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

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April 15, 1994

Mr. Michael Glasson
Andalex Resources, Inc.
P. O. Box 902
Price, Utah 84501

Re: Application Deficiencies for Lease Addition, Andalex Resources, Inc.,
Centennial Mine, ACT/007/019-94B, Folder #3, Carbon County, Utah

Dear Mr. Glasson:

The Division has completed a review of your application for adding the Aberdeen seam in the AEP lease. At this time we have identified a number of deficiencies in your application that will need to be addressed before we can determine your application complete.

Enclosed you will find the review document that outlines the remaining deficiencies. Please review it and respond by no later than May 16, 1994. If you have any questions, please call me.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

Enclosure

cc: P. Baker
J. Smith
W. Western
ABERDEFIC.AND



APPLICATION DEFICIENCIES

LEASE ADDITION ABERDEEN SEAM IN AEP LEASE

ANDALEX RESOURCES, INC.
CENTENNIAL PROJECT
ACT/007/019

April 14, 1994

R645-301-121.200 Clear and Concise Application

Applicant's Proposal:

Page 1, paragraph 1 "... Andalex now proposes to add federal coal lease UTU-69600 (AEP) containing 802 acres and 3 million tons of recoverable coal. All reserves will be mined simply as an underground extension of the existing, approved, and currently operating Pinnacle Mine. ... Access to and handling of all coal will be through existing Pinnacle Mine facilities. "

Analysis:

The Aberdeen mine will be extended into the AEP lease. It is the underground and surface facilities of the Aberdeen Mine, not the Pinnacle Mine, that will be used to access and handle coal from the Aberdeen Upper and Lower "A" coal seams.

Deficiency:

1. Update the text in the first paragraph of page 1 to include the Aberdeen Mine.

Applicant's Proposal:

In the first paragraph on Page 2, Plate 4 is referenced for information on the leases of the Centennial project.

Analysis:

Plate 4 indicates lease UTU-696000 is for the Centennial Seam only. Mining rights to the Aberdeen seam have not been added. BLM Right-of-Way U-62045 to

the mine portals is shown on Plate 4, but the Right-of Way shown on Plate 29 for the fan portal is not identified on Plate 4.

Deficiency:

2. Update Plate 4 to show rights to the Aberdeen seam and add the Right-of-Way to the fan portal.

Applicant's Proposal:

Page 39 contains information on the drill holes in the Centennial Project. The first paragraph describes seven holes drilled by Andalex in 1977. Pertinent information including elevations is in Table III-2, lithologic logs are in Appendix E, and locations are on Plates 26, 27, and 28. The first paragraph also discusses six holes drilled from underground and one drilled from the surface in 1989, but it is not stated that the lithologic logs are in Appendix E.

The second paragraph on page 39 reports on lithologic logs from three bore holes acquired by Andalex from other companies. Pertinent information including elevations is summarized in Table III-3, lithologic logs are in Appendix E, and their locations are shown on Plates 26, 27, 28, and 29.

Analysis:

Plates 26, 27, 28, and 29 do not show any drill hole locations. Plate 29 is listed in the second paragraph as showing bore hole locations, but is not listed in the first paragraph.

Table III-2 summarizes information from the seven holes drilled by Andalex in 1977, but it is not clear from the text on page 39 nor from Table III-2 itself that the second set of seven drill holes summarized in Table III-2 are the seven drilled in 1989 by Andalex.

Lithologic logs of the two holes drilled by North American Coal Corp. in 1948 are in Appendix E, but the lithologic log for the hole drilled by Pacific Gas & Electric in 1980 is not in Appendix E.

Deficiencies:

3. Locations of test drill holes are not shown on any map or plan.
4. Table III-2 apparently includes information from the seven holes drilled by Andalex in 1989, but this is not clear from the text on page 39 nor from Table III-2 itself.
5. The lithologic log for the Pacific Gas & Electric drill hole is not in Appendix E, contrary to the statement on page 39.

Applicant's Proposal:

At the top of page 83 ... "The [AEP] lease contains 3.0 million tons of recoverable coal in the Centennial Seam only. All reserves will be mined simply as an underground extension of the ... Pinnacle Mine. ... Access ... will be through the existing Pinnacle Mine."

At the bottom of page 83 ... "Mining will consist of the underground method of coal extraction using continuous miners, shuttle cars, and conveyor haulage. Room and pillar development will be employed with final extraction estimated to be about 65 percent of the reserve, after pillar extraction."

Analysis:

Based on the change made on page 1, the 3.0 million tons recoverable coal reserves in the AEP lease includes the Aberdeen seam. The Aberdeen mine is to be extended to recover this coal.

It isn't clear if the 65 percent recovery predicted on page 83 is based on the old plan or the new one that uses longwall extraction. Reserves, production, and life of mine information on page 85 do not appear to have been updated to include the additional reserves of the Aberdeen Seam or to account for possible change in recovery due to conversion to longwall mining.

Language remains in the text that refers to the old extraction plan. A similar reference to the old mining method is used at the top of page 84.

Deficiencies:

6. Information on pages 1 and 83 needs to be consistent as to the recoverable reserves in the Centennial and Aberdeen Seams in the AEP lease.
7. Language on pages 83 and 84 that describes the mining needs to be updated to include the Aberdeen Mine and the longwall method.
8. Reserves, production, and life of mine information on page 85 may need updating.

R645-301-330 Operation Plan

Raptor Nests

According to Plate 34 of the existing mining and reclamation plan, there are four known raptor nests in Andalex's permit area. Two of these are in the Left Fork of Deadman Canyon, one is in Straight Canyon, and one is in the lower part of Hoffman Canyon. Currently-proposed mining operations should not affect the nest in Hoffman Canyon or the lower nest in the Left Fork of Deadman Canyon. (See discussion below on the breakout, however.)

The current proposal includes mining under the upper portion of the Left Fork of Deadman Canyon where one of these nests is found. Although the plan says *the nest is inactive, all nests are protected. This nest is in a rock pillar where the canyon splits.* Depending on the amount and form of subsidence, this pillar could fail and the nest could be lost. For these reasons, prior to mining, the nest should be checked to see if it has become active. If it is active, mitigation needs to be coordinated with the Division of Wildlife Resources and the Fish and Wildlife Service. Even if it is not active, Andalex should probably obtain a "take" permit from the Fish and Wildlife Service.

It is difficult to tell if subsidence could affect the nest in Straight Canyon. It is near production areas for the Upper A and Gilson Seams. If there is potential that this nest could be affected by subsidence, Andalex should take similar protection measures for it as for the nest in the Left Fork of Deadman Canyon.

Deficiency:

9. Andalex must perform a new raptor survey in areas where subsidence could affect potential raptor nesting habitat. The source and age of the information on Plate 34 are not known. The most recent raptor survey discussed in the plan is from 1980. New nests may have been built in the permit area since the 1980 survey.

Breakout/Fan

Plate 29 shows development of the Aberdeen Seam to the outcrop in the Left Fork of Deadman Canyon. It also shows a small "R.O.W." (right-of-way?) where this development meets the outcrop.

The Division's files contain information about a proposal to develop the Aberdeen Seam from the Left Fork of Deadman Canyon. The proposal included a truck loadout, coal stockpile, sediment pond, and other facilities. A letter from the Bureau of Land Management details a meeting where different options for facilities in the Left Fork of Deadman Canyon were discussed. The letter concludes that, because of the potential for disrupting an active golden eagle nest, a minimum development option, in other words a ventilation fan, should be pursued. The BLM letter discussed some fan installation methods, and the meeting participants decided the best construction methods.

According to Mike Glasson of Andalex, the company intends to have a fan in this area, but the timing of the installation is not known. He also said that Andalex has a right-of-way, but the plan does not include right-of-entry information for the right-of-way. No proposal to build a fan was found in the plan.

Deficiency:

10. If Andalex intends to install a fan in the Left Fork of Deadman Canyon, it needs to be discussed in the plan. Some mine plan maps would need to show the fan. The plan would need to include right-of-entry information for the right-of-way.