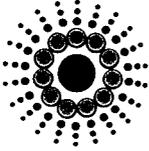


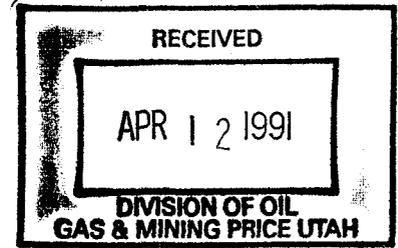
0023



ANDALEX
RESOURCES, INC.
Tower Division

P.O. BOX 902
PRICE, UTAH 84501
PHONE (801) 637-5385
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007/019 #2



April 12, 1991

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

Attn.: Daron Haddock, Permit Supervisor

Dear Mr. Haddock:

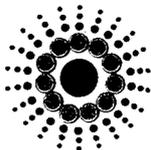
Enclosed are two copies each of material which will answer permit stipulations UDOH-(1), (3), and (4).

UDOH-(1):

The mine water system is very simple. It consists of a main storage "sump" located as shown in the Pinnacle Mine on the attached diagram #1 to be inserted at the end of Appendix L. The mines at the Centennial Project are essentially dry. There is only enough water made in the formation to keep up with the mining needs which are dust suppression on the continuous miners and fire suppression primarily on the beltlines. Water which is stored in the sump is pumped to each of the three individual mines' water tanks which in turn pump the water to the working sections.

On rare occasions, the mine will make more water than can be stored. On these occasions, the water is pumped to Deadman Canyon drainage under authorization UPDES UTGO40008 (002). This discharge is sampled on a monthly basis if it is occurring.

UDOH-(1) specifically refers to the collection of surface water. Since the mines do not generally make enough water to supply the mining cycle, Andalex applied for, and was granted through the State Engineer, water rights to runoff from our disturbed area. Plate 8 clearly shows the location of these collection points and the areas which drain to these culverts. Also, as part of the text of our permit, we have described in detail how much water we anticipate collecting in culverts CD-1 and CD-2. Obviously, collection of surface runoff is a function of precipitation and therefore, the estimates shown in our text are based on a 10 year, 24 hour event. Our allowance from the State Engineer is for 0.1 cfs or roughly 24 million gallons per year. Our typical annual consumption is only approximately 10 million; therefore, our allowance greatly exceeds our needs.



ANDALEX

RESOURCES, INC.

Tower Division

Mr. Daron Haddock

April 12, 1991

Page Two

UDOH-(3):

Any reference to the disposal of waste oil at the county landfill in our permit has been deleted. Enclosed are new text pages 193 and 194 which describe Andalex's procedure for dealing with waste oil. Essentially, waste oil is collected in drums and is picked up by a local distributor who has a recycling permit from the DOGM. I have included a copy of this approval for insertion into Appendix J.

UDOH-(4):

I have enclosed two copies each of other environmental permits which should be inserted at the end of Appendix J. Included are the newest discharge permits, air quality approval order, and culinary water hauling permit. We were told that when Pond E at the Aberdeen Mine was completed that a letter from Health would not be written following their inspection of the construction. I have included, however, a slope stability study of that pond which was requested by your Division. This study should be inserted into Appendix K.

Please call if any questions arise from this submittal.

Thank you very much.

Sincerely,

Michael W. Glasson
Senior Geologist

MWG/as

Enclosures

cc: File