



ANDALEX
RESOURCES, INC.
Tower Division

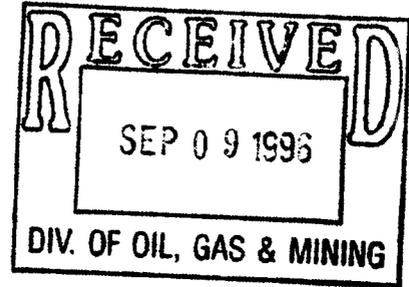
P.O. BOX 902
PRICE, UTAH 84501
PHONE (801) 637-5385
TELECOPIER (801) 637-8860

0004

September 6, 1996

Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City Utah 84114-5801

Attn: Pamela Grubaugh - Littig
re: ACT 007/019 5 Year Renewal



Dear Ms. Littig:

Persuant to the requirements in R645-303-230, Andalex is submitting this letter requesting a renewal of the above referenced permit for a new 5 year term.

Andalex had enclosed with this letter evidence of liability insurance (R645-303-232.220), evidence of bonding (R645-303-232.230) and a copy of the proposed newspaper legal advertisement for the action (R645-303-232.240).

Please contact me if additional information is required. Thank you.

Sincerely,

Michael W. Glasson
Senior Geologist

ACT/007/019 #2
(Copy Pam - all)

PRODUCER

J. Craig Riddle Company, Inc.
 245 South Main Street
 P.O. Box 549
 Madisonville **KY 42431-0549**

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY
A Federal Insurance Company

INSURED

ANDALEX RESOURCES INC - TOWER DIVISION
 9300 SHELBYVILLE RD STE 1200

LOUISVILLE KY 40228543

COMPANY
B

COMPANY
C

COMPANY
D

COPY

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	37102594	07/01/96	07/01/97	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT <input checked="" type="checkbox"/> INCLUDES XCU				PRODUCTS - COM/OP AGG \$ 2,000,000 PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 MED EXP (Any one person) \$ 10,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: \$ \$ \$
	EXCESS LIABILITY				EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTH-ER EL EACH ACCIDENT \$ EL DISEASE - POLICY LIMIT \$ EL DISEASE - EA EMPLOYEE \$
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				
	OTHER				

RECEIVED
 SEP 09 1996
 DIV. OF OIL, GAS & MINING

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
CENTENNIAL MINE ACT 007/019-1

Cancellation Clause revised as follows: Should any of the above described policies be changed and/or cancelled before the expiration date thereof, the issuing company will mail (certified) 45 days written notice to the certificate holder named to the left.

CERTIFICATE HOLDER

STATE OF UTAH - DEPT OF NATURAL RESOURCES
DIV OF OIL, GAS & MINING/STE350
 355 W N TEMPLE, 3 TRIAD CENTER
 SALT LAKE CITY UT 84180-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jimmy Riddle

Jimmy Riddle

Bond No. 34593

MR FORM 5

(Revised January 1983)

Act 507/019

STATE OF UTAH
 DEPARTMENT OF NATURAL RESOURCES AND ENERGY
 DIVISION OF OIL, GAS AND MINING
 4241 State Office Building
 Salt Lake City, Utah 84114

3/16/83

Received

JUN 09 1983

THE MINED LANDS RECLAMATION ACT

Tower Resources Inc.

BOND

The undersigned Tower Resources, Inc.
 as principal, and Utica Mutual Insurance Company as
 surety, hereby jointly and severally bind ourselves, our heirs, administrators,
 executors, successors and assigns unto the State of Utah, Division of Oil, Gas
 and Mining, and the U. S. Department of the Interior, Office of Surface Mining
 in the penal sum of Three Hundred Eighty-One Thousand Eight Hundred Thirty-Nine
dollars (\$381,839.00). Such sum shall be payable to
 one, but not both, of the above-named agencies.

The principal estimated in a "Notice of Intention to Commence Mining
 Operations and a Mining and Reclamation Plan," filed with the Division of Oil,
 Gas and Mining on the 19th day of January,
 19 81, that 30.7 acres of land will be affected by this mining
 operation in the State of Utah. A description of the affected land is attached
 hereto as Exhibit "A."

If the principal shall satisfactorily reclaim the above-mentioned lands
 affected by mining by the said principal in accordance with the Mining and
 Reclamation Plan and shall faithfully perform all requirements of the Mined
 Land Reclamation Act, and comply with the Rules and Regulations adopted in
 accordance therewith, then this obligation shall be void; otherwise it shall
 remain in full force and effect until the reclamation is completed as outlined
 in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
 piecemeal or cyclic basis, and the land is reclaimed in accordance with such
 plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
 of the land affected or increased reclamation work, then this bond may
 accordingly be increased with the written approval of the surety company.

MR FORM 5
Page Two

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officers with the seal of the corporation affixed.

Tower Resources, Inc.
Principal (Company)

By *[Signature]* Controller
Company Official - Position

Date: May 17, 1983

Utica Mutual Insurance Company
Surety (Company)

By *Patricia S. Lee*
Official of Surety - Position
Patricia S. Lee, Attorney-in-Fact

DATE: 5/16/83

UTICA MUTUAL INSURANCE COMPANY

NEW HARTFORD, NEW YORK

No. 137 - _____

POWER OF ATTORNEY

Know all men by these Presents, the **UTICA MUTUAL INSURANCE COMPANY**, a New York Corporation, having its principal office in the Town of New Hartford, County of Oneida, State of New York, does hereby make, constitute and appoint **Bruce L. Ferguson, Jean Young, Bruce W. Ferguson, Gary A. Mongilutz and Patricia S. Lee**

Louisville, Kentucky its true and lawful Attorney(s)-in-fact in their separate capacity if more than one is named above to make, execute, sign, seal and deliver for and on its behalf as surety and as its act and deed (without power of redelegation) any and all bonds and undertakings and other writings obligatory in the nature thereof (except bonds guaranteeing the payment of principal and interest of notes, mortgage bonds and mortgages) provided the amount of no one bond or undertaking exceeds FIVE HUNDRED THOUSAND AND 00/100 Dollars (\$500,000.00).

The execution of such bonds and undertakings shall be as binding upon said **UTICA MUTUAL INSURANCE COMPANY** as fully and to all intents and purposes as if the same had been duly executed and acknowledged by its regularly elected officers at its Home Office in New Hartford, New York.

This Power of Attorney is granted under and by authority of the following resolution adopted by the Directors of the **UTICA MUTUAL INSURANCE COMPANY** on the 27th day of November, 1961.

"Resolved, that the President or any Vice-President, in conjunction with the Secretary or any Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly acknowledged by the regularly elected Officers of the Company in their own proper persons."

Now Therefore, the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney by a facsimile, and any such Power of Attorney bearing such facsimile signatures or seal shall be valid and binding upon the Company.

In Witness Whereof, the **UTICA MUTUAL INSURANCE COMPANY** has caused these presents to be signed by its Authorized Officers, this 23rd day of August, 1976

UTICA MUTUAL INSURANCE COMPANY


Secretary pro tem



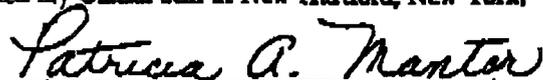

President

STATE OF NEW YORK }
COUNTY OF ONEIDA } ss:

On this 23rd day of August, 1976 before me, a Notary Public in and for the State of New York, personally came **J. B. RIFFLE** and **GEORGE L. RUTHERFORD** to me known, who acknowledged execution of the preceding instrument and, being by me duly sworn, do depose and say, that they are **President** and **Secretary pro tem** respectively of **UTICA MUTUAL INSURANCE COMPANY**; that the seal affixed to said instrument is the corporate seal of **UTICA MUTUAL INSURANCE COMPANY**; that said corporate seal is affixed and their signatures subscribed to said instrument by authority and order of the Board of Directors of said Corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal at New Hartford, New York, the day and year first above written.

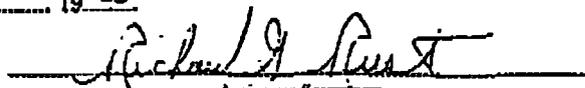



Notary Public

STATE OF NEW YORK }
COUNTY OF ONEIDA } ss:

I, Richard G. Rust Assistant Secretary of the **UTICA MUTUAL INSURANCE COMPANY** do hereby certify that the foregoing is a true and correct copy of a Power of Attorney, executed by said **UTICA MUTUAL INSURANCE COMPANY**, which is still in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of the said Corporation at New Hartford, New York, this 16th day of May, 1983


Assistant Secretary

To be attached to and form part of Bond No. SU 34593,
issued by the UTICA MUTUAL INSURANCE COMPANY OF UTICA, NEW YORK,
in favor of Utah Department of Natural Resources and Energy
effective as of May 16, 1983.

In consideration of the premium charged for the attached bond, it is
agreed that:

- 1. The Surety hereby gives its consent to the change of the name of
the Principal from

Tower Resources, Inc.

to

Andalex Resources, Inc.

PROVIDED, however, that the attached bond as changed by this rider
shall be subject to all its agreements, limitations and conditions,
and that the liability of the Surety under the attached bond and
under the attached bond as changed by this rider shall not be
cumulative.

- 2. This rider shall become effective as of the 22nd day
of September, 1986.

Signed, sealed and dated this 22nd day of September, 1986.

UTICA MUTUAL INSURANCE COMPANY

By Thomas R. Koller

Thomas R. Koller Attorney-in-fact

RECEIVED
OCT 02 1986

DIVISION OF
OIL GAS & MINING

Bond SU 1354086

Revised February 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

Permit Number ACT007/019
Expiration Date July 1992

SURETY BOND
(FEDERAL COAL)
—ooOoo—

THIS SURETY BOND entered into and by and between the undersigned OPERATOR, and SURETY COMPANY, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSMRE) in the penal sum of (\$ 699,000) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND shall remain in effect until all applicable rules and the OPERATOR's reclamation obligation have been met and released by the DIVISION.

This bond may be cancelled by the Surety Company after ninety (90) days following receipt by the Division and the Principal of written certified notice (return receipt requested) of such cancellation. The Surety Company's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that the Surety Company will retain liability for any outstanding reclamation obligation of the Principal existing prior to the termination of the Bond.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSMRE from any and all expenses which the DIVISION and OSMRE may sustain as a result of the OPERATOR's failure to comply with the condition(s) of the obligation.

The SURETY will give prompt notice to the OPERATOR and to the DIVISION and OSMRE of any notice received or action alleging to insolvency or bankruptcy of the SURETY, or alleging any violations or regulatory requirements which could result in suspension or revocation of the SURETY's license.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the OPERATOR in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

Revised February 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF the OPERATOR has hereunto set its signature and seal
this 3rd day of July, 19 90.

Andalex Resources, Inc.

OPERATOR

By: *John [Signature]*

Title: VP Finance

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal
this 3rd day of July, 19 90.

Utica Mutual Insurance Company

SURETY

By: *Patricia S. Lee*
Patricia S. Lee

Title: Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH:

Dianne R. Nelson
Director - Division of Oil, Gas and Mining

COUNTERSIGNATURE ENDORSEMENT

IT IS AGREED THAT this policy and all endorsements attached hereto are hereby
countersigned for the State of Utah.

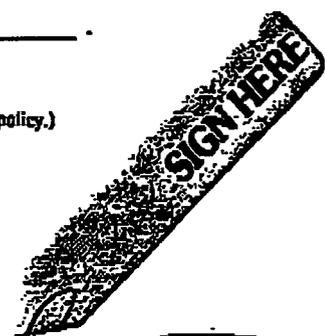
(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective July 3, 1990 forms a part of policy No. SUI354086
(12:01 A.M. - standard time)

issued to Andalex Resources, Inc.

by Utica Mutual Insurance Company

Producer Underwriters Safety & Claims, Inc. Number *[Signature]*



UTICA MUTUAL INSURANCE COMPANY

NEW HARTFORD, NEW YORK

No. 137

POWER OF ATTORNEY

Know all men by these Presents, the **UTICA MUTUAL INSURANCE COMPANY**, a New York Corporation, having its principal office in the Town of New Hartford, County of Oneida, State of New York, does hereby make, constitute and appoint
Bruce L. Ferguson, Bruce W. Ferguson, Gary A. Mongilutz,
Thomas R. Koller, and Patricia S. Lee
 Louisville, Kentucky

its true and lawful Attorney(s)-in-fact in their separate capacity if more than one is named above to make, execute, sign, seal and deliver for and on its behalf as surety and as its act and deed (without power of redelegation) any and all bonds and undertakings and other writings obligatory in the nature thereof (except bonds guaranteeing the payment of principal and interest of notes, mortgage bonds and mortgages) provided the amount of no one bond or undertaking exceeds UNLIMITED Dollars (\$ UNLIMITED).

The execution of such bonds and undertakings shall be as binding upon said **UTICA MUTUAL INSURANCE COMPANY** as fully and to all intents and purposes as if the same had been duly executed and acknowledged by its regularly elected officers at its Home Office in New Hartford, New York.

This Power of Attorney is granted under and by authority of the following resolution adopted by the Directors of the **UTICA MUTUAL INSURANCE COMPANY** on the 27th day of November, 1961.

Resolved, that the President or any Vice-President, in conjunction with the Secretary or any Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly acknowledged by the regularly elected Officers of the Company in their own proper persons.

Now Therefore, the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney by a facsimile, and any such Power of Attorney bearing such facsimile signatures or seal shall be valid and binding upon the Company.

In Witness Whereof, the **UTICA MUTUAL INSURANCE COMPANY** has caused these presents to be signed by its Authorized Officers, this 22nd day of October, 1985.

UTICA MUTUAL INSURANCE COMPANY

John P. Sullivan
 Secretary



J.B. Riffle
 President

STATE OF NEW YORK }
 COUNTY OF ONEIDA } ss:

On this 22nd day of October, 1985, before me, a Notary Public in and for the State of New York, personally came **J. B. RIFFLE** and **JOHN P. SULLIVAN** to me known, who acknowledged execution of the preceding instrument and, being by me duly sworn, do depose and say, that they are *President* and *Secretary* respectively of **UTICA MUTUAL INSURANCE COMPANY**; that the seal affixed to said instrument is the corporate seal of **UTICA MUTUAL INSURANCE COMPANY**; that said corporate seal is affixed and their signatures subscribed to said instrument by authority and order of the Board of Directors of said Corporation.

In Testimony Whereof, I have hereunto set my hand at New Hartford, New York, the day and year first above written.



Rosemary Liadas
 Notary Public

STATE OF NEW YORK }
 COUNTY OF ONEIDA } ss:

I, John D. Yonkers Assistant Secretary of the **UTICA MUTUAL INSURANCE COMPANY** do hereby certify that the foregoing is a true and correct copy of a Power of Attorney, executed by said **UTICA MUTUAL INSURANCE COMPANY**, which is still in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of the said Corporation at New Hartford, New York, this 3rd day of July, 1985.

John D. Yonkers

NOTICE

Andalex Resources Inc., P.O. Box 902, Price, Utah has filed an application for a five-year permit renewal (ACT 007/019) for its Centennial Mines with the Utah Division of Oil, Gas and Mining. The permit area is located on U.S. Geological Survey 7.5 minute Deadman Canyon and Helper quadrangle maps as follows:

Township 13 South, Range 11 East, SLBM, Section 4:S ½, Section 5:All, Section 6:All, Section 7:All, Section 8:All, Section 9:All but SE ¼ SE ¼, Section 17:N ½, NE ¼ SE ¼ N ½ NW ¼ SE ¼, N ½ NE ¼, SW¼, NE¼ NW¼ SW¼, W½ NW¼ SW¼ Section 18:N ½ N ½, SW¼ NE¼, NW¼ SE¼ NE ¼, E½ SE¼ NE¼, E½ NE¼ SE ¼

Township 13 South, Range 10 East, SLBM, Section 1:All, Section 12:All

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

Copies of the application for this permit are available for inspection at:

Carbon County Recorders Office, 120 East Main, County Courthouse, Price, UT 84501.

1594
Division of Oil, Gas & Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, UT 84180-1203.

Written comments, objections or requests for informal conferences on the application should be addressed to the Division of Oil, Gas and Mining at the above address.

Published in the Sun Advocate September 19, 26, October 3 and 8, 1996