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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

|                                                |                                       |
|------------------------------------------------|---------------------------------------|
| Representatives Present During the Inspection: |                                       |
| Company                                        | Mike Davis                            |
| OGM                                            | Pete Hess Environmental Scientist III |

**Inspection Report**

|                  |                             |
|------------------|-----------------------------|
| Permit Number:   | C0410002                    |
| Inspection Type: | PARTIAL                     |
| Inspection Date: | Thursday, December 11, 2008 |
| Start Date/Time: | 12/11/2008 9:25:00 AM       |
| End Date/Time:   | 12/11/2008 11:40:00 AM      |
| Last Inspection: | Tuesday, November 25, 2008  |

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, clear; 30's F.

InspectionID Report Number: 1861

Accepted by: Jhefric  
1/6/2009

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

|           |                 |
|-----------|-----------------|
| 26,766.95 | Total Permitted |
| 27.36     | Total Disturbed |
|           | Phase I         |
|           | Phase II        |
|           | Phase III       |

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

The Permittee is currently entering 3rd quarter 2008 water monitoring data for the SUFCO Mine permit area into the Division EDI. The Permittee needs to collect information from the Box Canyon data loggers before the quarterly information can be completed. These steps are vital in meeting the Special Permit Condition to submit quarter water data in an electronic fashion.

Inspector's Signature: \_\_\_\_\_

*Pete Hess*

Date Thursday, December 11, 2008

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 checked="" 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 type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.d Hydrologic Balance: Water Monitoring                         | <input 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 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 checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | <input 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 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 checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" 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.a Roads: Construction, Maintenance, Surfacing                 | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 16.b Roads: Drainage Controls                                    | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 17. Other Transportation Facilities                              | <input 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 type="checkbox"/>            | <input type="checkbox"/>            | <input 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 type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 22. Other                                                        | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |

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

The Permittee has completed the requirement to video the Box Canyon area for mining impacts to hydrology, biology, and subsidence (September 29 2008). This requirement is part of the Monitoring and Mitigation Plan for mining under the East Fork of Box Canyon (See Appendix 3-10 of the MRP, page one).

**3. Topsoil**

The Permittee has contracted Robinson Trucking to remove and store topsoil in order to prepare the area associated with lift #5 at the roadside waste rock site. A dozer was pushing topsoil to a front end loader this day, where the loader transported the soil to the topsoil storage pile on the inside radius of the Sevier County road. Recovered topsoil has also been placed on three-quarters of the outslope of lift #4. Both the inside radius pile and the outslope have been roughened. Mr. Davis has ordered seed for interim revegetation. An intense winter storm is forecast for December 12 / 13 and 14, following by more rain / flurries through 12/19.

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

The Permittee is preparing a design for a secondary / in-series sediment pond which is to be located down gradient of the Mine site sediment pond. This pond will be approximately 1.5 times the capacity of the current Mine site pond. A Special Use permit from the USFS will be required as part of the permitting process. The submittal of this hydrology amendment will occur sometime in early 2009.

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

The purpose of the secondary pond mentioned in item 4b in to provide additional suspended solids treatment for the Mine site runoff.

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

As noted under item 3, the Permittee has started development of lift #5 ( refuse storage area) at the roadside waste rock site. Topsoil recovery and storage is occurring, while the outslope of lift #4 has been covered and roughened for seed. The remaining storage volume in lift #4 is minimal, but the Permittee intends to utilize it.

**13. Revegetation**

The Permittee has ordered seed for the outslope of lift #4 and the inside curve topsoil stockpile (which is still being added to).

**18. Support Facilities, Utility Installations**

The Permittee has not been able to construct the larger tipple sump which was permitted via Task ID # 3069, due to the onset of winter weather conditions.

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**20. Air Quality Permit**

The truck scales / loading area (paved area) had been watered prior to today's inspection, and dust control appeared effective. Mr. Davis noted that the sweeper had recently been repaired and use of that machine was also helpful in reducing dust levels at the tipple.