in the ten day notice # X-16-140-545-004 issued to DOGM by OSM on 3/16/2016 and conduct a complete inspection of the remaining areas at the mine site. The Division's response to the TDN which includes modification and reinstatement of the NOV's that were the subject of the TDN is included as an attachment to this document. Other attachments include:
 The cover letter from Alan Boehms; A copy of the TDN; OSM's Minesite Evaluation;
 OSM's Oversight Inspection Report;
 Page 7F-68 from appendix 7F; Page 7K-3; Page 7K-12A from appendix 7K and;
 Photos taken during the inspection.
 NOV 19151 is being reinstated with a 30 day abatement period to grout the inlets to the sediment ponds or revise the appropriate portion fo the MRP based on current site conditions.
 NOV 19152 is being reinstated and will be terminated.
 NOV 19153 is being modified
 NOV 19154 is being reinstated and modified to address sediment control only with a 30 day abatement
 NOV 21171 is being issued and requires clean up of coal from the drainage and stream buffer zones.

Inspector's Signature

Daron A. Haddock for
Joe Helfrich,

Date

Tuesday, April 05, 2016

Inspector ID Number: 1



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 checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The 5 year permit renewal for the mine was completed effective 11/2/2015 and expires 11/2/2020. There is one pending amendment currently under review by the Division, the Bear Canyon access road task # 5109.

2. Signs and Markers

The sign at the entrance was clearly visible and contained the required information.

3. Topsoil

The toe of the topsoil pile located across the drainage from the access road to the #4 portals has been relocated to other areas on the existing pile to allow for the construction of an access road to BTCA area B (as described on page 7K-3 of appendix 7K) and the conveyor coal spill area. The toe of the pile and relocated soil will need to be seeded this fall with the seed mix noted in the approved MRP.

4.a Hydrologic Balance: Diversions

The silt fence that had been removed from the diversion below sediment pond A was actually preventing sediment from flooding storm water from entering the diversion and not from preventing sediment from the undisturbed diversion from entering Bear Creek. It is not specifically required by the MRP so it was removed. Admittedly it did have some value and therefore it was replaced. The culverts and ditches noted in the TDN were opened once the warming temperatures provided ample working conditions. Not all of the sediment control features (stow bale dikes and culverts) had been repaired, therefore NOV 19154 is being reinstated.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The inlet to pond D was functioning correctly allowing run-off from the pad to enter the pond at the time of the inspection. However, according to the MRP the inlet to pond D and inlet #1 to pond B require grouting. Since grout was not evident, NOV # 19151 was reinstated and the operator will be required to grout the inlets or he will need to modify the MRP to show that grout is not required on the inlets. The four ponds were inspected on March 30, 2016. There were no hazards or signs of structural weakness noted in the ponds. The sage and rabbit brush will be removed from the emergency spillway in pond B.

4.c Hydrologic Balance: Other Sediment Control Measures

The stream buffer zone items noted in the TDN have been addressed. The old car body parts and bony coal are pre-law items and not considered surface disturbing activities.

4.d Hydrologic Balance: Water Monitoring

Water monitoring data for the 4th quarter of 2015 and Jan and Feb of 2016 were available for inspection. Water monitoring points for the first quarter of 2016 include BC 1, 2, 3 and 4, CK 1 and 2 and SBC 3, 4, 5, 9a and 17. Hard copies of the data were available for inspection and the data has been submitted electronically into the Division's data base. No exceedences of the required parameters were noted.

4.e Hydrologic Balance: Effluent Limitations

Hard copies of the DMR's for January and February were inspected. The mine water discharge point 004 is the only point of 5, (the other 4 are sediment pond outfalls) that discharges. The required monitoring parameters for the effluent limitations are in compliance with the UPDES permit.

7. Coal Mine Waste, Refuse Piles, Impoundments

The coal fines that had been removed from sediment pond A had been placed on the coal stockpile.

8. Noncoal Waste

The non-coal waste items noted in the TDN have been addressed. Because a number of noncoal waste items were identified in the March 3, 2016 inspection NOV #19152 is reinstated, however it is also terminated since the abatement has been accomplished as evidenced during this inspection.

13. Revegetation

No revegetation has occurred since the previous inspection. Areas where topsoil has been altered will be seeded this fall.

15. Cessation of Operations

The mine is currently active.

16.a Roads: Construction, Maintenance, Surfacing

The roads throughout the site are in good repair and functioning properly. A short temporary access road to the topsoil BTCA area B and conveyor coal spill is being constructed according to the recommendations provided by the Division's soils scientist.

16.b Roads: Drainage Controls

The snow, ice and dirt that had clogged the culverts and ditches noted in the TDN and along the access road to the #4 portal had been removed. Some culverts and erosion control structures still require additional maintenance. NOV #19154 was reinstated in order to ensure that the maintenance is completed.

18. Support Facilities, Utility Installations

Rhino Energy contacted the Division in February of 2016 requesting technical assistance to determine an access route to the topsoil BTCA area B and coal spill from the conveyor. Manual labor (rope & bucket) had been ongoing since July of 2015 in an effort to remove the coal on the hill side underneath the conveyor until weather conditions compromised the ability to continue the clean up of the coal. Some time thereafter a second spill occurred. Conditions were not permissible to enter the area until the first week of March. On March 10th a site visit was conducted to determine a site location for access to the coal spill. In February the permittee had also made contractual arrangements to rent a large shop-vac vehicle to resume clean-up efforts in the areas up stream from the conveyor crossing. The vehicle is due to arrive at the mine the week of April 4th. Coal and coal fines slurry is very much evident in the drainage beneath the conveyor and in the stream buffer zone along the undisturbed drainage of Bear Creek. NOV #21171 was issued which requires the repair of the overland conveyor and the clean up of all of the coal within 60 days.

19. AVS Check

The ownership and control information for the parent company (Rhino Energy) has been updated and submitted with the annual report for the calendar year 2015.

20. Air Quality Permit

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

21. Bonding and Insurance

Surety Bond # 929518448 is posted in the amount of \$2,210,000 for Castle Valley Mining LLC. The liability insurance expires 6/1/2016.



































































