



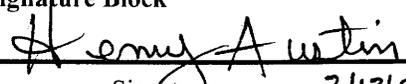
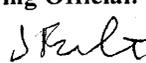
U. S. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation
State Program



RECEIVED
 FEB 25 2008

0022 4/15/0032

1. Permittee/Person GENWAL COAL CO., INC.		9. Permit Number UT-015-032		10. Permit Type PP	
2. Address P. O. BOX 1077		11. Field Visit Date 01/17/2008 <small>mm - dd - yyyy</small>		12. Purpose O	
3. City Price		14. Permit Status A		13. SRA Present N	
4. State UT		15. Site Status AN		16. Facility Type BG	
5. Zip Code 84501		17. OSM Office # 140		19. Land Code SF	
6. Phone Number (435) 888-4000		20. M.S.H.A ID # 42-01715		21. State Abrev. UT	
7. Operator Name, if Different than Permittee 		23. AVS Permittee Entity ID Number 108257		22. County Name EMERY	
8. Mine Name CRANDALL CANYON # 1				24. State Office 	

25. Hours <input type="text" value="0.0"/> a. Permit Review <input type="text" value="1.0"/> b. Site Visit Time <input type="text" value="1.0"/> c. Travel Time <input type="text" value="1.0"/> d. Report Writing		26. Signature Block  Signature: 2/13/08 HENRY AUSTIN ID # 116 Printed Name: Date: 02/13/2008		27. Reviewing Official:  Signature: Review Date: 2/14/08 <small>mm - dd - yyyy</small> Is Supplemental MSE Page Used Y/N <input checked="" type="checkbox"/>	
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Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12
 Oxx... Oversight Rfx... Reclamation Fees CCR... Citizen Complaint Referral (non site visit)
 Axx... Assistance Fxx... Federal Actions CC... Citizen Complaint (initial site visit)
 CCF... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14
 A... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.
 IN... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.
 BR... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)
 AB... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)
 AB1... Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.
 AB2... Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
 AB3... Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
 NA... Not Applicable: When site is unpermitted.

Site Status Codes — Item 15
 ND... No Disturbance: No coal mining and reclamation operations have been started.
 EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.
 AP... Active Coal Producing: Coal surface mining activities are occurring.
 AN... Active Non-Producing: Active non-producing facility such as tippie or preparation plant.
 NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.
 MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.
 TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).
 P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.
 P2... Phase II Release: At least Phase II bond release for the entire permitted area.
 P3... Phase III Release: Reclamation completed and the RA has released all bond.
 NS... Non-Site Visit: Status of site not determined.
 FP... Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
 FR... Forfeited and Reclaimed: Forfeiture reclamation completed.
 FO... Abandoned Site: Abandoned site that is permitted but there is no bond.
 WC... Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes — Item 16
 A... Surface H... Exploration Permits L... Remining site permitted under 30 CFR785.25
 B... Underground J... Notice of Intent to Explore
 C... Preparation Plant G... Stockpiles K... Government Financed Construction Exemption
 F... Loading Facility and/or Tippie
 J... Exempt 16 and 2/3

Small Business Regulatory Enforcement Fairness Act (SBREFA)
Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/ Person GENWAL COAL CO., INC.

Permit Number UT-015-032

Field Visit Date 01/17/2008

Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

<p>A. Administrative</p> <ol style="list-style-type: none"> 1. ___ Mining within Valid Permit 2. ___ Mining within Bonded Area 3. ___ Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. 2 Drainage Control 2. ___ Inspections & Certifications 3. 2 Siltation Structures 4. ___ Discharge Structures 5. ___ Diversions 6. 2 Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. ___ Impoundments 11. ___ Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. ___ Removal 2. ___ Substitute Materials 3. ___ Storage and Protection 4. ___ Redistribution 	<p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. ___ Exposed Openings 2. ___ Contemporaneous Reclamation 3. ___ Approximate Original Contour 4. ___ Highwall Elimination 5. ___ Steep Slopes (includes downslope) 6. ___ Handling of Acid & Toxic Materials 7. ___ Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Surface Stabilization 3. ___ Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. ___ Blaster Certification 2. ___ Distance Prohibitions 3. ___ Blast Survey/Schedule 4. ___ Warnings & Records 5. ___ Control of Adverse Effects 	<p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. ___ Road Construction 2. ___ Certification 3. ___ Drainage 4. ___ Surfacing and Maintenance 5. ___ Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. ___ Signs 2. ___ Markers <p>K. ___ Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. ___ Vegetative Cover 2. ___ Timing <p>M. ___ Postmining Land Use</p> <p>N. Other</p> <p style="margin-left: 20px;">General _____</p> <p style="margin-left: 20px;">Performance _____</p> <p style="margin-left: 20px;">Catagory _____</p> <p style="margin-left: 20px;">___ 1) _____</p> <p style="margin-left: 20px;">___ 2) _____</p> <p style="margin-left: 20px;">___ 3) _____</p>
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Performance Standard Catagories 30 CFR Counterpart

<p>A. Administrative.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Valid Permit..... 773.11 2. Mining within Bonded Area..... 773.11 3. Terms & Conditions of Permit..... 773.17 4. Liability Insurance..... 800.60 5. Ownership and Control..... 778.13 6. Temporary Cessation..... 842.11(e) & 816/817.131 7. AML Rec. Fees -- Non-Respondant..... 870.15(b) 8. AML Rec. Fees -- Failure to Pay..... 870.15(a) <p>B. Hydrologic Balance.....(816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control..... 45 2. Inspections & Certifications..... 49(a)(10) 3. Siltation Structures..... 46 4. Discharge Structures 47 5. Diversions..... 43 6. Effluent Limits..... 42 7. Ground Water Monitoring..... 41(c) 8. Surface Water Monitoring..... 41(e) 9. Drainage--Acid - Toxic Materials..... 41(f) 10. Impoundments..... 49 11. Stream Buffer Zones..... 57 <p>C. Topsoil & Subsoil.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Removal..... 22(a) 2. Substitute Materials..... 22(c) 3. Storage and Protection..... 22(c) 4. Redistribution..... 22(d) <p>D. Backfilling & Grading.....(816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings..... 816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation..... 100 3. Approximate Original Contour..... 102(a)(1) 4. Highwall Elimination..... 102(a)(2) 5. Steep Slopes (includes downslope)..... 107 6. Handling of Acid & Toxic Materials..... 102(c) 7. Stabilization (rills and gullies)..... 95(b) 	<p>E. Excess Spoil Disposal.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement..... 71(e) 2. Drainage Control 71(f) 3. Surface Stabilization..... 71(g) 4. Inspections & Certifications..... 71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments)(816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control 83(a) 2. Surface Stabilization..... 83(b) 3. Placement..... 83(c) 4. Inspections and Certifications..... 83(d) 5. Impounding Structures..... 84 <p>G. Use of Explosives.....(816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification..... 61(c) 2. Distance Prohibitions..... 61(d) 3. Blast Survey/Schedule..... 62-64 4. Warnings & Records 66 & 68 5. Control of Adverse Effects..... 67 <p>H. Subsidence Control Plan.....(817.121-122)</p> <p>I. Roads.....(816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction..... 150(c) 2. Certification..... 151(a) 3. Drainage..... 150(b)-151(d) 4. Surfacing and Maintenance..... 150(e)-151(d) 5. Reclamation..... 150(f) <p>J. Signs & Markers(816/817.11)</p> <ol style="list-style-type: none"> 1. Signs..... 11(a),(b),&(c) 2. Markers..... 11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions.....(761.11)</p> <p>L. Revegetation.....(816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover..... 111 & 116 2. Timing..... 113 <p>M. Postmining Land Use.....(816/817.133)</p>
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February 8, 2008

Genwal Resources, Inc.
PO Box 1077
Price, UT 84501

Crandall Canyon Mine
Mine water discharge evaluation on January 17, 2008

Participants:

Dale Harber, USFS, Price, UT
Christine Belka & Henry Austin, Office of Surface Mining (OSM)

We conducted an evaluation of the mine water discharge that was recently reported (unplanned & unapproved) from the stoppings completed in the North Portals, and water discharge through the saturated sandstone outcrop fractures below and contiguous to the North Portals.

On January 15, 2008, OSM met with Karl Housekeeper of the Utah Division of Oil, Gas, and Mining (OGM) at the Price Field Office to prepare for OSM oversight inspections. We learned that stoppings constructed in the three North Portals at the Crandall Canyon Mine were discharging mine water as noted above. This discharge is not approved, and as a result OGM issued an NOV for this discharge on January 11, 2008. The permittee does have a UPDES mine water, bypass discharge approved, but this recent mine water discharge is flowing into the sedimentation pond, by flowing down the portal haulroad ditch, and being diverted by the roadside ditches into the sediment pond. The portal discharges totaled is estimated to be 650-700 gpm, the sediment pond is not designed to provide adequate retention time for this discharge, and OGM also cited this violation in the NOV issued January 11.

We also discussed that the stoppings were not constructed as required and approved by BLM and OGM (water discharge pipes were not installed in the stoppings as required). BLM was presumed to be issuing a citation to address this stopping construction.

Dave Shaver of Genwal Resources, Inc. was also in the OGM Price Field Office on January 15 so we had a chance to discuss this situation with Mr. Shaver. Mr. Shaver indicated that a water sample of the sediment pond discharge was taken by the permittee on January 14. (This water sample analysis was provided to OSM on January 22. Total dissolved solids (TDS-including lab analysis for bicarbonate alkalinity, total alkalinity, dissolved potassium, and dissolved sodium) and total and dissolved zinc may be out of compliance according to our phone discussions.. Presumably the sample analysis has been provided to the Utah Division of Water Quality.

OSM contacted Dale Harber with the USFS in Price, and Mr. Harber arranged to meet us for an on site evaluation of the discharge on January 17. We identified ourselves to the mine staff on site the afternoon of January 17, and walked up to the North Portals. Mine staff was working to manage the discharges from the three portals by using pumps to direct all the discharge down the portal road ditch as noted above, while they stabilized the area with road base gravel. Mine staff indicated they hoped to have all the discharge directed into the approved 10 inch mine water, bypass discharge pipe by days end

(Crandall Canyon Mine, pg. 2

January 17). The discharge would then be bypassing the sediment pond and discharging directly into Crandall Creek. Water in the three portal entries varied from completely clear to brown / gray with sediments. Ms. Belka photographed the portal discharges and ditch flow of the discharge flowing to the sediment pond. The sediment pond is frozen and snow covered and the discharges into, and out of the pond could not be observed.

Mr. Harber indicated he had discussed the discharge with Jeff Studenka of the Utah Division of Water Quality on January 11. Mr. Harber indicated he was concerned about sediment that could be contributed to Crandall Creek from this discharge, other potential water quality impacts, and fish and wildlife habitat degradation, particularly sedimentation of trout spawning habitat. Mr. Harber indicated that he was arranging a conference call for January 18 with all parties concerned. This concluded our evaluation.

Please address any questions concerning this evaluation report to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1400 x1466.