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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 30, 2017

Karin Madsen, Resident Agent
Genwal Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: 2016 Annual Report Review Completion, Crandall Canyon Mine, C/015/0032, Task #5408

Dear Ms. Madsen:

The Division staff has completed the review of the 2016 Annual Report. Enclosed is a copy of the review with each reviewer's comments.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs
Enclosure
O:\015032.CRA\WG5408 ANNUAL RPT\ReviewCompletionLetter.doc

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 | Genwal Resources Inc. | Mine Name | Crandall Canyon Mine |
| Permit Number | C/015/0032 | Permit expiration Date | 5-13-2018 |
| Operator Name | Genwal Resources, Inc. | Phone Number | +1 (435) 888-4000 |
| Mailing Address | PO Box 910 | Email | kmadsen@coalsource.com |
| City | East Carbon | | |
| State | UT | Zip Code | 84520 |

DOG M File Location or Annual Report Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

Impoundments

- Required
 Not Required

Sediment Pond Annual Certification is included.

Other:

OPERATOR COMMENTS

The annual impoundment inspection reports are included for both the Burma Evaporation Basin and the Crandall Canyon Mine Site's primary sediment pond. No evidence of instability, structural weaknesses or visible hazards were observed for either of the impoundments. David Hibbs (State of Utah Professional Engineer #6449561) stamped and signed both of the impoundment reports.

REVIEWER COMMENTS

- Met Requirements Did Not meet Requirements

The Permittee did provide copies of the P.E. certified impoundment inspection reports for both the Burma Evaporation Basin as well as the primary sediment pond at the Crandall Canyon Mine main facility. Date of Inspections 12/8/2016. P.E. certified by David Hibbs on 12/8/2016.

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: MACROINVERTEBRATE SAMPLING

Objective: To monitor macroinvertebrate populations in Crandall Creek

Frequency: Annually, during the spring and fall beginning in 2009.

Status: Spring and Fall 2015 reports are due to the Division.

Reports: Submit surveys in annual report.

Citation: MRP, Volume A Text, Chapter 3, page 3-17.

Operator Comments

Macro-invertebrate Study was completed by EIS for the Spring and Fall of 2015. Results are included within the Annual Report.

Reviewer Comments Met Requirements Did Not Meet Requirements

The samples for the 2016 spring and fall Macroinvertebrate Study were collected on June 16th and 17th, and September 22nd and 23rd, 2016 from each of the three reaches of Crandall Creek. The upper reach is located upstream from the mine and should not be influenced from ground water discharge from the mine, therefore it is considered as a reference of how conditions should be. The middle and lower reaches are below the mine water discharge. The objective of the survey was to collect macroinvertebrate samples as indicators of water quality in Crandall Creek. The samples collected were sorted and identified to the lowest taxa possible by the BugLab. Abundance of taxa and community composition relationships from the samples are provided to assess the water quality of Crandall Creek.

As shown in previous years surveys, these "results show variability among all the sampled reaches and generally show reduced habitat quality and less than optimal conditions in all sampled locations. It does appear that the upper and the lower reach are increasing in quality standards or staying fairly stable since 2009. In the middle reach, the overall quality seems to be lower than the other two reaches. The data for all three reaches fluctuate from year to year and season to season. It is important to note that the substrate and habitat differs greatly between reaches and should be taken into consideration in the results. The changes in stream morphology due to increased beaver dams in the middle reach should also be considered, as well as the environmental impacts from the fire in 2012 and catastrophic flooding in Huntington Canyon as a result." EIS, Spring 2016, p. 15. (3/28/17 LR)

Title: SUBSIDENCE MONITORING

Objective: To determine subsidence effects from mining. Please provide a map that shows the locations of the monitoring points to compare variations due to mining.

Frequency: Annually

Status: Ongoing.

Reports: Submit surveyed monitoring data and map to Division annually.

Citation: MRP, Volume B, Chapter 5, Section 5.25.14, page 5-25.

Operator Comments

Subsidence Monitoring was completed by Ware Surveying. Results are located within the Annual Report.

Reviewer Comments Met Requirements Did Not Meet Requirements

The subsidence information meets the annual report requirements. Included in the report is a table that provides subsidence data for 2016 as well as comparative data from 2015. The highest recorded subsidence value in 2016 was just slightly more than one inch. JE

Title: Burma Pond Information/Sampling

Objective: Provide report of accumulated depth of sludge in the Burma Evaporatio Pond. Grab samples to be obtained every five years or when 7.5" of solid waste has been deposited. Grab Samples to be analyzed for all RCRA metals.

Frequency: Annually

Status: Ongoing

Reports: Include in Annual Report

Citation: Appendix 7-66. Pg. 7

Operator Comments

Sampling was completed by Mt. Nebo Scientific, and the report and sample data is included.

Reviewer Comments Met Requirements Did Not Meet Requirements

The Mt. Nebo report begins on e-page 191 of the Annual Report. The accumulated dried sludge sampled in September 2016 is below the

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: RECLAMATION OF CULVERT

Objective: To reclaim part of the culverted section of the stream which provided habitat to the cutthroat trout population. And enhancement of the stream below the mine discharge point due to the impact on the stream habitat and aquatic wildlife that occurred because of the iron-laden water discharge.

Frequency: Once during reclamation.

Status: To be done during reclamation.

Reports: Submitted to the Division upon project completion.

Citation: MRP, Volume A, Chapter 3, page 3-16

Title: RAPTOR SURVEYS

Objective: To monitor raptor activity and nesting within and adjacent to the permit area.

Frequency: Every three years, or annually if a.) UDWR recommends it, b.) it will not unduly harrass raptors, or c.) it if is prudent to insure raptor safety and/or habitat. Raptor surveys are not required if the mine is not active AND no significant activity is taking place.

Status: Surveys required prior to installation of any discharge treatment facilities or prior to reclamation work.

Reports: In annual report.

Citation: MRP, Volume A, Chapter 3, page 3-17.

OPERATOR COMMENTS (OPTIONAL)**REVIEWER COMMENTS**

As the mine has been in temporary cessation since the fall of 2007, the aforementioned raptor survey is not applicable at this time. Additionally, the Division is currently in the process of developing a revised final reclamation plan for the Crandall Canyon Mine in consultation with the Permittee and area stakeholders.

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

NA

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 | Not Required | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mine Map | Included | <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 permittee has addressed the requirements of this commitment.
 Included is a complete mine map showing configuration of all mined out workings. No mining occurred in 2016. JE