

0016



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

April 12, 1991

Mr. Sam Quigley
Andalex Resources, Inc.
P.O. Box 902
Price, Utah 84501

Dear Mr.  Quigley:

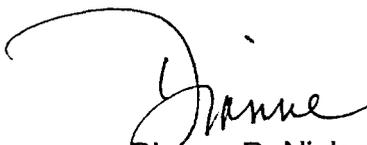
Re: Revised State Permit, Andalex Resources, Inc., Centennial Mines Project, ACT/007/019, Folder #2, Carbon County, Utah

Enclosed is a revised permanent program mining permit for the Centennial Mines Project, which includes lease UTU-66060 known as the Graves lease. You should have already received the Federal Mining Plan Decision Document which gave federal approval for mining the Graves lease.

Please note that for purposes of responding to the stipulations, the permit approval date is the date at the top of the first page of the revised permit, April 8, 1991. The permit will still expire on the renewed permit expiration date, January 5, 1992. Two copies of the permit are included. Please read the stipulations in Attachment A, then sign both copies and return one to the Division.

Your cooperation during the permitting process is appreciated.

Best Regards,


Dianne R. Nielson
Director

Enclosures

cc: P. Rutledge, OSM, Denver
R. Hagen, OSM, Albuquerque
S. Demczak, DOGM, PFO
'B' Team

FEDERAL
(April 1987)

Permit Number ACT/007/019, April 8, 1991
(Revised)

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, 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, U-05067, U-52341 and UTU-66060, and the lessee of fee-owned parcels, Zion's fee lease and the Sunedco fee lease. A performance bond is filed with the DOGM in the amount of \$1,080,839.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (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 underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Centennial Mines Complex situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 11 East, SLBM

Section 4: S 1/2

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 9: All but SE 1/4 SE 1/4

Section 17: N 1/2, NE 1/4 SE 1/4, N 1/2 NW 1/4 SE 1/4,
N 1/2 NE 1/4 SW 1/4, NE 1/4 NW 1/4 SW 1/4, W 1/2 NW 1/4
SW 1/4

Section 18: N 1/2 N 1/2, SW 1/4 NE 1/4, NW 1/4 SE 1/4
E 1/4, E 1/2 SE 1/4 NE 1/4, E 1/2 NE 1/4 SE 1/4

Township 13 South, Range 10 East, SLBM
Section 1: Lots 1-8, S 1/2 N 1/2,
Section 12: Lot 1

Township 12 South, Range 11 East, SLBM
Section 31: Lots 3-6 and Lots 13-22

This legal description is for the permit area (as shown on Attachment B) of the Centennial Mines Complex. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 PERMIT TERM - This revised permit is effective on April 8, 1991 and 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 R614-303.
- Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of 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, R614-400-110, 30 CFR 842.13 and R614-400-220; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R614-400-100, R614-400-200 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 underground coal mining activities 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 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 R614-300.
- Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases, the federal mining plan approval, and this permit, the permittee shall comply with the special 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: _____

Dwight R. Nelson

April 12, 1991

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

Authorized Representative of
the Permittee

Date: _____

ATTACHMENT A

STIPULATIONS

ANDALEX RESOURCES INC.
Centennial Mines Complex
ACT/007/019
Carbon County, Utah

April 8, 1991

Stipulation UDOH (1)

Within 30 days of permit issuance ARI will provide a detailed description of the mine water system, particularly the collection of surface water for use underground which will include schematic diagrams, flow rates, volumes and ets.

Stipulation UDOH (2)

Within 30 days of permit issuance, ARI, in conjunction with the State Health Department will determine the need for upgrading the septic system.

Stipulation UDOH (3)

Within 30 days of permit issuance, ARI will provide plans for the proper disposal of waste oil generated at the mine site. References to disposal of waste oil in the county landfill will be deleted from the plan.

Stipulation UDOH (4)

Within 30 days of permit issuance, ARI will submit for insertion to the mine plan the latest revision of all environmental permits; including Discharge (UPDES), Construction (sediment ponds), Sewage Disposal (Septic Tank), Air Quality, and Potable Water System permits or approvals.

Stipulation OSM (1)

Within 60 days after mining plan approval, Andalex Resources, Inc. shall submit to Utah Division of Oil, Gas & Mining properly executed riders adding the following provision to any applicable bond instruments:

To the extent that Federal lands are involved, release of this surety bond also is conditioned upon compliance with applicable Federal laws and regulations and the provisions of the Utah State-Federal Cooperative Agreement at 30 CFR 944.30. If the Utah State-Federal Cooperative Agreement is terminated, this surety bond shall revert to being payable only to the United States and the phrase "Utah Division of Oil, Gas and Mining" and the term "UDOGM" and "DOGM" and any other acronyms or abbreviations for the phrase "Utah Division of Oil, Gas and Mining" shall be interpreted to mean OSM to the extent that Federal lands are involved.

T12S
T13S

R10E
R11E

PERMIT BOUNDARY

SCALE: 1"=2400'

3126

T13S

U-010581

U-05067

MINING PLAN APPROVAL AREA

Attachment B
MINING PLAN APPROVAL AREA MAP
Centennial Project Mine
Carbon County, Utah

FEE

APEX MINE PORTAL & SURFACE FACILITIES

FEE

PINNACLE MINE PORTAL & SURFACE FACILITIES

U-05234

SL-027304

ANDALUX RESOURCES, INC. ADMINISTRATIVE OFFICE

ABERDEEN MINE PORTAL & SUPPORT FACILITIES

SL-063058

B.L.M. RIGHT-OF-WAY 62045

R10E
R11E

Ogden Creek

