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JON M. HUNTSMAN, JR.
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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
#3285
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December 17, 2009

Ken May, General Manager
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: 2008 Annual Report Review, SUFCO Mine, C/041/0002, Task ID # 3285
Outgoing File

Dear Mr. May:

The Division staff has completed the 2008 Annual Report Review. Enclosed is a copy of the review for SUFCO Mine, C/041/0002 completed on December 17, 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 R. Haddock
Permit Supervisor

sqj
Enclosure
O:\041002.SUF\FINAL\reviewletter.doc



This Annual Report shows information the Division has for your mine. Please review the information to see if it is current. If the information needs to be updated please do so in this document. At the end of each section the operator is asked to verify if the information is correct. Please answer these questions and make all comments on this document. Submit the completed document and any additional information identified in the Appendices to the Division by April 30, 2009. During a complete inspection an inspector will check and verify the information. To enter text, click in the cell and type your response. You can use the tab key to move from one field to the next. To enter an X in a box, click next to the box, right click, and select properties, then the checked circle, then hit enter, or hit the unchecked circle if the X is to be removed.

GENERAL INFORMATION

Permitte Name	Canyon Fuel Company, LLC
Mine Name	SUFCO Mine
Operator Name (If other than permittee)	
Permit Expiration Date	March 20, 2012
Permit Number	C/041/002
Authorized Representative Title	Kenneth E. May, General Manager
Phone Number	(435) 286-4880
Fax Number	(435) 286-4499
E-mail Address	kmay@archcoal.com or mdavis@archcoal.com
Mailing Address	597 South SR 24, Salina, UT 84654
Designated Representative	C.T. Corporation
Resident Agent	Corporation Trust Center
Resident Agent Mailing Address	1209 Orange Street, Wilmington, DE
Number of Binders Submitted	2

Operator, please update any incorrect information.

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expiration Date
MSHA Mine ID(s)	420089	Minesite	
	1211UT090008901	Waste Rock Disposal	
MSHA Impoundment(s)			
NPDES/UPDES Permit(s)	UT0022918	Minesite Sediment Pond Major Industrial	April 30, 2011
	UTR000576	Multi-Sector Storm Water Permit	December 31, 2011
PSD Permit(s) (Air)	DAQE-AN0665008-06	Minesite Air Quality Approval Order	
	BAQE-126-88	Waste Rock Disposal Air Quality Approval Order	
Other			

Operator, please update any incorrect information.

CERTIFIED REPORTS

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

Certified Reports:	Required		Included Included	or	DOGM file location Vol, Chapter, Page
	Yes	No			
Excess Spoil Piles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Refuse Piles	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Certified Reports previously submitted.
Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Certified Reports previously submitted.
Other					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Admin R645-301-100
Soils R645-301-200

Biology R645-301-300

Title: RAPTOR SURVEYS

Objective: To determine if there are nest sites or active nest sites and the number of juveniles present within ½ mile of surface mining activities or areas that may be impacted by subsidence.

Frequency: Annually.

Status: Ongoing.

Reports: Annual.

Citation: Volume 1, chapter 3, page 3-9.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments: Raptor 2008 survey report is located in the Confidential Folder.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: Not available to the Price Field Office. Needs to be verified by the assigned Division Biologist in SLC Office.

Report Reviewed by Ingrid Wieser. Canyon Fuel Company submitted a data sheet with nest number, location and 2008 status. A map of the nests and the proximity to the mine was not included. The data sheet listed four active golden eagle nests in the project area. The shapefile was obtained from DWR so that the distance of these nests from activity could be determined. No active or tended nest was located near an actively mined area.

In future annual reports, Please provide a map of the nests overlaying the mine workings and subsidence zones or the associated shapefiles.

Title: PRE SUBSIDENCE QUALITATIVE EVALUATION OF VEGETATION AND CHANNEL CONDITIONS IN THE EAST FORK OF BOX CANYON.**Objective:** To obtain data that characterizes the channel prior to subsidence.**Frequency:** Fall of 2003 through 2005 then the Fall of 2008.**Status:** During specified years.**Reports:** 2003 and 2008 Annual reports.**Citation:** Volume 1, chapter 3, page 3-22.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** Report is located in Appendix B.**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:**

The Video was located on the CD. This commitment was reviewed by Ingrid Wieser. The east fork of Box Canyon was undermined in the winter of 2003-04. This qualitative evaluation commitment involves video taping the condition of the stream channel before and after undermining. The video included Dr. Pat Collins, botanist discussing vegetation changes and Erik Peterson, Hydrogeologist discussing hydrology changes due to mining and natural causes. Overall, there were significant changes to vegetation and streambed substrate from storm events. Subsidence from mining altered the groundwater stream flow so that it seeped into the stream channel several hundred feet below where it did during premining conditions. Three of the springs toward the top of the channel were completely dry which eliminated the riparian vegetation. However, it was determined that much of the water seeped into new stream areas further downstream so that the water was still contributing to the channel and the overall groundwater system was not lost. Several cracks in the bedrock portions of the channel were present. Mining did alter the riparian vegetation and stream flow in the upper portion of the channel but not in the lower. The gain in vegetation in the lower channel could not be determined.

Title: VEGETATIVE SURVEY OF THE EAST FORK OF BOX CANYON**Objective:** To determine if there are any impacts to the vegetative communities associated with the stream and canyon.**Frequency:** 2004, 05, 06, and 2008.**Status:** Ongoing.**Reports:** Annual.**Citation:** Volume 1, chapter 3, page 3-22A.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** Report is located in Appendix B.**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:** Report is in Appendix B. The report needs to be reviewed by the assigned Division Biologist to determine any impacts.

Report reviewed by Ingrid Wieser on July 7, 2009. Data were recorded in the East fork of Box Canyon and in the Main fork as Control data in July and October of 2008 by Pat Collins of Mt. Nebo Scientific. Coal Mining occurred in this canyon in the Winter of 2003. 2008 is the last required sampling year for this area. A summary of the findings of all riparian zones for all sample periods was also submitted to the Division in with the October 2008 report. Quantitative and qualitative data were collected including photographs, Green line cover, Community type cover, and total cover.

Summary of findings for all sample periods: Author, Pat Collins, determined that community cover and greenline methods were more conducive in noting changes in the riparian plant communities and therefore emphasized them in his discussion. The riparian communities in the upper reaches of E. Fork Box Canyon had fluctuated somewhat but remained constant overall. Dr. Collins also concluded that changes in total cover data fluctuated due to grazing practices rather than mining influences. The only major decreases in riparian area occurred on sites downstream of EFB-6. Dr. Collins concluded that abrupt decreases in the riparian community widths were most likely due to flooding in the area which eroded the banks in both the main and east fork of box canyon. *Dr. Collins found that subsidence caused by mining could have caused several impacts including temporary stop of flow, mudflows, loss of riparian vegetation and elimination of springs. However, the springs naturally reestablished downstream according to the video submitted with this annual report. According to page 3-22C of the MRP, the permittee must consult with the Division and the USFS to determine if mitigation is necessary. *This item will be addressed in the company's midterm review (commenced October 2009).*

Title: COLOR INFRARED AERIAL PHOTOGRAPHY SURVEY

Objective: To monitor potential changes in vegetative communities in areas that have subsided from longwall mining. The survey will include the upper portions of Box Canyon.

Frequency: (2003 and 2008).

Status: Next survey 2008.

Reports: Annual

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments: Color infrared aerial photography survey photos are located on CD at end of report.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: A CD is contained in the 2008 Annual Report. The CD needs to be reviewed by the assigned Division Biologist to determine any potential changes.

The photos were reviewed by Ingrid Wieser. The permittee submitted infrared aerial photos of the permit area. The images were submitted electronically on a cd and included world files to correlate the images with the correct area using ArcMap. These photos should be compared to the photos taken in 2003 in order to monitor changes in vegetative communities. No analysis was submitted. The 2003 photos were submitted as a pdf file in the 2004 annual report. No world files were included. *The permittee must submit an analysis of the change in vegetative communities between the 2003 and 2008 photos and submit the 2003 photos electronically with corresponding georeferencing files. *This item will be addressed in the company's midterm review (commenced October 2009).*

Title: PINES TRACT VEGETATION STUDY

Objective: To determine if longwall mining in the Pines Tract would potentially impact the Link Canyon Trail Columbine. The survey will include the portions of Box Canyon.

Frequency: Annually.

Status: Ongoing.

Reports: Annual.

Citation: Volume 1, chapter 3, page 3-45A.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments: Report is in Appendix B.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments: Report is in Appendix B. The report needs to be reviewed by the assigned Division Biologist to determine any impacts. Report reviewed by Division biologist, Ingrid Wieser. The report was prepared by Keith W. Zobell, Environmental scientist. The study documented the vegetation in the Pines tract to determine if undermining has had an effect on the riparian areas within the tract and specifically on the Link Canyon Trail Columbine. The survey occurred on July 16, 2008. Photographs were taken at established photo points and general vegetation growth, plant vigor and plant condition was documented. The area has undergone several years of low moisture, which has contributed to only fair overall plant growth and vigor in the tract. By looking at the pictures and descriptions, it appears that most of the sites have been affected by low moisture. Several sites have been heavily grazed and no columbines exist as a result.

Title: LINK CANYON PORTAL VEGETATION STUDY**Objective:** To determine if there are any impacts to the vegetation surrounding the portal area.**Frequency:** Annually, June, September and November.**Status:** Ongoing.**Reports:** Annual.**Citation:** Annual report.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** Report is located in Appendix B.**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:** Report is in Appendix B. The report needs to be reviewed by the assigned Division Biologist to determine any impacts. Report reviewed by Ingrid Wieser. The study was conducted on June 13, 2008, September 18, 2008 and November 16, 2008 of the Link Canyon Mine Portal area and prepared by Keith Zobell, Environmental Specialist.**June**

The west portal photo point area, it was found that 60% of the aerial willow (*Salix* spp.) stems have died since last year, which may be due to lack of moisture or winter kill. The condition of the vegetation at the east portal photo point was also very poor due to lack of water. Both sites were on a consistent downward trend in June.

September

The portal area underwent a significant flash flood in August 2008. The vegetation at the west portal area was destroyed. SUFCO reclaimed the area and seeded with the approved interim seed mix.

November

It was noted that some grasses were starting to germinate from the planted seedmix. The east portal area was completely dormant.

No water is being discharged from the mine portals.

Title: CULTURAL RESOURCES

Objective: If during the course of mining operations, previously unidentified cultural resources are discovered, the Permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the Permittee of necessary actions required. The Permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.

Frequency: As needed.

Status: Ongoing.

Reports: Annual.

Citation: Permit Condition Sec. 16.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments: No previously unidentified cultural resources were discovered during the course of mining operations in 2008.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

The 2008 Cultural Resource Monitoring Report for Sites Within the Pines Coal Least Tract, Sufco Mine, Manti La Sal National Forest is found in the Confidential folder of the 2008 annual report and was reviewed by Ingrid Wieser.

The survey was conducted by Scott Billat of Earth Touch in 2008. The survey covered one of the thirteen eligible sites and followed the standards and guidelines established in the MOA between the forest service, SHPO, Canyon Fuel, the Division, and the advisory Council on Historic Preservation. The surveyed site, 42SV2432, was described and monitored for natural and mining associated impacts. This site was located in an area that was subsurface mined using full support methods. Therefore, according to the MOA, the site is to be monitored six months prior to mining, within six months of the onset of subsidence and six to twelve months after the initiation of subsidence and once a year for two additional years. In 2007 and 2008, the site did not appear to be affected by mining related activities. However, the site did sustain other damage including illegal excavation, human and livestock trails, rodent burrowing and water erosion.

Title: SUBSIDENCE MONITORING**Objective:** Document the amount of subsidence that has occurred.**Frequency:** Annual.**Status:** On going.**Reports:** Annual report.**Citation:** p 5-29.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** Report is located in Appendix B.**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:** Report is located in Appendix B. A subsidence map is located in Appendix D. The report gives historical background and present information. The map shows subsidence contours over the existing workings that helps in determining if the subsidence is mining induced.**Title: MEASURE CRACKS.****Objective:** Measure cracks in the West Fork of Box Canyon.**Frequency:** Annually.**Status:** On going.**Reports:** Annual.**Citation:** P5-30.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** The results are included in the 2008 subsidence report. These cracks are located in Longwall area 10 that has been mined out since 2001, and the area is now assumed to be dormant. This will be the last year these cracks will be monitored since there will not be any more movement in this area.**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:**

Geology R645-301-600

Hydrology R645-301-700

Title: Climatological Data**Objective:** Collect climatological data to aid in determining effect of mining on runoff, stream flow, and local springs.**Frequency:** Annually.**Status:** Ongoing.**Reports:** Annual.**Citation:** Volume 2, P 7-51E.**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:** Data is located in Appendix B**Inspector:**Has the operator complied with this commitment? Yes No **Inspector Comments:** Climatological Data is located in Appendix B. The assigned Division Hydrologist needs to review the information to ensure compliance with this requirement.

The Permittee submitted data from the facilities area which included ambient temperature for 2008, providing minimum and maximum temperatures for each day and the precipitation amounts. Total moisture for the year amounted to 8.51 inches at the site. Precipitation and temperature data collected from the East Fork of Box Canyon weather station was also submitted. The data covered the years since August 2004 to the end of 2008. Graphs presented in the report show the water year between 2007-2008 was below normal. A comparison of discharges to precipitation showed both were lower for the year.

Bonding & Insurance R645-301-800

Other Commitments

*Reminder: If equipment has been abandoned during 2008, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

Operator Comments:**Inspector:**Has the operator complied with this section? Yes No **Inspector Comments:** No information provided.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each Permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

Legal / Financial Update **Required** **Included** **or** **DOGM File location**
 Yes No Included Vol, Chapter, Page

Department of Commerce, Annual Report Officers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Submitted in Canyon Fuel General Chapter One
Other			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

MINE MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2008, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Confidential information is limited to:

R645-300-124.310. Information that pertains only to the analysis of the chemical and physical properties of the coal to be mined, except information on components of such coal which are potentially toxic in the environment.

R645-300-124.330. Information on the nature and location of archeological resources on public land and Indian land as required under the Archeological Resources Protection Act of 1979 (P. L. 96-95, 93 Stat. 721, 16 U.S.C. 470).

R645-301-322, Fish and Wildlife Information; R645-301-322.100, the scope and level of detail for such information will be determined by the Division in consultation with state and federal agencies with responsibilities for fish and wildlife and will be sufficient to design the protection and enhancement plan required under R645-301-333 and R645-301-322.230, other species or habitats identified through agency consultation as requiring special protection under state or federal law; R645-301-333.300, Include protective measures that will be used during the active mining phase of operation.

The Division will provide procedures, including notice and opportunity to be heard for persons both seeking and opposing disclosure.

Map Number(s) Map Title/ Description

Annual subsidence map	Mine Subsidence Map		
Mine map	Mining Progress 2008		
Other maps		Confidential	
		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
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Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

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APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

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APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

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APPENDIX D

Mine Maps

As required under R645-302-525-270

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APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

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