

INSPECTION REPORT

Partial Complete XXX Exploration
 Inspection Date: 04/02/2003 / Time: 9:15AM-1:30 PM
 Date of Last Inspection: 03/05/2003

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, Environmental and Construction Supervisor
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: 48° F in Price @ 7:15 AM/cold and windy/Low pressure front working across Utah
 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/041/002

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee currently has four USFS “special use permits” active for the SUFCO site. These include the following:

- 1) The first special use permit grants the permittee a corridor from the lower Canyon to the mine site facilities area to install a water transfer pipe from the pump house to the bath house/ main building. This permit also includes the spring collection field, the sanitary discharge line from the bathhouse to the leach field, the leach field, and a 25 KVA power line. An access road is in this corridor as well. This special use permit expires on December 31, 2015.
- 2) A second special use permit allow the use of the Duncan Draw road, in order to monitor a well, a spring, and several survey control points. This permit expires on December 31, 2018.
- 3) The third special use permit allows the permittee to use that portion of East Spring Canyon necessary to construct and operate the ware house and the storage yard area, as well as the access to the mine site sediment pond, the pond, the noncoal waste storage area, guard shack, etc. This permit expires on 12/31/2005.
- 4) The last special use permit allows the permittee to install and operate a water quality monitoring station (water diversion and weir) at the confluence of the north and south forks of Quitchupah Creek. This permit also expires on December 31, 2005.

The current State permit for the site remains in effect until May 20, 2007.

The only permit condition that currently exists, as part of the SUFCO/DOGM permit, is the requirement to submit water quality monitoring information in an electronic format to the Division’s database. The permittee has been meeting the requirements of this permit condition for several years.

2. SIGNS AND MARKERS

All permittee identification signs and disturbed area perimeter markers were in place as needed and in good condition.

3. TOPSOIL

The topsoil pile located on the SE side of the main electrical substation (East Spring Canyon Mine facilities area) utilizes a berm/silt fence combination to prevent loss of the resource via runoff. The berms have been in place for many years and should be enhanced. Mr. Davis made note of this.

The topsoil and subsoil piles located adjacent to the County road at the waste rock facility also utilize a berm/silt fence combination to treat the runoff from same and preserve the resource. The silt fence located on the down gradient side of the aforementioned piles has been pushed over and is in need of repair. The area down gradient of the fence is well vegetated and capable of providing treatment of any runoff reporting through it. Mr. Davis made note of the needed maintenance.

All topsoil piles have adequate vegetative cover to prevent loss of the resource from wind erosion. There were no signs of erosion observed off the subsoil pile located along the County road.

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4A. HYDROLOGIC BALANCE: DIVERSIONS

The permittee utilizes three water bars on the access road leading to the water tank on the east side of the mine facilities disturbed area to divert runoff across the road to the outslope above the right fork of East Spring Canyon. Although the water bars are still capable of diverting flow, they should be redefined to enhance their capability.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Mr. Davis performed the first quarter 2003 impoundment inspections for the permittee on March 13. There were no signs of instability or other types of hazards reported for either the mine site sediment pond or the waste rock impoundments. The permittee is aware that the weir on the mine site sediment pond is in need of replacement. The replacement is ready for installation as soon as ground conditions improve on the access road to the pond. There were no problems noted with any of the sediment ponds during today's field inspection.

The north facing slopes in the permit area remains under snow. Snowmelt was observed in both the waste rock impoundment and its associated secondary impoundment.

The permittee decanted the mine site sediment pond on March 13, at a volume of 60 gallons per minute. Samples of the effluent were collected. The permittee indicated that the effluent appeared capable of meeting UPDES effluent parameters. The analytical results for the samples were not available this day.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The silt fences located on SSW side of the main electrical substation are in need on minor maintenance. Several of the 1" x 1" pegs have been laid over, probably by snow weight. The fabric on the fences was in good condition and capable of filtering as designed. These fences only see a minimum amount of flow.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee submitted the fourth quarter 2002 information for the surface and ground water monitoring requirements as well as information relative to UPDES discharge monitoring reports to the Division's electronic database on March 13th, and January 27th respectively. Some surface and groundwater results were reviewed this day. None of the reviewed analytical results appeared to have abnormal values; all results reported cation/anion balances within the acceptable error range.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The permittee's current UPDES permit remains in effect until April 30, 2006.

The permittee conducted the first quarter of 2003 acute toxicity sampling / analysis from March 21 (sample date) through March 25, (analytical evaluation). W.E.T., Inc., (Water and Environmental Testing) performed the mortality testing on Ceriodaphnia dubia using various dilutions of the mine water discharge from the Quitchupah portals. The SUFCO Mine discharges approximately six and one-half million gallons of water per day to Quitchupah Creek. As such, it is classified as a major industrial facility by the Utah Division of Water Quality.

All dilutions of the Quitchupah effluent successfully passed the mortality testing.

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5. EXPLOSIVES

There has not been any surface blasting conducted at the SUFCO Mine for many years.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

Mr. Davis conducted the first quarter of 2003 waste rock disposal area inspection on March 13th. There were no signs of combustion, erosion, or hazardous conditions noted by Mr. Davis during that inspection. As noted by Mr. Davis, the ground conditions in the disposal facility are quite soft due to moisture content. It is not possible to perform machine work in the area until ground conditions improve. Mr. Davis' inspection report was P.E. certified by Mr. Wes Sorensen on the date of the inspection.

Mr. Davis made note of the sage plants that have rooted along the concrete ditch coursing flow into the sediment pond. Many are large enough to hang over the ditch. The removal of the plants via mowing or chain saw was discussed. It needs to be noted that there is no reduction of flow capacity in the diversion from the plants.

8. NONCOAL WASTE

Several items of noncoal waste were observed on the NW side of the main substation area and on the outslope of the parking area above the sediment pond. Mr. Davis indicated that a policing of this area was needed. High velocity winds in the tight confines of the Canyon can disperse this type of material quite easily. The first inspection after the snowmelt often reveals noncoal waste in this area. Mr. Davis picked much of the trash up as he walked through the area.

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

The permittee conducted a Mexican spotted owl night survey via Environmental Industrial Services, Helper, Utah on Tuesday night, March 25, 2003. The response to the calling survey was negative, and the permittee completed the installation of the permanent access gates on the Link Canyon Mine portal on 3/26/2003. All construction activities for the Link Canyon Mine access are now complete as of 3/26/2003.

11. CONTEMPORANEOUS RECLAMATION

The last lift to be reclaimed at the waste rock site was inspected; the reseeded area is showing sign of refurbishing itself.

14. SUBSIDENCE CONTROL

The annual subsidence survey for 2002 was submitted in conjunction with the permittee's annual report on March 25, 2003. The aerial survey of the permit area was conducted during August. The SUFCO permit area contains twelve subsidence-monitoring zones, three of which are considered active. A mine subsidence map, (MAP 1), was included with the annual report information. Same is P.E. certified by Mr. Wes Sorensen, Utah registered professional engineer.

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18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

The permittee has added a steel addition to the top of the concrete retention wall at the run-of-mine coal storage area to minimize the affects of coal on the adjacent vegetated slope. Dozer operators have, in the past, accidentally pushed product over the top of the concrete wall in an effort to maximize storage capacity. The Division has asked the permittee to hand shovel the product back into the storage area on several occasions. Future requests of this type should no longer be necessary.

19. AVS CHECK

The permittee submitted current legal and financial information as part of the 2002 Annual Report, which was received in the Price Field Office on March 31, 2003. That information correlates with information extracted from the OSM Applicant Violator System dated April 9, 2003.

The legal and financial information contained in Chapter 1 of the mining and reclamation plan was last revised in June 1998. The permittee should submit a permit amendment to update Chapter 1 information.

20. AIR QUALITY PERMIT

The permittee is in the process of obtaining a sweeper to remove coal fines from the paved truck loading loop / tipple area. This, in conjunction with the wetting of the paved area will help keep the dispersal of wind borne fines to a minimum.

21. BONDING AND INSURANCE

The permittee's current general liability insurance remains in effect until July 31st. A general aggregate amount of \$500,000 is in effect for personal injury and property damage. An amount of \$300,000 per occurrence is also in effect. Both amounts are the minimum required by R645-301-890.100. Coverage for damages incurred through the use of explosives is included. The Federal Insurance Co. provides all coverage for the permittee.

Inspector's Signature: _____ Date: April 4, 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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