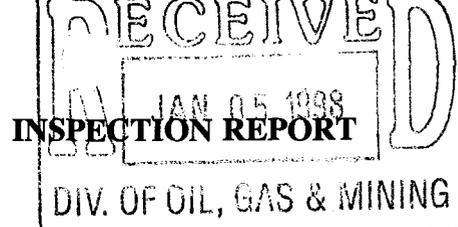


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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING



gph

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
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Division Director

1594 West North Temple, Suite 1210
Box 145801
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(801) 538-5340
(801) 359-3940 (Fax)

Partial: ___ Complete: XXX Exploration: ___
Inspection Date & Time: 12/29/97 / 7:30a.m.-11:00p.m.
Date of Last Inspection: 11/24/97

Mine Name: Centennial Project County: Carbon Permit Number: ACT/007/019
Permittee and/or Operator's Name: Andalex Resources, Inc.
Business Address: P.O. Box 902, Price, Utah 84501
Type of Mining Activity: Underground XXX Surface ___ Prep. Plant ___ Other ___
Company Official(s): Mike Glasson
State Officials(s): Stephen J. Demczak Federal Official(s): None
Weather Conditions: Cool, Teen's, 1" Snow
Existing Acreage: Permitted- 5063 Disturbed- 34 Regraded- 0 Seeded- 0 Bonded- 34
Increased/Decreased: Permitted- ___ Disturbed- ___ Regraded- ___ Seeded- ___ Bonded- ___
Status: Exploration/ XXX Active/ Inactive/ Temporary Cessation/ Bond Forfeiture
Reclamation (Phase I/Phase II/ Final Bond Release/ Liability Year)

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

Instructions

- 1. Substantiate the elements on this inspection by checking the appropriate performance standard.
a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

Table with 5 columns: EVALUATED, N/A, COMMENTS, NOV/ENE. Rows 1-21 listing various permit and performance standards with checkboxes for evaluation status.



INSPECTION REPORT
(Continuation sheet)

PERMIT NUMBER: ACT/007/019

DATE OF INSPECTION: 12/29/97

(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT -

At the present time, there are no minor permitting actions pending at the PFO or SLO.

4a. DIVERSIONS -

The diversions had been re-graded in several places throughout the property. These ditches contained little or no water. These ditches would function as designed.

4b. SEDIMENT PONDS -

The sediment ponds were inspected by the permittee for third quarter of 1997. No hazardous conditions were reported.

The 1997 annual sediment pond inspection was made on 12/11/97. There were no reports of hazardous conditions and the ponds contained little or no water.

Sediment pond E will most likely need to be cleaned out in 1998. It has .090 acre feet of area for sediment storage before clean-out is required. This information was in the annual pond certifications. The sediment ponds contained little or no water.

4d. WATER MONITORING -

The 3rd quarter water monitoring report had well #1 discharging. All required parameters were taken.

4e. EFFLUENT LIMITATIONS -

There was no discharge of water at the point sources for third quarter of 1997.

14. SUBSIDENCE -

The annual subsidence report was reviewed with no subsidence being reported. The permittee has installed two new subsidence monitoring points for longwall mining for next year.

21. INSURANCE -

The insurance acord form was reviewed and complies with the coal rules. This policy will expire on July 1, 1998.

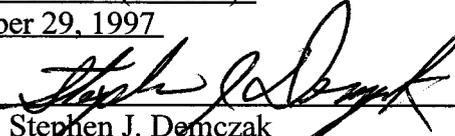
Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas, and Mining.

Copy of this Report:

Mailed to: Mike Glasson (Andalex) Henry Austin (OSM)

Given to: Joe Helfrich (DOGM) Filed to: Price Field Office

Date: December 29, 1997

Inspector's Signature:  #39

Stephen J. Demczak