



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING

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April 7, 1999

Dave Shaver
 Andalex Resources, Inc.
 6750 Airport Road
 P. O. Box 902
 Price, Utah 84501

RE: Postmining Land Use Change and Partial Bond Release Proposal, NEICO, Wellington Preparation Plant, ACT/007/012, Folder #2, Carbon County, Utah

Dear Mr. ^{Dail}Shaver:

The purpose of this letter is to inform you of the progress which the Division is making regarding review and approval of NEICO's application to 1) change the post mining land use for a portion of the Wellington Preparation Plant to an industrial post mine land use and 2) release the reclamation bond for that area.

The remaining technical issues in the division review deal with the manner that coal materials presently on site will be handled under the industrial post mining land use. Your recent assurances (by fax 4-5-99) to Ms. Grubaugh-Littig cover this topic and I quote from your letter:

"a. To the extent economically feasible we (Andalex) will utilize as much of the coal material as possible as pad material for the stock pile areas of the new (coal) loadout. We will pay AML fees on the recycled pad coal if DOGM determines this to be a regulatory requirement.

b. Much of the coal material will be used to construct the impoundment structure of the main sediment pond. We estimate that up to 7000 cubic yards of this material would be utilized for this purpose.

c. Any remaining coal material would be contained harmlessly within the hydrologic confines of the newly constructed sediment pond. This pond would be a permanent structure and would serve as the primary means of sediment control for the life of the new loadout facility. Coal material remaining within the interior of the pond would be graded to a smooth, even surface.

d. We also commit to dedicating a 6.3 acre area of topsoil material within the site (area J on map G9-3511) for the purpose of final reclamation of the refuse pile. This

Postmining Land Use Change

ACT/007/012

April 7, 1999

Page 2

commitment is made under the agreement with DOGM that this area would be released from the (Wellington Preparation Plant) permit when 13,019 cubic yards of topsoil has been salvaged from this area and relocated to the main topsoil storage pile area located south of the refuse pile.”

Based then on Division review of the proposal and the above assurances from you, the Division is able to make findings for the alternative postmining land use change under R645-301-412 and 413 that “there is reasonable likelihood for achievement of the use”. However, before we proceed with approving the postmining land use change and any change to the bond amount on the Wellington Preparation Plant permit, the Division will need an affidavit from Andalex. The affidavit must state that the terms and conditions enumerated in the September 25, 1998, Memorandum of Agreement between EarthCo, NEICO, and Andalex Resources are still in effect, and that Andalex intends to exercise the purchase option with the intent of constructing a coal loadout on the referenced property. If the Division can be “assured” that this alternative postmining land use will occur immediately upon bond release, then the post mining land use can be finally achieved and release of the bond can be made.

I hope that this letter serves to assure you that there is excellent progress toward approval of the proposal and that it also serves to inform you of the affidavit requirement. If you have any questions, please call me at 801-538-5370.

Sincerely,



Lowell P. Braxton
Director

cc:

Patrick Collins, Mt. Nebo
Mary Ann Wright
Pamela Grubaugh-Littig

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