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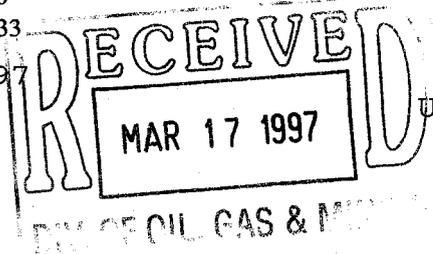


United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

IN REPLY REFER TO:

March 14, 1997



UTU-0022

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210, Box 145801
Salt Lake City, UT 84114-5801

RE: Incidental Boundary Change-Extension of 100 Feet within Modified Federal lease UTU-66060, Centennial Project Mine, Andalex Resources, Inc., ACT/007/019-97B, Folder#X, Carbon County, Utah

Dear Ms. Grubaugh-Littig: #3

I am responding to your letter dated March 13, 1997, that requested OSM determination whether the proposed permit amendment requested by Andalex Resources, Inc. (ARI) for the Centennial Project Mine within the modified boundary of Federal lease UTU-66060, would constitute a modification to the mining plan approved on March 12, 1991. You have indicated that DOGM would process the permit amendment as an incidental boundary change.

ARI has proposed to conduct developmental mining in 2.8 acres of modified Federal lease UTU-66060 to extract 14,000 tons of coal as shown on the maps enclosed with your request. Leasing documents indicate that in 1994 BLM approved a modification of Federal lease UT-66060 to add 160 acres to the previously approved area of 993 acres in the same Federal lease.

Pursuant to the provisions of 30 CFR 746.18(d)(3), OSM has determined that the permit amendment by DOGM for the proposed developmental mining would not require a modification to the previously approved mining plan for Federal lease UTU-66060, because: (i) mining of 14,000 tons would constitute a minor change in several million tons of coal actually available for mining in Federal lease UTU-66060, and (ii) developmental mining would occur in less than 2% of the 160 acres of modified lease area.

Please call me on 303-844-1489 if you have any questions on this subject.

Sincerely,

Ranvir Singh
Ranvir Singh, P.E.
Program Support Division