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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0410002
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January 20, 2009

Ken May, General Manager
Canyon Fuel Company, LLC
397 South 800 West
Salina, UT 84654

Subject: 2007 Annual Report Review, SUFCO Mine, C/041/0002, Task ID # 3060
Outgoing File

Dear Mr. May:

The Division staff has completed the 2007 Annual Report Review. Enclosed is a copy of the review for SUFCO Mine, C/041/0002 completed on January 20, 2009.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron Haddock
Permit Supervisor

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Enclosure
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2007 Annual Report Review

Permittee: Canyon Fuel Company, LLC
Mine Name: SUFCO Mine
Permit Number: C/041/002
Date Report Received: 6/19/2008 in Salt Lake City

	Date Completed
Assigned Reviewer: Peter Hess, EnSci III, I & E Title V	7/15/2008
Ingrid Wieser, Biology, Cultural Resources	12/29/2008
Priscilla Burton, Soils	1/20/2009

Instructions: The assigned inspector will review the Annual report during the third quarter complete inspection and provide a written determination (finding) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the mine lead notified. A copy of this review will be filed with the Inspection Report. Should any of the sections require additional technical analysis, the inspector will notify the permit supervisor so that it can be scheduled during the 4th quarter.

SECTIONS TO REVIEW	SUBMITTED			FINDINGS
	YES	NO	NA	
Cover Sheet	X	<input type="checkbox"/>	<input type="checkbox"/>	Cover letter signed by John D. Byers, P.E., for Ken May, General Manager. Appears adequate.
General Information	X	<input type="checkbox"/>	<input type="checkbox"/>	The submitted general information identifying the Permittee appears complete and adequate.
Identification of other Permits	X	<input type="checkbox"/>	<input type="checkbox"/>	Information submitted for UPDES permit #UT0022918 identifies permitted outfalls for the Mine site sediment pond (002A) and the NF of Quitchupah mine water discharge (003A). Remaining permits identified.
Annual Impoundment Certification	<input type="checkbox"/>	X	<input type="checkbox"/>	The Permittee P.E. certifies all quarterly impoundment inspections and forwards them to the DOGM / SLO (i.e., on file). The reports are inspected quarterly, during complete inspections by DOGM personnel.
Annual Overburden, Spoil, Refuse, Floor, etc. Certified Report	<input type="checkbox"/>	X	<input type="checkbox"/>	All quarterly refuse pile inspections are performed and certified by Mr. John Byers, P.E., prior to submittal to the Division. All are on file at DOGM, (see Appendix "A").
Annual Technical Requirements (Commitments)	X	<input type="checkbox"/>	<input type="checkbox"/>	The 2007 reporting year required a raptor survey, vegetation surveys for the Pines tract and the Link Canyon portal area, subsidence monitoring, precipitation data, and the measurement of cracks in the West Fork of Box Canyon. All reports are contained in the 2007 Annual Report. The raptor survey and the two submitted vegetation studies should be reviewed as Special Projects prior to the ending of 4 th Quarter 2008.
Climatological	X	<input type="checkbox"/>	<input type="checkbox"/>	Contained in Appendix "B". Snow and rainfall data provided for SUFCO Mine and Levan Rail Loadout. This is an annual commitment.

2007 Annual Report Review

Subsidence	X	<input type="checkbox"/>	<input type="checkbox"/>	See Appendix "B"; Of the 13 areas monitored, eleven are considered dormant. Areas 12 and 13 saw secondary extraction using longwall during 2007. These areas are still and will continued to be monitored for the next several years. The P.E. and R.L.S. certified mine subsidence map shows a maximum settling of four feet in the center of the first panel extracted in Area 13. Crack monitoring in the West Fork of Box Canyon was not completed until May of 2008, due to the early onset of winter weather conditions. Four cracks are monitored, with two or three monitoring stations along each crack length. The ten crack monitoring locations (last monitoring conducted in May 2008) reported cracks widths of approximately One-half inch to nineteen inches (BCE Crack 01 Station #2). The vertical displacement measured for the ten sites (May 2008) varied from 0.03 feet (0.36 inches) to 2.9 inches. Four of the ten sites monitored in May 08 had zero displacement.
Vegetation monitoring	X	<input type="checkbox"/>	<input type="checkbox"/>	The 2007 Link Canyon Portal vegetation survey and the Pines Tract 2007 Vegetation study have been submitted; see below.
Raptor Survey	X	<input type="checkbox"/>	<input type="checkbox"/>	See 2007 Confidential binder in Salt Lake DOGM public information center. *See below
Soils Monitoring	X	<input type="checkbox"/>	<input type="checkbox"/>	See waste rock analysis in Appendix "B" / 2007 annual Report. This should be reviewed as a Special Project during the 4 th Quarter of 2008. **See below
Water Monitoring	X	<input type="checkbox"/>	<input type="checkbox"/>	Quarterly electronic submittals of surface and ground water monitoring information are current. 2007 Annual Report contains required monitoring report of Box Canyon Creek for 2007 by Petersen Hydrologic, LLC.
Geological/Geophysical	<input type="checkbox"/>	X	<input type="checkbox"/>	No reporting requirement.
Engineering	<input type="checkbox"/>	X	<input type="checkbox"/>	No reporting requirement.
Non-Coal Waste	<input type="checkbox"/>	X	<input type="checkbox"/>	The Mine does not have a permanent non-coal waste disposal area; all waste is shipped to the Sevier County landfill.
Abandoned Underground Equipment	<input type="checkbox"/>	X	<input type="checkbox"/>	No mining equipment was abandoned underground during 2007.
AVS; Legal/ Financial Update	<input type="checkbox"/>	X	<input type="checkbox"/>	This information is contained in the stand alone document General Chapter One which is submitted to the Utah Dept of Commerce. Same is currently being reviewed by the DOGM as Task ID # 2988.
Mine Sequence Map	X	<input type="checkbox"/>	<input type="checkbox"/>	See LMU Mining Progress Map 2007-2008 which is certified by John D. Byers, P.E. and Mark Bunnell, professional geologist.
Other Information	X	<input type="checkbox"/>	<input type="checkbox"/>	Cultural Resource Information for 2007 has been submitted in the same stand alone report cover with 2007 Raptor Survey information, on file in the Salt Lake DOGM public information center. This should be reviewed as a Special Project during the 4 th quarter of 2008. * See below

Vegetation Monitoring: Environmental Specialist, Keith Zobell, conducted "The Pines Tract Vegetation Study" on July 18, 2007. The study was conducted in order to study the underground mining effects on the riparian vegetation and the *Link Canyon Trail Columbine* (*Aquilegia flavescens* var. *rubicunda*) in particular. Qualitative data and Photographs at established photo points were collected. **The report should include a comparison of current and previously collected data.** The division compared the 2007 report and photos to the 2006 report and photos. Most likely due to reduced moisture in 2007, the following results were noted:

At Photo point 1a, there remains one columbine plant with less vigor and inflorescences than in 2006.

At photo pt 1b, there are still two columbines, but one appears to be dying in 2007.

The columbine plant at photo point 1c has only one inflorescence in 2007 compared to several in 2006.

At photo pt 2, two of the three plants that were healthy in 2006 are now dead or dying. The one remaining plant has sparse inflorescences.

The Columbine plants in photo pt 3 remain similar in condition.

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At photo pt 4, the florescences are almost non-existent compared to several inflorescences found in 2006.

The columbine plants at photo pts 5 and 6 appear to be in much better condition in 2007 because they have not been grazed.

At photo pt 7, there remain no columbine plants and over 80% bare ground due to overgrazing in 2006 and a dry creek bed.

Photo pt 8 has smaller and fewer ferns than in 2006 due to less moisture from the cliff crack.

The ferns and lichen growth at photo pts 9a and 9b appear to be in similar conditions as in 2006.

The condition at photo pt 10 continues to be poor with 50-60% bare ground. It has converted from a dry meadow to a dry sagebrush/grassland site.

Keith Zobell also conducted the "Link Canyon Mine Portal Vegetation Study" on June 26, 2007 and on September 20, 2007 and again on November 6, 2007. This study consisted of retaking photos at established photo points and analyzing the vegetation. The area received 57% of normal precipitation amounts, and it was concluded that much of the vegetation had gone into dormancy. It was concluded that both portal sites are in very poor condition and in a downward trend from the last two years.

Raptor Survey: A Raptor survey was provided in the confidential section of the 2007 annual report. The survey includes a list of nest number, X/Y coordinates, date, Species, nest location type, 2007 status, and comments. The report does not include a map showing the location of the nests in relation to the mine permit site or the flight lines for 2007.

The Report includes 64 total nests surveyed for, and when compared to the 2006 report, 18 new nests were surveyed, and 22 nests that were surveyed in 2006 were not included in the 2007 report. All of the nests missing from the 2007 report were recorded as either "not found" or "not surveyed" in 2006.

In 2007, there were 6 active nests (4 Golden Eagle nests, 1 Peregrine Falcon and 1 Raven nest). There were also 7 tended Golden Eagle nests in the area. There seems to be much more activity in this area than in 2006.

Cultural Resources Survey: Earth Touch Inc. prepared a report in 2007 titled, "Year 2007 Cultural Resource Monitoring Report for sites within the Pines Coal Lease Tract, Sufco Mine, Manti-La Sal National Forest." A monitoring schedule was prepared for the 13 sites eligible for the National Register of Historic Places. These sites will be monitored six months prior to mining, within six months of the onset of subsidence, between six and twelve months after subsidence and once per year for two years or until subsidence ceases. Based on this schedule, two sites were monitored in 2007, 42SV2430 AND 42SV2432. Site 42SV2430 had collapsed in 2003 from subsidence and remains a broad talus slope and unstable area. No human or animal damage occurred, block failure, surface cracking, slumping, and slide deposits were present. Site 42SV2432 has not had any changes from subsidence. The site did have illegal excavation, human and livestock trails, rodent burrowing and some water erosion.

**** Waste Sampling:** Sampling of the waste quarterly during periods of waste hauling is described on page 3-4 of Vol. 3 of the MRP. Waste Rock Disposal Site was analyzed in the first quarter of 2008. The analysis indicates that this material is not suitable in the surface four feet of the reclaimed waste rock site, due to the SAR value of 50. Contemporaneous reclamation of the waste rock site is described in Sections 3.3 and 3.4 and on Map 4 of Volume 3.

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