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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

GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

June 5, 2012

Mike Davis
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: 2011 Annual Report Review Completion, SUFCO Mine, C/041/0002, Task ID #4060

Dear Mr. Davis:

The Division staff has completed the review of the 2011 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 4, 2012.

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
Coal Program Manager

DRH/sqs
Enclosure
cc: Price Field Office
O:\041002.SUF\WG4060\4060_ReviewCompletionLetter.doc

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 30, 2012.** During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name	Canyon Fuel Company, LLC	Mine Name	SUFCO Mine
Permit Number	C/041/0002	Permit expiration Date	2012-05-21
Operator Name	Canyon Fuel Company, LLC - Sufco Mine	Phone Number	+1 (435) 286-4880
Mailing Address	597 South SR24	Email	mdavis@archcoal.com
City	Salina		
State	UT	Zip Code	84654

		DOGM File Location or Annual Report Location
Excess Spoil Piles	☐ Required ☒ Not Required	
Refuse Piles	☒ Required ☐ Not Required	Certified reports previously submitted
Impoundments	☒ Required ☐ Not Required	Certified reports previously submitted
Other:		

OPERATOR COMMENTS

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not meet Requirements

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan 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 additional written response is required, it should be filed as an attachment to this report.

Title: RAPTOR SURVEYS
Objective: To determine if there are active nest sites and the number of juveniles fledged within 1/2 mile of surface mining activities or areas that may be impacted by subsidence. **The surveyor should obtain nest location data from DWR prior to conducting the survey. All data collected should be provided to DWR to update the database.**
Frequency: Annually
Status: Ongoing
Reports: Annual
Citation: MRP, Volume 1, Chapter 3, page 3-9
Operator Comments

Raptor survey report is included in the annual report confidential information on CD disk.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Ingrid Campbell. Survey was conducted on June 8th 2011 by Craig Brown of Tetra Tech Inc. The survey consisted of Sufco Mines 2011 subsidence areas within the Manti La-Sal and Fish Lake National Forest in T21S R5E sec. 8,9,16,17,20,21,30 and T21S R4E sec 23,24,25,26. An inventory of raptor nests and activity was recorded as well as an acoustical survey for Northern Goshawk. The Division recommends that raptor surveys be conducted near the beginning of May in order to accurately identify occupied nests and number of young before fledging.

No active raptor nests were located within the direct subsidence zone. Tetra tech biologists did locate an active red tail hawk nest and an active golden eagle nest within a one-mile buffer of the proposed subsidence area. The Division does not require protection or avoidance of nests outside of the direct subsidence zone; these nests should not be affected by undermining.

Title: REVEGETATION/ENHANCEMENT PLAN
Objective: To mitigate mining induced impacts to vegetation. Plan must be approved by DOGM and USFS.
Frequency: Once
Status: Not complete, waiting on water replacement/mitigation plan
Reports: Annual-proposed activities and completed activities
Citation: MRP, Volume 1, Chapter 3, page 3-22C; Volume 5, Appendix 3-10

Operator Comments

North Water mitigation plan will be submitted as a separate document amendment so that it can be incorporated into the MRP. This Mitigation plan should be submitted to the Division by April 13, 2012.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The mitigation plan will be reviewed as a separate task.

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: MRP, Volume 1, Chapter 3, Page 3-22B, page 3-45 A.

Operator Comments

Report is included in technical data on CD disk.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Ingrid Campbell: Environmental Specialist, Keith Zobell, visited and photographed areas with Link Canyon Trail Columbine and other riparian areas that could potentially be impacted by undermining. The last several years before 2011 were extremely dry years and the columbine and riparian areas showed very little growth and vigor. 2011 had more than usual precipitation, and accordingly, the riparian vegetation was in very good condition. It appears that the columbine and other riparian vegetation is effected more by the climate than by undremining. Even with the loss of water at Pines 105, the riparian vegetation was still thriving in 2011. Grazing and climate changes continue to be the biggest factor in riparian vegetation growth. The operator may want to discuss this commitment with the Division to determine how to conclude the monitoring..

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: MRP, Volume 1, Chapter 3, page 3-45A

Operator Comments

Reports are included in technical data on CD disk.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Ingrid Campbell:
Environmental specialist Keith Zoebell photographed the link canyon portal area on June 27, 2011, September 15, 2011, and December 9, 2011. The plant density at the site was estimated at 60%, 70% respectively and a density measurement was not reported in the December report. No water discharged from the portals in 2011, according Mr. Zoebell. The reported vegetation consisted of Indian Rice grass, crested wheatgrass, great basin wildrye, slender wheatgrass, rabbitbrush, sagebrush, squaw bush, willow, cheatgrass, and halogeton. Mr. Zoebell stated that halogeton is a noxious weed and should be controlled with 2-4D. Halogeton is not a noxious weed but is an undesirable annual and is usually outcompeted successfully by native vegetation. According to the September report, the area was treated using 2-4D for halogeton despite the Division's comments in the 2010 annual report. The area may need to be reseeded due to the chemical application. The Division will set up a site visit this summer to analyze the site. Cheatgrass is also an undesirable and should not be included in cover estimates. The report does not include the methods used for estimating plant density. In the future, the site should be monitored for plant density, cover and production using the approved methods identified in the Division's "Vegetation Information Guidelines, Appendix A" (R645-301-356.110). Additionally, a determination needs to be made regarding the impact of the portals on the area's vegetation.

Title: SUBSIDENCE MONITORING
Objective: To document the amount of subsidence that has occurred.
Frequency: Annually
Status: Ongoing
Reports: Annual
Citation: MRP, Volume 1, Chapter 5, page 5-29

Operator Comments

Report is included in technical data on CD disk. Subsidence map is included in the maps section on CD disk.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by James Owen. An updated subsidence map with subsidence contours was included in the annual report. The mine subsidence map accompanying the report shows surface control monuments, overburden contours, subsidence contours, surface tension cracks, a current outline of the mine, a one year mining projection and other miscellaneous items. Details for subsidence history, dormant and active areas, recent subsidence by area, draw angle surveys, tension cracks, and longwall subsidence profiles were included. Subsidence report is complete and concise.

Title: CLIMATOLOGICAL DATA
Objective: Collect climatological data to aid in determining the impact to runoff, stream flow and local springs from mining.
Frequency: Not stated
Status: Ongoing
Reports: Annual
Citation: MRP, Volume 2, page 7-51E

Operator Comments

Data is included in technical data on CD disk.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The Permittee provided a 2011 Weather Data and Stream Discharge comparison report prepared by Petersen Hydrologic LLC. This report summarizes the discharge rates at perennial reaches of Box Canyon and E. Fork of Box Canyon and compares the data from these locations to weather stations installed at E. Fork of Box Canyon and a Salina 24E weather station located at the SUFCO surface facilities. The data are also compared to the Palmer Hydrologic Index for Utah Region 4.

Title: WASTE ROCK SAMPLING

Objective: To document chemical characteristics of waste rock and protect surface and groundwater. Quarterly sampling, Number of samples/volume not described. Refer to tables 3 and 8 in the Division's 2008 Soils and Overburden Handling Guide.

Frequency: Quarterly, during periods of deposition at the waste rock site.

Status: Ongoing

Reports: Annual, indicate frequency of sampling (#samples/volume).

Citation: MRP, Volume 1, Chapter 3, page 3-45A

Operator Comments

Results are included in technical data on CD disk. Frequency is 4 quarterly samples/13,545 tons in 2011.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Priscilla Burton on 4/17/2012. The West Lease expansion produced the bulk of the 13,545 Tons that were hauled to the waste rock site in 2011. One composite sample of waste rock was drawn each quarter. The samples were analyzed by Inter-Mountain Labs, Sheridan WY. The first quarter sample was saline, but the other three quarters were not. None of the samples were toxic or acid forming.

FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: COLOR INFRARED PHOTOGRAPHY
Objective: To assess changes in vegetation due to mining. Photos submitted after 2008 must include an analysis between 2008 and current photos to assess changes in vegetation due to subsidence.
Frequency: Once every 5 years beginning in 2008.
Status: 2008 photos completed, Photos and analysis due in 2013.
Reports: Annual
Citation: MRP, Volume 1, Chapter 3, page 3-45, Chapter 5, page 5-29

OPERATOR COMMENTS (OPTIONAL)

REVIEWER COMMENTS

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Department of Commerce, Annual Report Officers submitted in the Canyon Fuel General Chapter One Appendix 1-1 for Dugout Mine, Skyline Mine and Sufco Mine.

South Fork 2R2S Block A Cultural Report is included in annual report confidential information on CD disk.

Reviewer Comments

(Ingrid Campbell): The South Fork 2R2S Block A Cultural Report #10122 is being reviewed as part of task # 3950. The US Forest Service is consulting with SHPO.

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2011, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual Subsidence map	Sufco Mine Subsidence Map	☒	☐	☐	☒
Mine Map	LMU Mining Progress 2011-20	☒	☐	☐	☒
Five-year Projection Map	Plate 5-7v8	☒	☐	☐	☒
		☐	☐	☐	☐
		☐	☐	☐	☐

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements