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STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 2, 1987

Mr. Allen Klein, Acting Chief
Federal Programs Division
Office of Surface Mining
Brooks Towers
1020 15th Street
Denver, Colorado 80202

Dear Mr.  Klein:

RE: Final Decision Document, Five Year Permit Renewal,
Andalex Resources, Inc., Centennial Project, ACT/007/019,
Carbon County, Utah

The Division has received your letter of January 21, 1987, regarding the Draft Decision Document for the above-referenced action. The Division has notified Andalex Resources, Inc. (Andalex) of deficiencies in the resubmitted Mining and Reclamation Plan (MRP) via a January 21, 1987 review document. Andalex has been asked to resubmit their permit area map, to exclude the three lease modifications. The Division will ensure that the new MRP contains a correct permit area description prior to signing off on the Special Permit Condition. The permit issued will exclude the lease modification areas. A separate Decision Document to permit these areas will be forwarded to you after the new five year permit has been finalized.

Attached is the Division's Final Decision Document for the Five Year Permit Renewal. Please contact Lowell Braxton or Susan Linner if further clarifications are needed.

Best regards,

A handwritten signature in cursive script, appearing to read 'Dianne'.

Dianne R. Nielson
Director

SCL:jvb
cc: L. Braxton
D. Darby
S. Linner

0028R-74

DECISION DOCUMENT

FEBRUARY 2, 1987

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Andalex Resources
Centennial Project
ACT/007/019
Carbon County, Utah

February 2, 1987

DISCUSSION OF APPLICATION

Background

The Centennial Project operations are located approximately 10 miles N-NE of Price, Utah in Carbon County. The permit area currently consists of 2,360 acres, of which 200 acres is fee surface and coal. The remainder comprises all or part of four Federal coal leases - SL-027304, SL-063058, U-010581 and U-52341. The Bureau of Land Management administers the surface of those leases.

Tower Resources began in mining operations at the Pinnacle Mine (on the Zions's fee lease) on October 3, 1980 with a permit from the Utah Division of Oil, Gas and Mining (DOGGM). A permanent program Mining and Reclamation Plan (MRP) was filed January 19, 1981 under the Surface Mining Control and Reclamation Act and the Utah Program. DOGM approved a five year permit on January 4, 1982. The original permit area consisted of 2,240 acres. On May 20, 1986 DOGM granted approval to add lease U-52341 to the permit area. This lease, known as the Emergency Lease, consists of 120 acres, which will be mined as an underground extension to the Pinnacle Mine.

The original permit gave approval to develop three mines. Currently, the Pinnacle and Apex are operating in the Gilson and lower Sunnyside seams, respectively. The Aberdeen Mine which will operate in the Aberdeen seam, has not yet been developed. Dependent upon the demand for coal, it may be developed in this next five year permit term.

On February 14, 1986, the operator notified DOGM that the company name had been changed to Andalex Resources, Inc. This change had no effect on corporate structure, officers or directors.

The operator published notice of the request for permit renewal for four consecutive weeks with the last publication being October 31, 1986. No comments were received.

Permit Amendments and Revisions

During the last permit term several amendments to the permit were made and approved by DOGM, including:

Approval for an additional 1.74 acres of surface disturbance at the north end of the mine yard on April 27, 1982.

Approval for surface diversion designs for the additional 1.74 acres on May 26, 1982.

Approval for use of the upper Apex pad for operations on September 13, 1982. The lower Apex pad, which was determined to be suitable topsoil material required for revegetation, has been cordoned off, reseeded and marked as a topsoil storage area.

Approval for modification of sediment ponds on September 20, 1982.

Approval to direct runoff from the mine yard into underground workings on February 24, 1983.

Approval for underground mine workings modifications on June 6, 1983.

Approval for an incidental boundary change of 0.4 acres in December of 1983.

Approval for direct discharge of mine water on June 5, 1984.

Approval for a temporary coal-crushing facility, August 14, 1984.

The only major revision granted during this permit term was the Emergency Lease approval, May 20, 1986.

Recommendation for Approval

Approval for five year permit renewal is recommended, based on the MRP, as updated through December 23, 1986, a review of the current permit, including all conditions, amendments and revisions approved to date, and conformance with criteria for approval of permit renewal applications (UMC 788.14 - .16)(See attached Findings). The permit renewal term will not exceed the original permit term of five years.

Five Year Permit Renewal
Andalex Resources
Centennial Project
ACT/007/019
Carbon County, Utah

February 2, 1987

FINDINGS

1. The permit renewal term will not exceed the original permit term of five years (UMC 788.15).
2. The terms and conditions of the existing permit are being satisfactorily met (UMC 788.16(a)(1)).
3. The present underground coal mining activities are in compliance with the environmental protection standards of the Act and the Utah Program (UMC 788.16(a)(2)).
4. The requested renewal will not substantially jeopardize the operator's continuing responsibility to comply with the Act and the Utah State Program (UMC 788.16(a)(3)).
5. The operator has provided evidence that the performance bond will remain in full effect for the additional permit period. No additional surface disturbances, requiring an increase in bond, are proposed (UMC 788.12(a)(4)).

Susan Linn
Permit Supervisor

Keneth E. May
Associate Director, Mining
Division of Oil, Gas and Mining

Lawrence P. Bampton
Administrator,
Mineral Resource Development
and Reclamation Program

William R. Nielson
Director
Division of Oil Gas and Mining

Robert W. Roberts
Assistant Attorney General
Approved as to Form

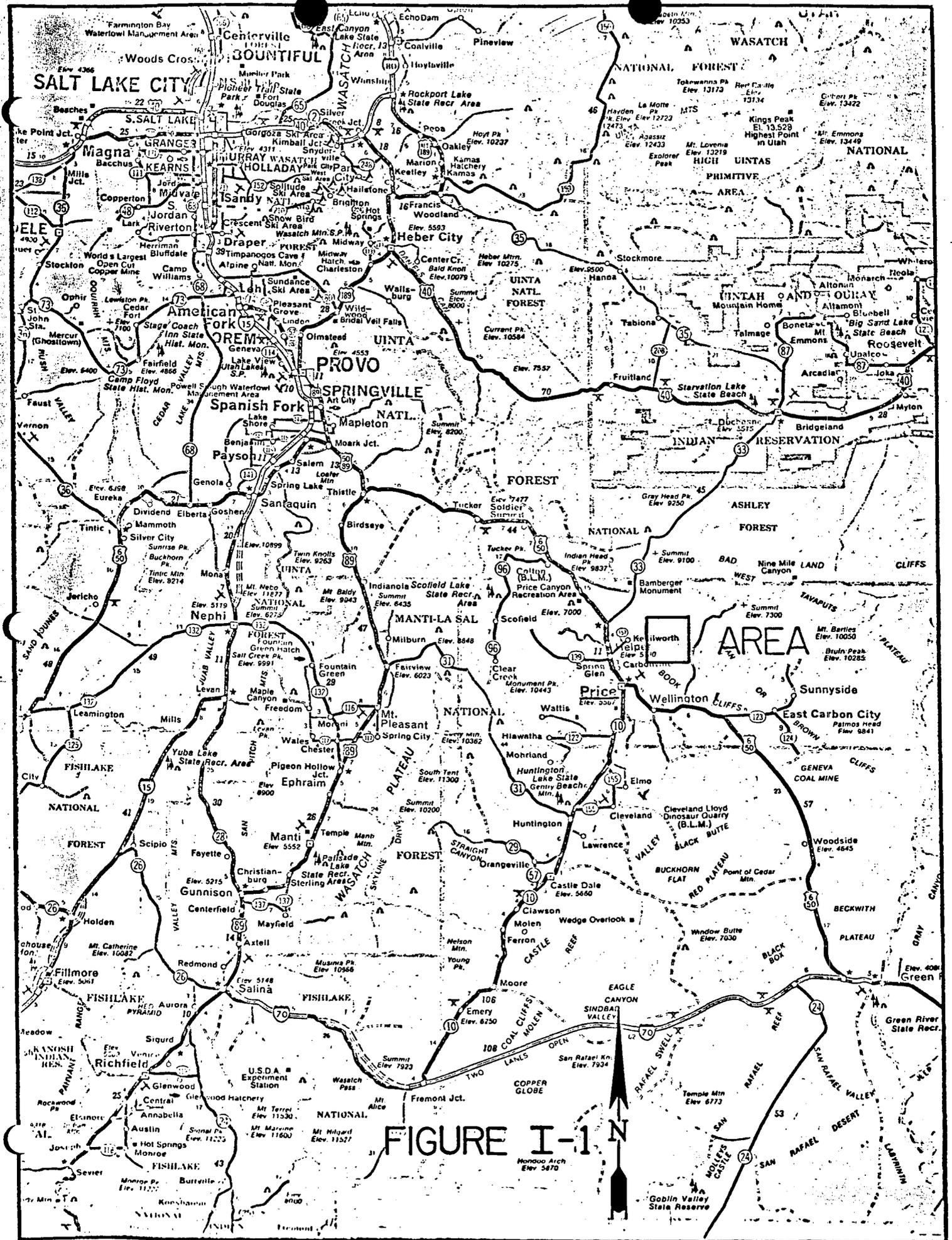


FIGURE I-1

FEDERAL
(January 1987)

Permit Number ACT/007/019, (DATE)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, ACT/007/019, which incorporates the Office of Surface Mining Reclamation and Enforcement (OSMRE) Permit UT-0022, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Andalex Resources, Inc.
P. O. Box 902
Price, Utah 84501
(801) 637-5383

for the Centennial Project. Andalex Resources, Inc. is the lessee of federal coal leases SL-027304, SL-063058, U-010581 and U-52341, and the lessee of a fee-owned parcel, Zion's fee lease. A performance bond is filed with the DOGM in the amount of \$381,839.00, payable to the state of Utah, Division of Oil, Gas and Mining and OSMRE. DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979 , Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA - The permittee is authorized to conduct surface coal mining and reclamation operations on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Centennial Project situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 11 East, SLBM

Section 5: All
Section 6: All
Section 7: All but SW 1/4 SW 1/4
Section 8: All
Section 9: SW 1/4, SW 1/4 SE 1/4
Section 17: N 1/2 NE 1/4, N 1/2 NW 1/4, SE 1/4 NW 1/4
Section 18: N 1/2 NE 1/4

This legal description is for the permit area (as shown on Attachment B) of the Centennial Project. The permittee is authorized to conduct surface and reclamation operations connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, and OSMRE permit UT-0022, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 PERMIT TERM - This permit expires on January 5, 1992.
- Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and UMC 788.17-.19.
- Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of the OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. have the rights of entry provided for in 30 CFR 840.12, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct surface coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- B. immediate implementation of measures necessary to comply; and
- C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 8 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 9 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- B. utilizing methods specified as conditions of the permit by DOGM and OSMRE in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 10 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 11 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 12 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 13 CULTURAL RESOURCES - 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 DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under UMC 787.
- Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and of performance set out in the leases, OSMRE permit UT-0022 and this permit, the permittee shall comply with the special conditions of OSMRE permit UT-0022 and the conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: _____

I certify that I have read and understand the requirements of this permit and any special conditions attached.

Authorized Representative of
the Permittee

Date: _____

APPROVED AS TO FORM:

By:

Assistant Attorney General

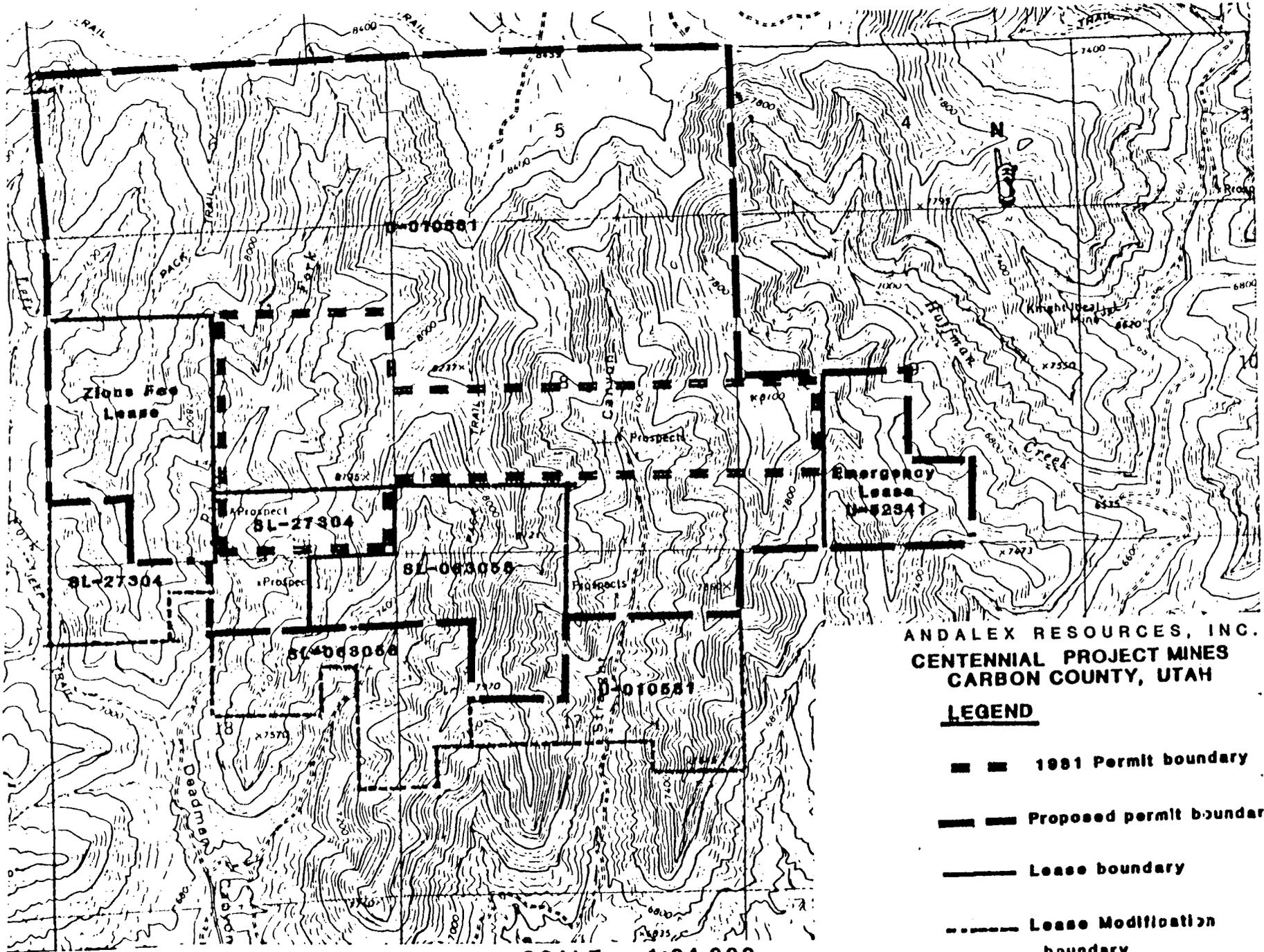
Date: _____

Attachment A

Special Permit Condition

1. Within ___ days of issuance of this permit, the applicant shall submit to the regulatory authority a reformatted Mining and Reclamation Plan, which will contain the currently approved mining and reclamation plans, all previously submitted baseline information (including summaries and conclusions), and designs, maps and plans depicting as-built and proposed surface facilities during this permit term, in one comprehensive, well-organized package, eliminating all duplication, conflicts, and items which have been superseded by subsequent approvals.

1067R-10



ANDALEX RESOURCES, INC.
CENTENNIAL PROJECT MINES
CARBON COUNTY, UTAH

LEGEND

- ■ 1981 Permit boundary
- ▬▬▬ Proposed permit boundary
- ▬▬▬ Lease boundary
- ⋯⋯⋯ Lease Modification boundary

SCALE 1:24,000

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