



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

| | |
|------------------|-----------------------------|
| Permit Number: | C0410002 |
| Inspection Type: | COMPLETE |
| Inspection Date: | Tuesday, September 25, 2012 |
| Start Date/Time: | 9/25/2012 2:00:00 PM |
| End Date/Time: | 9/26/2012 11:30:00 AM |
| Last Inspection: | Tuesday, August 14, 2012 |

| Representatives Present During the Inspection: | |
|--|----------------|
| Company | Amanda Richard |
| OGM | Joe Helfrich |
| Company | Mike Davis |

Inspector: Joe Helfrich

Weather: Sunny warm, slight breeze

InspectionID Report Number: 3252

Accepted by: jhelfric

10/11/2012

Permitee: **CANYON FUEL COMPANY**
 Operator: **CANYON FUEL COMPANY**
 Site: **SUF CO MINE**
 Address: **597 SOUTH SR24, SALINA UT 84654**
 County: **SEVIER**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

| | |
|--------|------------------------|
| 720.48 | Total Permitted |
| 48.43 | Total Disturbed |
| | Phase I |
| | Phase II |
| | Phase III |

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

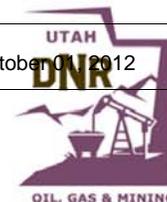
Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a complete inspection at the convulsion canyon mine. The mine is currently active and some mining has started in the west lease area. More waste rock than was anticipated was removed from the old workings in developing the west lease area. NOV 10098 was issued for constructing the concrete fan pad without approval from DOGM.

Inspector's Signature:

Joe Helfrich,
Inspector ID Number: 1

Date Monday, October 01, 2012



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 checked="" 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 checked="" 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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.d Hydrologic Balance: Water Monitoring | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Disposal of Excess Spoil, Fills, Benches | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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 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 checked="" 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 checked="" 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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

1. Permits, Change, Transfer, Renewal, Sale

The permit was issued on 5/21/2007 and renewed effective 5/21/2012 for five years. The South Fork of Quitchupah amendment, (task # 3950), was received by the Division on 11/04/2011. A list of deficiencies was sent to the permittee on 12/21/2011. The deficiencies were discussed with Chris Hansen, Erik Petersen, and Mike Davis at the Division's Salt Lake office on January 19th, 2012. On January 25th Mike Davis and Joe Helfrich met at the Forest Service office in Richfield with Allen Rowley, Jason Kling, Dianne Freeman and Jim Wehlen. The discussion included a summary of the previous meeting with the Division staff. Since that time the Forest Service and FWS through email exchange have provided the division with concurrence and a determination of no effect for the 4 endangered fish species in the Colorado Fish Recovery program. Mitigation plans for the shelter have been reviewed by Bob Leonard, (Archaeologist for the Fish Lake Ntl Forest), and forwarded to the tribes and SHPO for review and concurrence. On September 5th an "E" mail was sent to the company regarding deficiencies and SUFCO's request to withdraw the amendment. SUFCO had also sent the Division an "E" mail on Sept. 9th requesting withdrawal of the amendment based on the need to revise the PHC to include an additional spring located in the south fork of the Quitchupah watershed. The company plans to resubmit the application when revisions to the PHC have been completed. Copies of the "E" mail correspondence to and from the company can be found in the Division's "M" drive. The fan pad, task # 4161 and generator building task # 4192 were conditionally approved on Sept. 20th. The Northwater mitigation plan task # 4150 was returned to the operator on August 13th noting several deficiencies, there is no due date for the company to respond to the deficiencies noted in the Division's review. The company is working on plans for expanding the waste rock site.

2. Signs and Markers

Signs containing the required information were posted at the entrance to the mine, topsoil and waste rock locations.

3. Topsoil

Some of the subsoil salvaged during the development of the West Lease portals is being returned to the portal area for distribution now that the construction of the portals has been completed. Since the relocated topsoil stockpile was seeded this spring stands of Russian thistle and Kochia have come in, there is also some musk thistle at the waste rock site. Mr. Davis agreed to an application of weed spraying for these species, there was also a minor amount of thistle in the reclaimed area between the sediment ponds. The emerging Russian thistle and Kochia should be sprayed in the spring and the musk thistle should be sprayed this fall and checked in the spring. Consultation regarding the fall application of a herbicide included Mike Davis, Amanda Richard Ingrid Campbell and Priscilla Burton.

4.a Hydrologic Balance: Diversions

The diversions at the mine and waste rock sites were in good repair and functioning adequately.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment ponds for the main facilities and wasterock and topsoil storage areas were in good repair. The ponds below the surface facilities did contain water, the lower pond was discharging through the flume. The ponds were inspected on June 18th indicating no signs of structural weakness or hazzards. Hard copies of the reports were available on site for inspection.

4.c Hydrologic Balance: Other Sediment Control Measures

The topsoil, subsoil and waterrock piles have diversion ditches and catch basins or small sediment ponds to adequately control sediment. A new typ of silt fencing has been installed at the low point of the diversion ditch around the subsoil pile. The permittee needs to demonstrate that the material is adequatelt designed to meest effluent limitations.

4.d Hydrologic Balance: Water Monitoring

Water monitoring for the second quarter was uploaded into the Division's database in Sept.

4.e Hydrologic Balance: Effluent Limitations

The DMR's for the ponds were current through August of 2012.

6. Disposal of Excess Spoil, Fills, Benches

Waste rock from the west portal access through the old workings to the waste rock site is nearly complete but will continue as mining advances in the west lease.

7. Coal Mine Waste, Refuse Piles, Impoundments

Inspections for the second quarter of 2012 were current and no problems were noted.

8. Noncoal Waste

A minor amount of non-coal waste was noted around the upper sediment pond, a plastic jug and several styrafoam cups

13. Revegetation

16.a Roads: Construction, Maintenance, Surfacing

Road maintenance within the disturbed area is adequate.

16.b Roads: Drainage Controls

Road drainage within the disturbed area is adequate.

18. Support Facilities, Utility Installations

The new generator building will be located inside the substation.

19. AVS Check

The ownership and control information has been evaluated as part of the annual report review.

20. Air Quality Permit

The air quality permit is in effect as of may 2006 and renewed 03/30/2011 to include the west lease conveyor. The permit is listed as appendix 4-4 in the MRP.

21. Bonding and Insurance

The bond was reduced during the mid-term review to 2,874,000. Insurance is current through 07/31/2013.