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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

August 1, 2017

Tony Welch, Resident Agent
Castle Valley Mining, LLC
2352 N. 7th Street, Unit B
Grand Junction, Colorado 81501

Subject: 2016 Annual Report Review Completion, Bear Canyon Mine, Castle Valley Mining, LLC, C/015/0025, Task #5441

Dear Mr. Welch:

The Division staff has completed the review of the 2016 Annual Report. A commitment required by the approved Mining and Reclamation Plan has been identified as outstanding. Enclosed is a copy of the review where a more detailed discussion of the outstanding commitment is provided. Enclosed is a copy of the review with each reviewer's comments completed on July 27, 2017.

Please submit the additional information to the Division by September 1, 2017. If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/ss

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Print Form

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Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name	Rhino Energy	Mine Name	Bear Canyon Mine
Permit Number	C/015/0025	Permit expiration Date	2020-11-02
Operator Name	CASTLE VALLEY MINING	Phone Number	+1 (435) 687-2178
Mailing Address	BOX 475	Email	jjorgensen@rhinolp.com
City	HUNTINGTON		
State	UTAH	Zip Code	84513

DOGM File Location or Annual Report Location

Excess Spoil Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Refuse Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Impoundments	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Separate attachment in this e-mail marked CVM IMPOUNDMENTS 2016
Other:		

OPERATOR COMMENTS

CASTLE VALLEY MINING DOES NOT HAVE EXCESS SPOIL PILES OR REFUGE PILES. IMPOUNDMENT PONDS A,B,C,D ARE ATTACHED AND CERTIFIED. MARKED CVM IMPOUNDMENTS 2016

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

The annual report meets the State of Utah R645 requirements for Impoundments.
 The annual report provides impoundment inspections for all sediment ponds at the Bear Canyon mine. The sediment ponds were inspected on 9/28/2016 and the reports are certified by J. T. Paluso P.E. The sediment elevation in Sediment Pond A is 1.7' below the 60% cleanout level and the embankment was in good order. Sediment deposited in Pond B was 1.2' below the 60% cleanout level. In Sediment Pond C, sediment was roughly 2' below the 60% cleanout level and in Sediment Pond D the sediment was 1 1/2' below the 60% cleanout level. Each impoundment showed no sign of structural instability or other hazardous conditions (KS 5/10/2017).

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: **SUBSIDENCE MONITORING**

Objective: Determine subsidence effects from mining

Frequency: Annually

Status: On going

Reports: Submit surveyed monitoring data to the Division annually. **Please include a map showing the location of the subsidence points in relationship to the underground workings.**

Citation: MRP Chapter 5, Appendix 5C, pg 5c-8

Operator Comments

SUBSIDENCE SURVEY COMPLETED IN NOVEMBER 2016 BY WARE SURVEYING. ATTACHMENT MARKED CVM SUBSIDENCE 2016

Reviewer Comments Met Requirements Did Not Meet Requirements

The annual report meets the requirements for Subsidence Monitoring as outlined in the State of Utah R645-301-525 and R645-301-632. Attached is a subsidence survey report prepared in November 2016 by Ware Surveying and Engineering. The extent of subsidence did not exceed 6 inches anywhere within the permit area. Additionally, a map illustrating locations of subsidence monitoring points in relation to underground workings is also included. JE

Title: **WILDLIFE AWARENESS PROGRAM**

Objective: To inform employees of the wildlife and the need for protection in the mine facilities and access road areas.

Frequency: As needed.

Status: Ongoing.

Reports: Summary in Annual Report

Citation: Chapter three, page 3-45, paragraph 2.

Operator Comments

WE HAVE ANNUAL TRAINING HERE AT THE MINE. WILDLIFE AWARENESS IS PART OF THAT PROGRAM. ALSO WE HAVE MONTHLY MEETINGS WHERE THIS IS A TOPIC AS WELL. ANY SPECIAL TRAINING DOGM IS WILLING TO GIVE US AT CASTLE VALLEY WE WILL BE WILLING TO ACCEPT.

Reviewer Comments Met Requirements

Did Not Meet Requirements

The wildlife awareness program for the mine is an integral part of the protection and enhancement plan that is required by the coal regulations. The Division will participate in additional training as needed. [JCH 4/18/2017]

Title: IDENTIFICATION OF NEW CULTURAL RESOURCES.

Objective: If during the course of mining operations, previously unidentified cultural resources are discovered, Permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the Permittee of necessary actions required.

Frequency: The Permittee shall implement the mitigation measures required by the Division within the time specified by the Division.

Status: Ongoing.

Reports: Annual

Citation: MRP, Chapter 4, Section 411.144, page 4-15

Operator Comments

THE IDENTIFICATION OF NEW CULTURAL RESOURCES WILL NOT BE DISTURBED AND CASTLE VALLEY MINING WILL NOTIFY DOGM. THIS IS BEING FOLLOWED ON A DAILY BASIS HERE AT CASTLE VALLEY. ANY SPECIAL TRAINING DOGM IS WILLING TO GIVE US AT CASTLE VALLEY WE WILL BE WILLING TO ACCEPT.

Reviewer Comments Met Requirements

Did Not Meet Requirements

The identification of cultural resources applies mainly to areas within the angle of draw of subsidence. Additional surface disturbances required to facilitate mining activities would also include the identification of cultural resources. [JCH 4/18/2017]

Title: Provide WHR Topsoil Stockpile "as-built"s.

Objective: Provide an "as-built" figure of WHR Topsoil Stockpile drawing 2-2B that shows the new contours of the topsoil pile and the berm adjacent to the road.

Frequency: Upon completion of construction of the access road.

Status: Pending construction of access road

Reports: 2016 annual

Citation: Chapter 2, page 2-28

Operator Comments

2-2B As-Built drawing on file with DOGM. Stamped copy incorporated July 20, 2016. A non stamped copy included marked as WHR Topsoil Stockpile 2-2B

Reviewer Comments Met Requirements Did Not Meet Requirements

7/18/2017, PB. The as-built Dwg 2-2B of the Wild Horse Ridge topsoil pile shows an incorrect outline of the topsoil pile in plan view and the road constructed on the topsoil (Section B-B'). Please compare this drawing to the Dwg 2-2B dated 6/25/2001 for comparison of the topsoil stockpile outline in relation to the access road and base elevation of the existing ground profile.

FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: VEGETATION MONITORING PROCEDURES

Objective: Qualitative observations of revegetated areas will be made yearly throughout the ten year liability period. (See R645-301-250).

Frequency: Quantitative measurements of reclamation will be collected during years 2,3,5,9, and 10 of the same bond liability period. Any areas not achieving success will be evaluated and revegetated as needed.

Status: Begin at reclamation

Reports: Annually after reclamation

Citation: Chapter three, page 3-41, paragraph 1

Title: SEALING OF WELLS

Objective: Permanent closure of wells using measures required by DOGM to prevent access and contamination of groundwater.

Frequency: Once, as wells are no longer needed.

Status: Wells are in use until no longer needed.

Reports: Report status when mining is terminated or wells no longer needed.

Citation: MRP, Chapter 6, page 6-10.

Title: DETAILED REVEGETATION PLAN

Objective: The Operator will submit a detailed revegetation plan in the last Five year permit renewal prior to reclamation. The plan will include detailed map(s) of sufficient scale to show exact areas and methods of revegetation (i.e. drill seeding, terraces, netting, etc.) based on the best technology available and final mine site conditions.

Frequency: Once during last five year permit renewal prior to reclamation. the operator will notify the Division two weeks prior to all seeding work (interim or permanent) to allow the Division to be on site when work is done.

Status: During last permit renewal prior to reclamation.

Reports: NA

Citation: Chapter 3, page 3-46, paragraph 2.

Title: ANALYSIS FOR RE-INITIATION OF SAMPLING SITES

Objective: Notify DOGM of any reactivation of water sampling stations if mining is to occur in the following areas: Leases U-46481; U-024316; T16N R8E Secs 7,17,18,19,20; Mine #4; Mohrland area, or portal opening accessing Leases U61048 or U-61049.

Frequency: Sampling to initiate at least 6 months prior to mining these areas.

Status: Ongoing

Reports: Notify Division in Annual report in mining is to occur.

Citation: Chapter 7, p 7-49.

Title: Substitute Topsoil Testing

Objective: To Confirm the suitability of substitute topsoil prior to reclamation.

Frequency: Within 5 years prior to reclamation

Status: Future Commitment

Reports: Proposed substitute topsoil that is designated by reclamation area in Summary table 2-8 and further described in appendix 5-I will be re-tested in the final five years of operations according to table 5O-1 and testing will include total petroleum hydrocarbons by EPA Methods 8015 and 418.1

Citation: MRP, Chapter 2, Section R645-301-241, p 2-35

OPERATOR COMMENTS (OPTIONAL)

REVIEWER COMMENTS

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

MAPS

Copies of mine maps, current and up-to-date, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual subsidence map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map- see comments below		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reviewer Comments Met Requirements Did Not Meet Requirements

The annual report meets the requirements for Mine Maps as outlined in the State of Utah R645-301-525.240. Attached are maps illustrating 5 year mining projections for the Tank, Blind, and Bear Canyon seams. Additionally, maps defining subsidence monitoring points in relation to underground workings are also included. JE



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Reports: Annual

Citation: MRP, Chapter 4, Section 411.144, page 4-15

Operator Comments

Reviewer Comments Met Requirements

Did Not Meet Requirements

Title: RAPTOR SURVEYS

Objective: Verify presence of nesting birds, and status of nests. Raptor surveys will be conducted every year during the mine life. Include follow-up surveys if conducted.

Frequency: annually for the life of the mine.

Status: Ongoing

Reports: Annual

Citation: Chapter three, page 3-70, paragraph 2.

Operator Comments

SEPERATE ATTACHEMENT IN THIS E MIAL MARKED CVM RAPTOR SURVEYS CONFIDENTIAL

Reviewer Comments Met Requirements Did Not Meet Requirements