



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Role, Name. Row 1: OGM, Pete Hess, Environmental Scientist III. Row 2: Company, Mike Davis.

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0410002), Inspection Type (COMPLETE), Inspection Date (Tuesday, March 07, 2006), Start Date/Time (3/7/2006 9:10:00 AM), End Date/Time (3/7/2006 1:05:00 PM), Last Inspection (Thursday, February 09, 2006).

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny; some clouds, mild breezes. Flurries.

InspectionID Report Number: 891

Accepted by: whedberg
4/4/2006

Permittee: CANYON FUEL COMPANY LLC
Operator: CANYON FUEL COMPANY LLC
Site: SUFCO MINE
Address: 397 S 800 W, SALINA UT 84654
County: SEVIER
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Rows: 26,766.95 Total Permitted, 27.36 Total Disturbed, Phase I, Phase II, Phase III.

Mineral Ownership

- Checked: Federal, State. Unchecked: County, Fee, Other.

Types of Operations

- Checked: Underground. Unchecked: Surface, Loadout, Processing, Reprocessing.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee is currently inserting surface and ground water monitoring information for the SUFCO Mine permit area into the Division "pipeline" for the fourth quarter of 2005. This is the preliminary step prior to Permittee approval of all information, which results in the uploading of this information to the Division web site. Uploading of the information is the final step in meeting the Permittee's responsibility mandated in the Special Permit Condition included as Attachment "A" of the current State permit.

There are no compliance actions currently pending for the SUFCO Mine permit area.

The Division approved the SITLA Muddy Tract lease amendment for incorporation into the SUFCO Mine permit area on January 20, 2006.

The Division is currently reviewing a minor coal exploration application for two holes in the SITLA Muddy Tract area. The USFS is the SMA, and NEPA will be conducted by that agency.

Inspector's Signature:

Date Wednesday, March 08, 2006

Pete Hess, Environmental Scientist III
Inspector ID Number: 46

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

**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 Not Applicable.
  - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference 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, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
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 type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: 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 type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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	<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 and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## **1. Permits, Change, Transfer, Renewal, Sale**

The Permittee recently finalized the mid-term permit review for the current State permit. The Special Use Permit which is issued by the USFS for the mine site sediment pond area has been renewed through that agency; same will now expire on December 31, 2015. The current UPDES permit for the SUFCO Mine outfalls will expire on April 30, 2006. Mr. Davis is currently working on the renewal application for this DEQ permit. The UPDES storm water discharge permit for the SUFCO Mine expires on December 31, 2006.

### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

Mr. John Byers, Utah registered P.E., conducted the fourth quarter and annual 2005 impoundment inspections for the Mine site sediment pond and the waste rock pond/decant pond on October 6, 2005. Mr. Byers' inspection did not note any signs of structural weakness or other hazards for these impoundments. The sediment level in the Mine site pond was noted as being 0.13 feet above the sixty percent cleanout elevation. The Permittee has scheduled the cleaning of this pond for June or July, or as soon as ground conditions improve to the point that machinery access to the pond is safe. Mr. Byers certified the annual inspection reports for these ponds on October 21, 2005.

### **4.e Hydrologic Balance: Effluent Limitations**

As noted under section (1), the current UPDES permit for the SUFCO Mine will expire in April. The Permittee is working on the renewal application for submittal to Utah DEQ/DWQ.

## **7. Coal Mine Waste, Refuse Piles, Impoundments**

There has not been any recent activity at the road side waste rock site. The current lift is nearly to capacity. Mr. Davis indicated that it will be necessary to move the topsoil pile located NE of the County road pad prior to expanding the storage volume into the next lift. The Permittee may want to evaluate the need to permit another disposal site for the remaining life of the SUFCO Mine. It was noted that a large volume of coal mine waste material had been placed in the approved temporary waste storage area at the Mine site. Ground conditions at the final disposal area will have to improve before hauling into this area can resume. Mr. Byers, (P.E.) conducted the fourth quarter 2005 waste rock pile inspection on October 6, 2005, noting no signs of instability, structural weakness, or other hazards. Minor erosion was noted in the Permittee's inspection report as existing on the SE slope. This will be repaired as soon as ground conditions allow access. P.E. certification of the report was completed by Mr. Byers on October 21, 2005. Revegetation of the reclaimed lifts has seen great success.

**16.b Roads: Drainage Controls**

The ditch which parallels the access road to the Mine site sediment pond was noted by Mr. Byars as needing work during the fourth quarter 2005 mine site pond inspection. This will be done after pond cleanout is completed, upon retreat of the machinery.

**18. Support Facilities, Utility Installations**

The Permittee has completed the concrete pad necessary to install the water chlorinator adjacent to the 300,000 gallon water tank located on the hillside east of the main facilities area. Electricians were busy this day wiring this installation. The re-location of a transformer to power this unit is pending. Following re-location of this, a small building will be constructed around the transformer. It must be noted that all of these facilities have been previously approved/permitted through the Division. Removal of the hillside substation has made it necessary to relocate some facilities for an improvement in operation. The Permittee intends to re-gravel the access road, restore the safety berm and roadside drainage, and complete the grading/earthwork. A new "as-built" of this area will be completed when construction activities have been finalized.

**19. AVS Check**

The Permittee submitted an application to the DOGM on February 1, 2006 to update Chapter 1, Ownership and Control information for all of the Utah Canyon Fuel operations, (Task ID #2425). Review of this application is pending.

**20. Air Quality Permit**

The Permittee was watering the paved road surface area of the truck loading/scales building during today's inspection.

## **21. Bonding and Insurance**

The current general liability insurance form which the Permittee retains at the Mine site for inspection purposes indicates that the liability coverage includes "XCU". Nothing within, or attached to that document could verify that "XCU" provided for coverage "including the use of explosives" as required in R645-301-890.100. Mr. Davis telephoned on this to confirm that the acronym "XCU" still has the same meaning as has been used in the past. This was confirmed. However, the Division asked that the new insurance coverage (which is due July 31, 2006) specifically state that the general liability coverage state that coverage is provided for "damages incurred from the use of explosives". The ARCH Coal representative agreed to do this for the policy renewal. The current reclamation agreement between the Permittee and the DOGM was last updated in May of 2001. It was noted that both signatory authorities for this document (the Permittee's and the Division's) have since retired. The listed disturbed area acreage appears to be accurate. Mr. Davis indicated on 3/8 that the Permittee was interested in revising the current reclamation bond amount in this document, which was reviewed and approved by the Division during the recent mid-term permit review process. The Division asked the Permittee to update the Reclamation Agreement during today's inspection.

## **22. Other**

Mr. Davis indicated that the 2005 annual reports for the SUFCO Mine will be ready in another week or two, meeting the deadline which has been established by the DOGM as March 31, 2006.