



0004 U. S. DEPT. OF THE INTERIOR
 RECEIVED OFFICE OF SURFACE MINING & RECLAMATION
 JAN 21 2009 Mine Site Evaluation
 State Program



DIV. OF OIL, GAS & MINING

1. Permittee/Person GENWAL RESOURCES., INC.		9. Permit Number UT-015-032	10. Permit Type PP
2. Address P. O. BOX 1077		11. Field Visit Date 12/16/2008 mm - dd - yyyy	12. Purpose O
3. City Price	4. State UT	13. SRA Present Y	14. Permit Status A
5. Zip Code 84501	6. Phone Number (435) 888-4000	15. Site Status AN	16. Facility Type BG
7. Operator Name, if Different than Permittee		17. OSM Office # 140	18. CCID #
8. Mine Name CRANDALL CANYON # 1		19. Land Code SF	20. M.S.H.A ID # 42-01715
		21. State Abrev. UT	22. County Name EMERY
		23. AVS Permittee Entity ID Number 108257	24. State Office

25. Hours	26. Signature Block	27. Reviewing Official:
2.0 a. Permit Review	<i>Henry Austin</i> Signature: 1/12/09	<i>James Fule</i> Signature:
4.0 b. Site Visit Time	HENRY AUSTIN ID # 116	Review Date: 01/14/2009 mm - dd - yyyy
14.0 c. Travel Time	Printed Name:	Is Supplemental MSE Page Used Y/N Y
2.0 d. Report Writing	Date: 01/12/2009	

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 tipple 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 CFR 785.25
 B... Underground I... Notice of Intent to Explore
 C... Preparation Plant G... Stockpiles J... Exempt 16 and 2/3
 D... Ancillary (Haulroad, Conveyor, and/or Rails) K... Government Financed Construction Exemption
 E... Refuse and/or Impoundment
 F... Loading Facility and/or Tipple

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).

January 12, 2009

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

Crandall Canyon Mine
Complete, oversight inspection, December 16, 2008

Participants:

Dale Harber, USFS, Price, UT
Dave Shaver, Genwal Resources, Inc (GRI)
Karl Housekeeper, Utah Division of Oil, Gas and Mining (OGM)
Henry Austin, Office of Surface Mining (OSM)

We conducted a complete inspection. As noted above. Ground was covered by several inches of snow limiting visibility, and the sediment pond was frozen and snow covered. We decided we were unable to drive to surface lands (USFS and SITLA lands) over the shadow area (or coal extraction area) that were disturbed with roads and drill pads primarily to facilitate mine rescue operations. These disturbed areas west-southwest of the mine portal facility have been fully reclaimed during summer 2008 in accordance with approved OGM plans according to the inspection participants.

The mine water discharge continues from the seals completed in the North Portals, and less water discharge continues through the saturated sandstone outcrop fractures below and contiguous to the North Portals. Water in this area is frozen. Mine water discharge is being collected into one PVC discharge pipe and routed through the sediment pond. This portals water discharge is also permitted through the UPDES Permit to bypass the sediment pond, and discharge directly into Crandall Creek. The sediment pond water level is being pumped down by GRI as necessary to maintain the freeboard necessary to handle runoff from the pond design event (10 year, 24 hour rain event). GRI is managing the pond level as necessary. The sediment pond water was pumped into tanker truck and hauled to the Wildcat Loadout to use for dust suppression. No pond water was pumped into Crandall Creek. The pond discharge area was snow and ice covered, we did not check for a discharge.

The surface facility, both North and South Portals area were very well maintained and most of the scrap material and equipment have been removed. No surface water runoff problems noted, and snow covered most of the area. We observed the USFS trailhead and parking area, and the new miners' monument area. All these areas at the main facility were snow and ice covered.

Karl Housekeeper conducted a thorough review of the approved OGM mining permit and the required environmental monitoring records. Our review included the following: 5,195.8 acres are permitted in the reclamation agreement with 10.7 acres of surface disturbance; 01/13/2006 bonding calculation is \$2,000,061.00; and the OGM complete inspection report of October 29, 2008 needs to be added to the mine inspection record.

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Subsidence measurement and monitoring was conducted by aerial flyover during fall 2008, and will be reported in the 2008 annual report. Annual reports to OGM are current (2007). All the individual surface and groundwater monitoring reports were not reviewed; the monthly and quarterly monitoring reports were current

Water monitoring information has been uploaded as required in the OGM water quality data base. We discussed a December 8, 2008, UPDES sample from the approved mine water bypass which was reported as non-compliant for total Fe. The UPDES Permit was issued 12/01/2005; and the SPCC Plan was dated September 18, 2004.

Sedimentation pond inspections were current through 10/24/08 and the ponds' required freeboard has recently been establishes as indicated above.; and the liability insurance is current through June 1, 2009. This concluded the inspection.

Please address any questions concerning this evaluation report to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 293-5019.