

INSPECTION REPORT

Partial XXX Complete Exploration
 Inspection Date: 03/05/2003 / Time: 9:50 to 11:20 AM
 Date of Last Inspection: 02/18/2003

Mine Name: SUFCO Mine County: Sevier Permit Number: C/041/002
 Permittee and/or Operator's Name: Canyon Fuel Company, LLC.
 Business Address: 397 South 800 West, Salina, Utah 84564
 Company Official(s): Mike Davis
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Partly sunny/some snow flurries/ windy/wind chill in teens Fahrenheit
 Type of Mining Activity: Underground XXX Surface Prep Plant Other
 Existing Acreage: Permitted 24632.95 Disturbed 27.364 Regraded Seeded
 Status: Active

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 N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

| | EVALUATED | N/A | COMMENTS | NOV/ENF |
|--|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. SIGNS AND MARKERS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. TOPSOIL | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. HYDROLOGIC BALANCE: | | | | |
| a. DIVERSIONS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. SEDIMENT PONDS AND IMPOUNDMENTS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. OTHER SEDIMENT CONTROL MEASURES | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. WATER MONITORING | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. EFFLUENT LIMITATIONS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. EXPLOSIVES | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES | <input type="checkbox"/> | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. SLIDES AND OTHER DAMAGE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. CONTEMPORANEOUS RECLAMATION | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. BACKFILLING AND GRADING | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. REVEGETATION | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. SUBSIDENCE CONTROL | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. CESSATION OF OPERATIONS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. ROADS: | | | | |
| a. CONSTRUCTION/MAINTENANCE/SURFACING | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. DRAINAGE CONTROLS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. OTHER TRANSPORTATION FACILITIES | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 18. SUPPORT FACILITIES/UTILITY INSTALLATIONS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 19. AVS CHECK (4 th Quarter- April, May, June) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. AIR QUALITY PERMIT | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. BONDING & INSURANCE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

INSPECTION REPORT
(Continuation Sheet)

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DATE OF INSPECTION: 03/05/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

4A. HYDROLOGIC BALANCE: DIVERSIONS

Many of the site's diversions were under snow, due to the accumulation received the night before and/or the drifting conditions. The inlets to the undisturbed bypass (left fork and right fork of East Spring Canyon) were clear and capable of functioning as designed. All of the culvert inlets and outlets which were capable of being inspected appeared to be capable of functioning as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment containments at the waste rock site were not visible; no problems were noted with the mine site sediment pond.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The silt fences which were visible appeared to be capable of functioning as designed.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The SUFCO waste rock disposal area was snow covered. There has been no activity here in recent months due to soft ground conditions. There was no visible evidence of combustion in the pile. The access gate was cabled closed. All signs were in place and in good condition.

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

The USFWS has been contacted relative to the need to complete the installation of the portal access gates/rock bolt anchor at the Link Canyon portal. That agency is presently determining if it may be possible to complete the work and not interfere with the nesting/rearing period of the Mexican spotted owl. As noted elsewhere, the first year evaluation conducted by the USFS determined that this raptor was not present in the Link Canyon area.

17. OTHER TRANSPORTATION FACILITIES

An evaluation of the Salina coal yard which is operated by the SUFCO Mine was made on 02/26/2003. There were no mechanisms observed at this storage/shipping location which had crushing and/or screening capability. The storage pile at this location is product for the Kennecott contract.

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18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

All construction activities at the Link Canyon portal/power access have been put on hold due to the beginning of the Mexican spotted owl nesting and rearing season. The USFS is conducting the second year survey for this raptor in the Link Canyon area. The results of the first year survey indicated that no owls were present in the area. The time period involved is from 03/01 until 08/31. According to Mr. Davis, the only activities remaining to be completed are the installation of the access gates on the tunnel liner to prevent unauthorized access and the installation of another rock bolt anchor for a power pole guy wire.

It is the permittee's intent to drive some new entries from the current SUFCO underground workings to intercept the Link Canyon breakout where it would be to the most benefit for the mine. This would greatly reduce the rehabilitation costs for the old mine and still establish the power access and escapeway. To date, these entries have not been started. Thus, there is no way to access the Link Canyon portal to inspect the area until an approval to enter the area (due the nesting/rearing period for the spotted owl) is granted.

Inspector's Signature: _____ Date: March 6, 2003
Peter Hess #46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Ken May, Canyon Fuel
Price Field office

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