

PERMIT CHANGE TRACKING FORM

- Significant Permit Revision
- Permit Amendment
- Incidental Boundary Change

DATE RECEIVED	By: _____	(Initial)	PERMIT NUMBER	ACT/007/019					
Title of Proposal:			PERMIT CHANGE #						
Description:			PERMITTEE	ANDALEX RESOURCES, INC.					
			MINE NAME	CENTENNIAL PROJECT					
<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION <input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee. <input type="checkbox"/> Responses Received. <input type="checkbox"/> Notice of Affidavit of Publication. (If change is a Significant Revision.)			DATE DUE	DATE DONE	RESULT				
					<input type="checkbox"/> ACCEPTED	<input type="checkbox"/> REJECTED			
								COMMENTS	
REVIEW TRACKING		INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS			
DOGM REVIEWER		DUE	DONE	DUE	DONE	DUE	DONE		
<input type="checkbox"/> Lead _____									
<input type="checkbox"/> TA (See Attached) _____									
<input type="checkbox"/> Reviewers _____									
<input type="checkbox"/> Administrative (AVS) _____									
<input type="checkbox"/> Biology _____									
<input type="checkbox"/> Engineering _____									
<input type="checkbox"/> Geology _____									
<input type="checkbox"/> Soils _____									
<input type="checkbox"/> Hydrology _____									
COORDINATED REVIEWS		SENT	DUE	RECEIVED	SENT	DUE	DONE		
<input type="checkbox"/> OSMRE									
<input type="checkbox"/> US Forest Service									
<input type="checkbox"/> Bureau of Land Management									
<input type="checkbox"/> US Fish and Wildlife Service									
<input type="checkbox"/> US National Parks Service									
<input type="checkbox"/> UT Environmental Quality									
<input type="checkbox"/> UT Water Rights									
<input type="checkbox"/> UT Wildlife Resources									
<input type="checkbox"/> UT State History (SHPO)									
<input type="checkbox"/> State Trust Lands									
<input type="checkbox"/> Public Notice / Comment / Hearing Complete. (If the permit change is a Significant Revision)			<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date. <input type="checkbox"/> Permit Change Denied.						
<input type="checkbox"/> Copies of permit change marked and ready for MRP.			<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.						
<input type="checkbox"/> Special Conditions/Stipulations written for approval.			<input type="checkbox"/> Copy of Approved Permit Change to File.						
<input type="checkbox"/> TA and CHIA modified as required.			<input type="checkbox"/> Copy of Approved Permit Change to Permittee.						
<input type="checkbox"/> Permit Change Approval Form ready for approval.			<input type="checkbox"/> Copies to Other Agencies and Price Field Office.						



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 6, 1997

Michael Glasson, Sr. Geologist
Andalex Resources, Inc.
6750 Airport Road
Price, Utah 84501

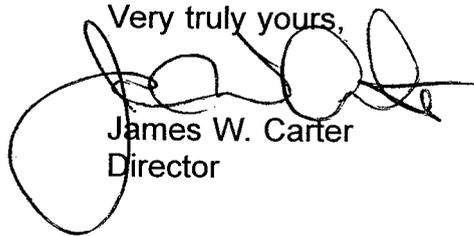
Re: Permit Renewal, Centennial Mines, Andalex Resources, Inc., ACT/007/019,
Folder #3, Carbon County, Utah

Dear Mr. Glasson:

The permit for the Centennial Mines is renewed, effective January 5, 1997.
Please sign both copies of the permit and return one to the Division.

If you have any questions, please call me.

Very truly yours,



James W. Carter
Director

blb

Enclosure

cc: James Fulton, OSM-WRCC
Mary Ann Wright
Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich
Price Field Office

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UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT RENEWAL

CENTENNIAL MINE
ACT/007/019

Andalex Resources, Inc.
Carbon County, Utah
January 6, 1997

CONTENTS

- * Administrative Overview
- * Location Map
- * Permitting Chronology
- * Findings
- * Permit
- * Surety
- * Liability Insurance
- * AVS Recommendation
- * Notice to Agencies

ADMINISTRATIVE OVERVIEW

Andalex Resources, Inc.
Centennial Mine
Permit Renewal
ACT/007/019
Carbon County, Utah

January 6, 1997

BACKGROUND

The Mining and Reclamation Plan (MRP) for the Centennial Project was approved by the Office of Surface Mining in November of 1981 and by the Division of Oil, Gas and Mining (DOGM) in January of 1982. The originally approved MRP consisted of 2,240 acres of private and federal coal leases. On May 20, 1986, ARI was issued a permit by DOGM for a 120-acre federal emergency lease. On March 2, 1987, a new five-year permanent program permit was issued incorporating the emergency lease, for a total permitted acreage of 2,360 acres.

In October of 1981, Federal lease numbers U-010581, SL-063058 and SL-027304 were modified by the Bureau of Land Management to include an additional 436 acres. In March of 1988, ARI requested that these three lease modifications be incorporated into the permitted area. In August of 1988, ARI requested that one additional 320 acre federal lease (U-05067) and one 240 acre fee lease be added to the permitted area. The permit was revised to include these leases on May 4, 1989, which brought the total permitted acreage to 3,358 acres. Again on April 8, 1991, a permit revision was approved which incorporated Federal Lease UTU-66060 also known as the Graves Lease into the permit area. The addition of this 933 acre lease brought the total lease holdings to 4,291 acres. This total combined with a 10 acre BLM right-of-way brought the total permit acreage to 4,301. On August 11, 1997 Andalex Resources, Inc. added only the Centennial seam of the AEP lease (UTU-69600) to the permitted area, which consisted of 801.48 acres. This brought the acreage to 5102.48 acres.

On July 7, 1994, the Aberdeen Seam of the AEP lease was permitted. The permit was again revised on May 25, 1995 when an incidental boundary change was approved for the Left Fork Fan Portal. This added 1.5 acres to the permit area. Total permit acreage is now 5104.00 acres.

Currently ARI operates three mines, the Pinnacle, Apex and Aberdeen, in the Gilson, Lower Sunnyside and Aberdeen seams respectively. A fourth seam, the

Centennial, is accessed through the Pinnacle Mine by driving rock slopes from the Gilson seam.

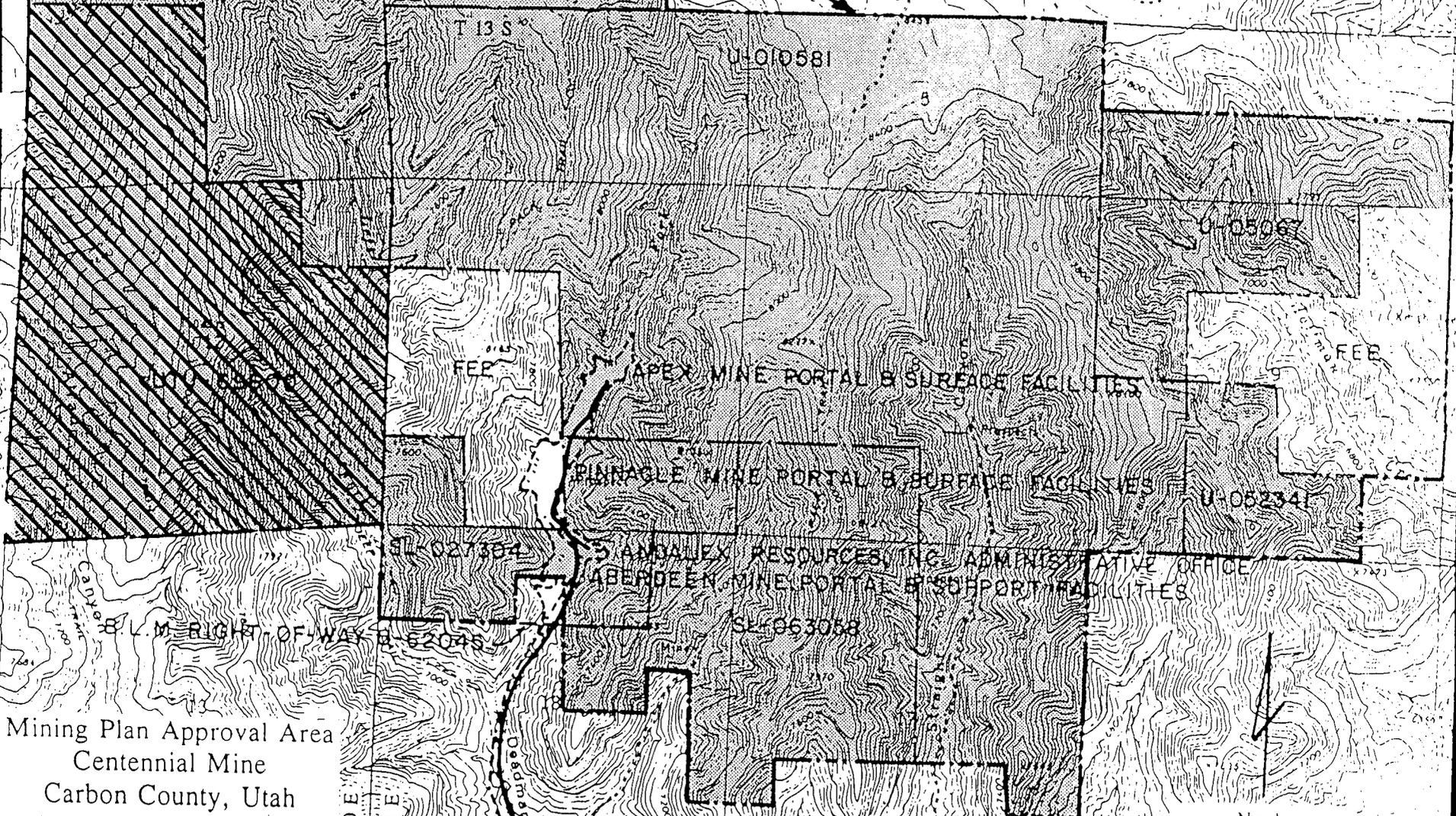
RECOMMENDATION

On September 6, 1996, Andalex Resources, Inc. submitted a permit renewal application. This permit renewal was advertised in the Sun Advocate for four consecutive weeks and no comments were received.

Andalex Resources, Inc. has met the requirements for successive permit renewal. This permit should be renewed for the permit term, effective January 5, 1997 to January 6, 2002.

 MINING PLAN APPROVAL AREA
 PREVIOUSLY-APPROVED MINING PLAN AREA

Boundary of
Utah Permit
No. ACT/007/019



Mining Plan Approval Area
Centennial Mine
Carbon County, Utah

North
Scale: 1" = 2000'

ATTACHMENT B

CHRONOLOGY

FIVE-YEAR RENEWAL

Andalex Resources, Inc.
Centennial Mine
ACT/007/019
Carbon County, Utah

January 6, 1997

September 6, 1996	Five-year permit renewal application submitted.
September 13, 1996	Determination of Administrative Completeness verbally conveyed to Andalex Resources, Inc.
November 8, 1996	Determination of Administrative Completeness sent to applicable agencies.
October 8, 1996	Affidavit of publication for permit renewal. Published September 19, 26, and October 3 and 8, 1996 in the <u>Sun Advocate</u> .
January 5, 1997	No adverse comments received. Permit renewed.

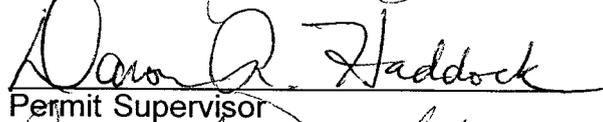
FINDINGS

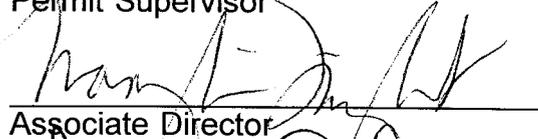
FIVE-YEAR RENEWAL

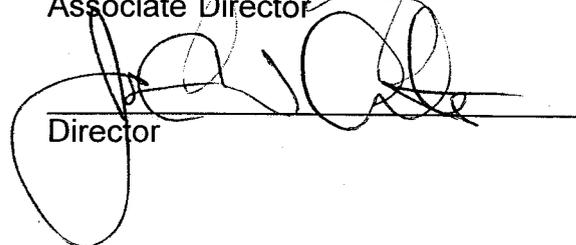
Centennial Mine
Andalex Resources, Inc.
ACT/007/019
Carbon County, Utah
January 5, 1997

1. Application for a permit renewal was made on September 6, 1996. (R645-303-233.100)
2. The terms and conditions of the existing permit are being satisfactorily met. (R645-303-233.110)
3. The present operation and reclamation operations are in compliance with the environmental protection standards of the State Program. (R645-303.233.120)
4. The requested renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on the existing permit area. (R645-303-233.130)
5. The permittee has provided evidence of having liability insurance. (Federal Insurance Company, Policy #37102594) (R645-303-233.140)
6. The permittee has provided evidence that a performance bond is in effect for the operation and will continue in full force and effect for the proposed period of renewal. (Two surety bonds issued by Utica Mutual Insurance, Bond No. SU34593 in the amount of \$381,839 and Bond No. SU1354086 in the amount of \$699,000) (R645-303-233.150)
7. For the most recent permit term, permit changes ordered by the Division and Notices of Violation requiring a permit change have been incorporated into the permit.


Permit Coordinator


Permit Supervisor


Associate Director


Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84180-1203

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) 637-5385

for the Centennial Project. Andalex Resources Inc. is the lessee of federal coal leases SL-027304, SL-063058, U-010581, U-05067, U-52341, UTU-66060, U-69600, 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 within the permit area at the Centennial Mines Complex situated in the state of Utah, Carbon County, and located in:

Township 13 South, Range 11 East, SLBM

Section 4: S1/2,
Section 5: All,
Section 6: All,
Section 7: All,
Section 8: All,
Section 9: All except SE1/4SE1/4,
Section 17: N1/2, NE1/4SE1/4, N1/2NW1/4SE1/4, N1/2NE1/4SW1/4,
NE1/4NW1/4SW1/4, W1/2NW1/4SW1/4, and,
Section 18: N1/2N1/2, SW1/4NE1/4, NW1/4SE1/4NE1/4,
E1/2SE1/4NE1/4, E1/2NE1/4SE1/4 and Lot 2,
NE1/4SW1/4 (a portion containing 1.45 acres, more or
less).

Township 13 South, Range 10 East, SLBM
Section 1: Lots 1-8, S1/2N1/2, SW1/4,
Section 12: Lot 1, Lots 2-11, W1/2W1/2, NE1/4SW1/4, and
Section 13: Lot 1 (Portions of BLM ROW UTU-64158).

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

This legal description is for the permit area 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 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State program.
- Sec. 4 PERMIT TERM** - This permit expires on January 6, 2002.
- Sec. 5 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 R645-303.
- Sec. 6 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, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 , R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 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. 8 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. 9 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. 10 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. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 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. 14 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. 15 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. 16 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. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.

The above conditions (Secs. 1-17) 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: _____

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

Bond St 34593

MR FORM 5

Act 507/019

(Revised January 1983)

Received

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

5/16/86

JUL 09 1983

THE MINED LANDS RECLAMATION ACT

~~Cedar~~ 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 act, 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

[Signature]
Secretary pro tem



[Signature]
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 heretunto set my hand and affixed my Official Seal at New Hartford, New York, the day and year first above written.



[Signature]
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

[Signature]
Assistant Secretary

CHANGE OF NAME RIDER

Bond No. 0752-011-5/87
FILE 7

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.

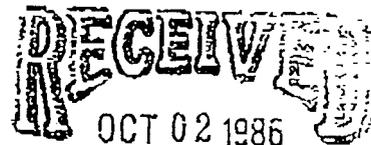
- 2. This rider shall become effective as of the 22nd day of September, 1986.

Signed, sealed and dated this 22nd day of September, 19 86.

UTICA MUTUAL INSURANCE COMPANY

By Thomas R. Koller

Thomas R. Koller Attorney-in-fact



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)
—oo00oo—

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 M*
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

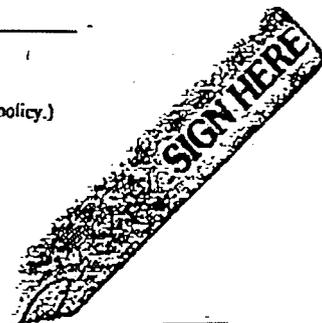
(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective July 3, 1990 forms a part of policy No. SU1354086
(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 re-delegation) 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. Acciari
 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 L. Adams
 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, 1990.

John D. Yonkers

AGGRIED.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
07/26/96

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

COMPANY B

COMPANY C

COMPANY D

COPY

INSURED

ANDALEX RESOURCES INC - TOWER DIVISION
9300 SHELBYVILLE RD STE 1200
LOUISVILLE KY 402228543

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 <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNERS' & CONTRACTORS PROT <input checked="" type="checkbox"/> INCLUDES XCU	37102594	07/01/96	07/01/97	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/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 COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: \$ \$ \$ EACH OCCURRENCE \$ AGGREGATE \$ \$ WC STATUTORY LIMITS OTH-ER EL EACH ACCIDENT \$ EL DISEASE - POLICY LIMIT \$ EL DISEASE - EA EMPLOYEE \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY 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

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

AGGRIED CORPORATION 1988

AGGRIED 25-S (1/85)



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 6, 1997

TO: File

FROM: Pamela Grubaugh-Littig, Permit Coordinator *pgl*

RE: 501 (c) Recommendation, Centennial Mine, Andalex Resources, Inc.
ACT/007/019, Folder #3, Carbon County, Utah

An "issue" recommendation has been determined by the Applicant Violator System, see attached. As of the writing of this memo, there are no outstanding violations or cessation orders for the Centennial Mine nor delinquent civil penalties or bond forfeitures. Neither the applicant, nor any person who owns or controls the applicant, nor any person owned or controlled by the applicant is currently in violation of any laws, rules or regulations referred to in R645-300-132.



State : UT	Permit No : ACT007019	Appl No : ACT007019
Applicant : 123355(ANDALEX RESOURCES INC / TOWER DIVISION)		Seqno : 0

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT
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SYSTEM RECOMMENDATION	: ISSUE	12/31/96
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	04/26/95

RCM_MNT(F7) PERMIT/APPL(F8)
PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

■ avsdg

15:21



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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 8, 1996

FIELD(Name)
FIELD(Company)
FIELD(Address)
FIELD(City)

Re: Determination of Administrative Completeness for Permit Renewal, ACT/007/019-961, Centennial Mine, Andalex Resources Inc., Folder #3, Carbon County, Utah

Dear FIELD(title):

The Division has determined that the permit renewal application for the Centennial Mine is "complete and accurate," with the submittal of updated legal and financial and violation information, and the current bond and evidence of liability insurance.

In compliance with the Utah Coal Mining Rules R645-300-121.300, R645-300-121.310, R645-300-121.320 and the Utah Coal Mining Act (UCA Section 40-10-1 et seq.), notice is hereby given to all appropriate agencies having a jurisdiction or an interest in the area of the operations that a complete renewal application is available for public review.

The permit area is located in Carbon County, Utah in the Wasatch Coal Field. A permit area map is attached for your information.

This permit renewal application is available for public review at: Division of Oil, Gas, and Mining, 1594 West North Temple Suite 1210, Box 145801, Salt Lake City, Utah 84114-5801.



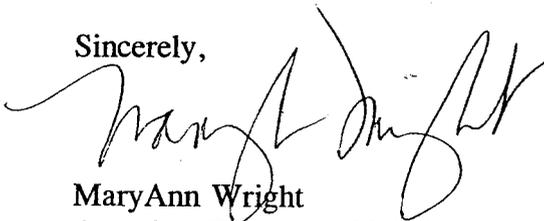
Page 2
ACT/007/019-961
November 8, 1996

Comments may be addressed to :

James W. Carter, Director
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

If you have any questions please call me or Pamela Grubaugh-Littig.

Sincerely,



MaryAnn Wright
Associate Director of Mining

cc: Daron Haddock
Joe Helfrich
Pamela Grubaugh-Littig
PFO
O:\007019.CEN\DRAFT\CENLET.

James Fulton, Chief
Denver Field Division
Office of Surface Mining
Reclamation and Enforcement
Western Regional Coordinating Center
1999 Broadway, Ste. 3320
Denver, CO 80202-5733

Mark Bailey, Area Manager
Price River Resource Area
Bureau of Land Management
125 South 6th West
Price, UT 84501

Alan Rabinoff, Chief
Mining Law and Solid Minerals
Bureau of Land Management
324 South State Street
P. O. Box 45155
Salt Lake City, UT 84145-0155

Robert D. Williams, Asst. Field Supervisor
U. S. Fish & Wildlife Service
Ecological Services
Lincoln Plaza
145 E. 1300 S., Ste. 404
Salt Lake City, UT 84115

Janette S. Kaiser, Forest Supervisor
U. S. Forest Service
Manti-LaSal National Forest
599 West Price River Road
Price, UT 84501

Mike Schwinn, District Engineer
U.S. Army Corps of Engineers
1403 South 600 West
Bountiful, UT 84010

William P. Yellowtail, Jr.
Regional Administrator
Environmental Protection Agency
999 18th Street
Denver Place, Ste. 500
Denver, CO 80202-2405

Gary L. Roeder, District Conservationist
Natural Resource Conservation Service
350 North 400 East
Price, UT 84501

Robert Morgan, State Engineer
Utah Division of Water Rights
Department of Natural Resources
1636 West North Temple
Salt Lake City, UT 84116

Brent Bradford, Deputy Director
Office of the Executive Director
Department of Environmental Quality
168 North 1950 West
P. O. Box 148810
Salt Lake City, UT 84114-4810

Max J. Evans, Director
Utah Division of State Histor.
300 Rio Grande
Salt Lake City, UT 84101

Robert Valentine, Director
Utah Division of Wildlife Resources
1095 West Motor Avenue
Salt Lake City, UT 84116

David T. Terry, Director
School and Institutional Trust Lands Adm
3 Triad Center, Ste. 400
355 West North Temple
Salt Lake City, UT 84180-1204

New address

*UT 759 50080
SLC UT 84102*

Ronald P. Parkin
State Mine Inspector
Industrial Commission of Utah
College of Eastern Utah
451 East 400 North
Price, UT 84501

Carolyn B. Wright, Research Analyst
Governor's Office of Planning and Budget
Government Relations Dept
State Planning Coordinator Office
116 State Capitol
Salt Lake City, UT 84114

Joseph Jenkins, Executive Director
Dept of Community and Economic Dev.
324 South State Street, Ste. 500
Salt Lake City, UT 84111

Ted Stewart, Executive Director
Dept. of Natural Resources
1636 West North Temple, Ste. 316
Salt Lake City, UT 84116-3193

Bill Howell, Executive Director
Southeastern Utah Association
of Local Governments
P. O. Box 1106
Price, UT 84501

Bryant Anderson
Emery County Planning and Zoning
P. O. Box 297
Castle Dale, UT 84513

Jay Mark Humphrey
Emery Water Conservancy District
P. O. Box 998
Castle Dale, UT 84513

Darrel V. Leamaster, P.E., District Manager
Castle Valley Special Service District
P. O. Box 877
Castle Dale, UT 84513

Menco Copinga, President
North Emery Water Users Association
Box 129
Cleveland, UT 84518

James A. Jensen, President
Board of Directors
Huntington-Cleveland Irrigation Co.
Box 395
Cleveland, UT 84518

Lee Lemmon, Vice-President
Board of Directors
Huntington-Cleveland Irrigation Co.
Box 1183
Huntington, UT 84528

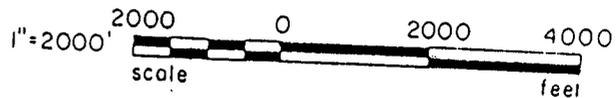
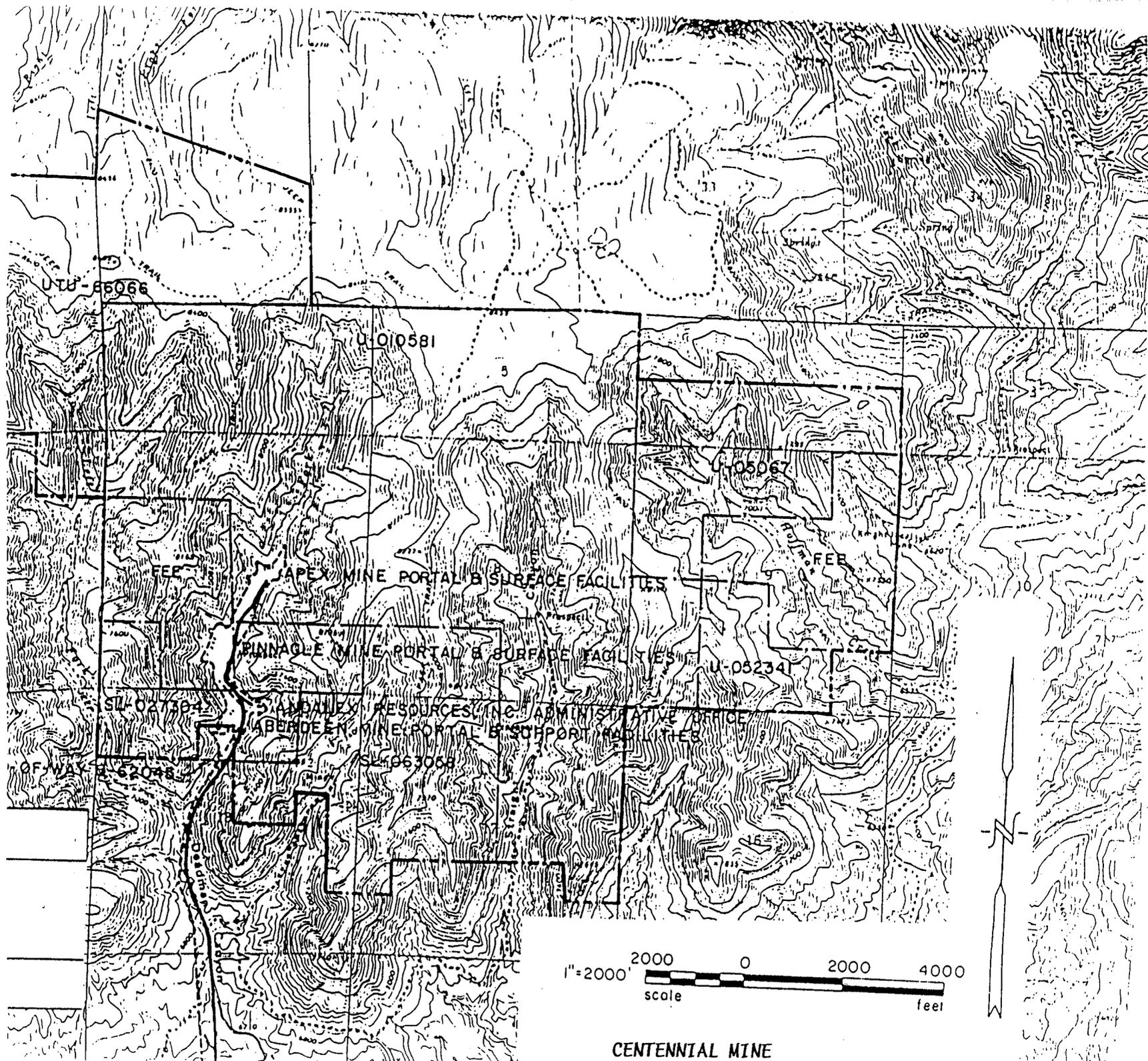
Varden Wilson, Secretary
Huntington-Cleveland Irrigation Co.
Box 327
Huntington, UT 84528

Eugene Johansen, Chairman
Emery Water Conservancy District
P. O. Box 856
Castle Dale, UT 84513

Joe Drexler, Deputy Director Western Region
United Mine Workers of America
1562 Pearl Street
Denver, CO 80203

Alex Jordan
Utah Mining Association
Kearns Building
136 South Main, Suite 825
Salt Lake City, UT 84101

Randolph Gainer
Environmental Chairman
Genwal Resources, Inc.
P. O. Box 1420
Huntington, UT 84528



CENTENNIAL MINE



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 6, 1997

TO: File

FROM: Pamela Grubaugh-Littig, Permit Coordinator *pgl*

RE: 501 (c) Recommendation, Centennial Mine, Andalex Resources, Inc.
ACT/007/019, Folder #3, Carbon County, Utah

An "issue" recommendation has been determined by the Applicant Violator System, see attached. As of the writing of this memo, there are no outstanding violations or cessation orders for the Centennial Mine nor delinquent civil penalties or bond forfeitures. Neither the applicant, nor any person who owns or controls the applicant, nor any person owned or controlled by the applicant is currently in violation of any laws, rules or regulations referred to in R645-300-132.



State : UT	Permit No : ACT007019	Appl No : ACT007019
Applicant : 123355(ANDALEX RESOURCES INC / TOWER DIVISION)		Seqno : 0

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	12/31/96
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	04/26/95

RCM_MNT (F7) PERMIT/APPL (F8)
 PRV_SCR (F3) EVOFT (F5) REPORTS (F9) CHOICES (F10)

■ avsdg

State : UT	Permit No : ACT007019	Appl No : ACT007019
Applicant : 123355(ANDALEX RESOURCES INC / TOWER DIVISION)		Seqno : 0

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
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SYSTEM RECOMMENDATION	: ISSUE	01/08/97
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	01/02/97

RCM_MNT(F7) PERMIT/APPL(F8)
PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

■ avsdg

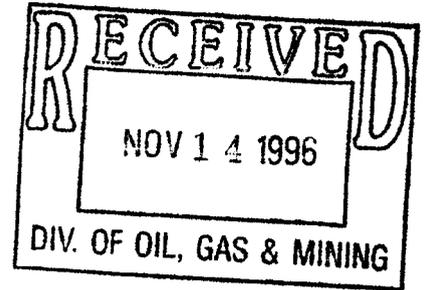


ANDALEX
RESOURCES, INC.
Tower Division

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

MEMORANDUM

TO: Pamela Grubaugh- Littig, UDOGM
FROM: Michael W. Glasson, ANDALEX *MWG*
DATE: November 11, 1996
SUBJECT: November Information



Sorry for my tardiness in responding to your request. It has been zoo-like around here. Please call me if you require additional information. I assumed you needed NOV summaries company-wide and not just for Centennial and Wildcat.

ACT/007/019 # 2
Copy for file renewal

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 $\frac{1}{2}$, Section 5: All, Section 6: All, Section 7: All, Section 8: All, Section 9: All but SE $\frac{1}{4}$, SE $\frac{1}{4}$, Section 17: N $\frac{1}{2}$, NE $\frac{1}{4}$, SE $\frac{1}{4}$, N $\frac{1}{2}$, NW $\frac{1}{4}$, SE $\frac{1}{4}$, N $\frac{1}{2}$, NE $\frac{1}{4}$, SW $\frac{1}{4}$, NE $\frac{1}{4}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$, Section 18: N $\frac{1}{2}$, N $\frac{1}{2}$, SW $\frac{1}{4}$, NE $\frac{1}{4}$, NW $\frac{1}{4}$, SE $\frac{1}{4}$, NE $\frac{1}{4}$, E $\frac{1}{2}$, SE $\frac{1}{4}$, NE $\frac{1}{4}$, E $\frac{1}{2}$, NE $\frac{1}{4}$, SE $\frac{1}{4}$

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 Records Office, 120 East Main, County Courthouse, Price, UT 84501.

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

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 and October 3 and 8, 1996.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

ACT/007/019 #3

Copy FAM

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 19th day of September, 1996 and that the last publication of such notice was in the issue of such newspaper dated the 8th day of October, 1996.

Kevin Ashby
Kevin Ashby - Publisher

Subscribed and sworn to before me this 8th day of October, 1996.

Linda Thayne
Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$159.88

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: S½, Section 5: All, Section 6: All, Section 7: All, Section 8: All, Section 9: All but SE¼, SE¼, Section 17: N½, NE¼, SE¼, N½, NW¼, SE¼, N½, NE¼, SW¼, NE¼, NW¼, SW¼, W½, NW¼, SW¼, Section 18: N½, N½, SW¼, NE¼, NW¼, SE¼, NE¼, E½, SE¼, NE¼, E½, NE¼, SE¼

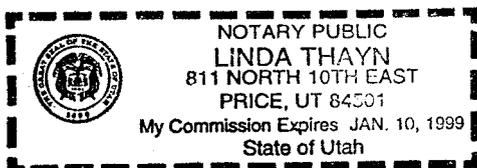
Township 13 South, Range 10 East, SLBM, Section 1: All, Section 12: All
Township 12 South, Range 11 East, SLEB, Section 31: Lots 3-6 and Lots 13-22

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

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





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

#15
#19

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 8, 1996

Carolyn B. Wright, Research Analyst
Governor's Office of Planning and Budget
Government Relations Department
State Planning Coordinator Office
116 State Capitol
Salt Lake City, Utah 84114

Re: Determination of Administrative Completeness for Permit Renewal, ACT/007/019-961, Centennial Mine, Andalex Resources Inc., Folder #3, Carbon County, Utah

Dear Mrs. Wright:

The Division has determined that the permit renewal application for the Centennial Mine is "complete and accurate," with the submittal of updated legal and financial and violation information, and the current bond and evidence of liability insurance.

In compliance with the Utah Coal Mining Rules R645-300-121.300, R645-300-121.310, R645-300-121.320 and the Utah Coal Mining Act (UCA Section 40-10-1 et seq.), notice is hereby given to all appropriate agencies having a jurisdiction or an interest in the area of the operations that a complete renewal application is available for public review.

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Page 2
ACT/007/019-961
November 8, 1996

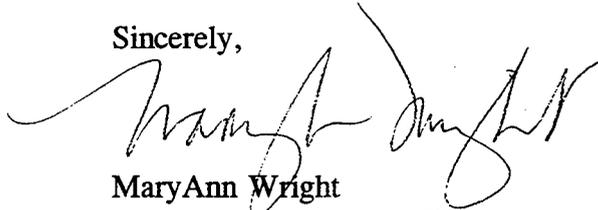
~~#16~~
H19

Comments may be addressed to :

James W. Carter, Director
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

If you have any questions please call me or Pamela Grubaugh-Littig.

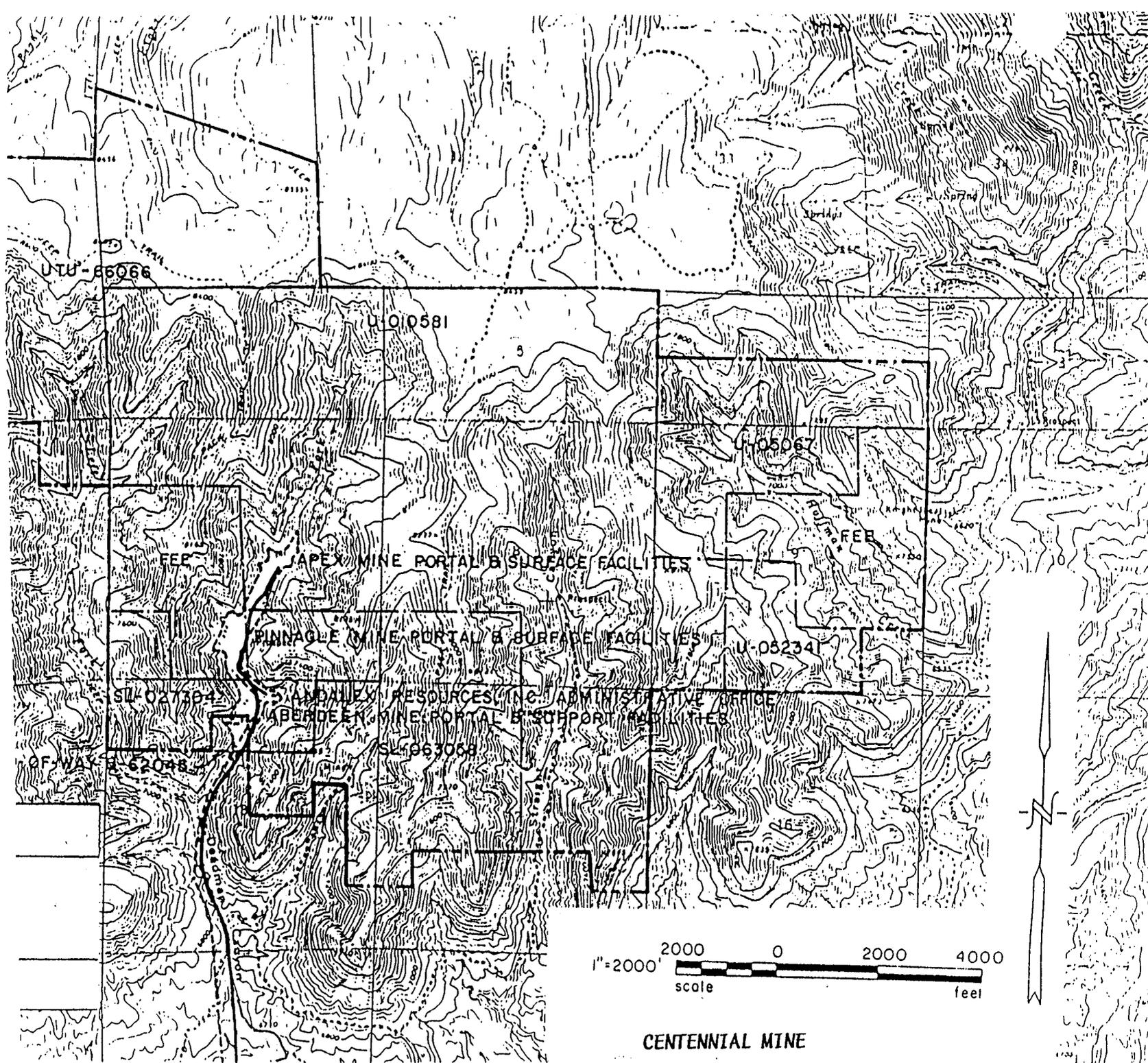
Sincerely,



MaryAnn Wright
Associate Director of Mining

cc: Daron Haddock
Joe Helfrich
Pamela Grubaugh-Littig
PFO
O:\007019.CEN\FINAL\MRGLTCEN.WPD

11A





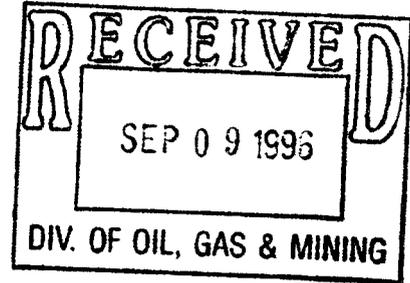
ANDALEX
RESOURCES, INC.
Tower Division

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

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 sent - all)*

*Called Mike 10/31
re: violative info.*

Bond St 34593

MR FORM 5

(Revised January 1983)

Act 007/019

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

JUL 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 [Signature]
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 (\$200,000.00).

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



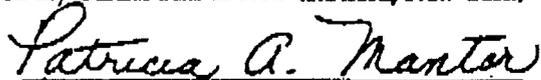

President

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

CHANGE OF NAME RIDER

BOND No. 0752 OF P. 5/83
FILE 7

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)
--oo00oo--

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 M*
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

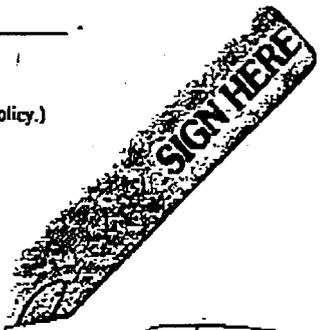
(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective July 3, 1990 forms a part of policy No. SUL354086
(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 Lindas
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 31st day of July, 1990.

John D. Yonkers

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY) 07/26/96

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

COMPANY B

COMPANY C

COMPANY D

COPY

INSURED

ANDALEX RESOURCES INC - TOWER DIVISION
9300 SHELBYVILLE RD STE 1200
LOUISVILLE KY 402228543

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.

Table with columns: CO LTR, TYPE OF INSURANCE, POLICY NUMBER, POLICY EFFECTIVE DATE, POLICY EXPIRATION DATE, LIMITS. Includes sections for General Liability, Automobile Liability, Garage Liability, Excess Liability, and Workers Compensation.

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

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

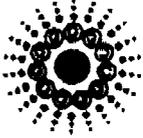
Copies of the application for this permit are available for inspection at:

Carbon County Records 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



ANDALEX
RESOURCES, INC.
Tower Division

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

CONFIDENTIALITY NOTICE: The information contained in this facsimile message, and in any accompanying documents, constitutes confidential information which belongs to ANDALEX Resources, Inc. This information is intended only for the use of the individual or entity named below. If you are not the intended recipient of this information, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance on this information is strictly prohibited. If you have received this facsimile message in error, please immediately notify us by telephone at (801) 637-5385 to arrange for its return. Thank you.

FACSIMILE TRANSMITTAL SHEET

DATE: 9/13/96

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Pamela Grubbaugh - L. Hig

COMPANY: WDOBM

FACSIMILE NUMBER: 359-3940

FROM: M. Glasson

TOTAL NUMBER OF PAGES (INCLUDING COVER SHEET): 2

Is this ok. now?
Thanks

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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

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

84501.

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

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