

0003



**ANDALEX**  
RESOURCES, INC.  
Tower Division

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

*Ed Lease LBA*  
*NOT emergency*  
*lease*  

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*No Right of*  
*Entry*

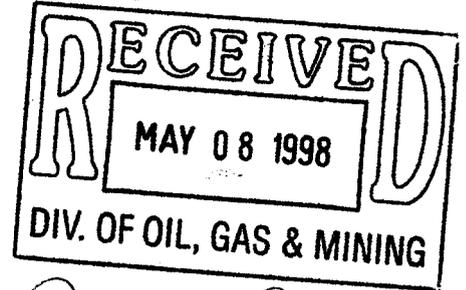
*to #*  
*23%* *7183 ac.*  
May 6, 1998 *increase 5186 permitted acres*

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

Attn: ~~Pamela Grubaugh-Littig~~  
re: ACT 007/019 Mathis Lease

*#2*

Dear Ms. Littig



*Copy Joe & Aaron*  
*Sig. Revision*

Enclosed please find five copies each of ANDALEX Resource's amendment to its existing, approved Mining and Reclamation Plan (MRP). This amendment incorporates 1,183 new acres of coal lands consisting of 640 acres of fee land (Mathis fee) and 543 acres of federal lease application. We understand that the permit cannot be issued prior to the lease being issued, however due to the timing of the mining sequence it is imperative that the permitting process begin now. Please be advised that it is our intention to undertake an in-depth hydrologic survey and analysis as soon as weather and conditions allow. It should also be noted that a raptor survey is scheduled for May 14, weather permitting.

Pages in the text which have changes have all been shaded in gray. This submittal is designed to replace those pages and maps which have been identified on the C1 and C2 forms which are included in this submittal.

Please call me if additional information is required.

Sincerely,

Michael W. Glasson  
Senior Geologist  
Western Operations

# APPLICATION FOR PERMIT PROCESSING

<input checked="" type="checkbox"/> Permit Change	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: ACT/007/019
Title of Proposal: MATHIS LEASE						Mine: CENTENNIAL PROJECT
						Permittee: ANDALEX RESOURCES

Description, include reason for application and timing required to implement:

ADDITION OF 1,183 ACRES OF COAL LANDS. INCLUDES 640 ACRES OF FEE LAND AND 543 ACRES OF FEDERAL EMERGENCY LEASE APPLICATION. TO EXTEND THE LIFE OF THE MINE. THE TIME FOR IMPLEMENTATION IS

**Instructions:** If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? 1,183 acres Disturbed Area? 0 acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO #
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV #
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain:
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

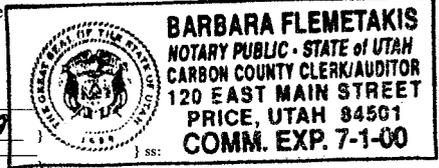
Attach 5 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

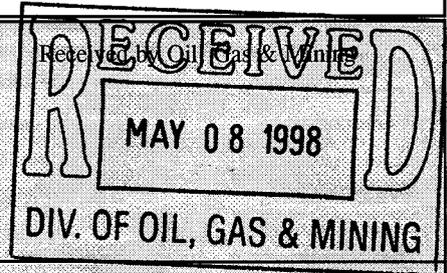
*Michael Williams Sr. Geol* 04/08/98  
 Signed - Name - Position - Date

Subscribed and sworn to before me this 6th day of April, 1998.

*Barbara Fletakis*  
 Notary Public



My Commission Expires: 07-01, 1998  
 Attest: STATE OF UTAH, COUNTY OF CARBON



ASSIGNED TRACKING NUMBER



Tract 2: T 12S., R.11E., SLM, Utah  
(lease Sec. 31, Lot 12 ;  
modification) Sec. 32, W ½ SW 1/4, SW 1/4 NW 1/4, entire  
lease containing 1093.32 acres more or less.

UTU-66060 (Graves Lease) is subject to the terms and conditions set forth in the Federal Coal Lease issued by the Bureau of Land Management October 3, 1994. Specifically, Part I, section 2 of the lease "grants and leases to the Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below" as Tract 1 (Original Lease) and Tract 2 (Modification).

ANDALEX estimates that there are approximately 518,000 recoverable tons included within the 160 acre lease modification. This number of recoverable tons however is subject to the mineability of the coal. That is, The Aberdeen coal seam pinches out in a north-easterly direction. Also, the depth of cover increases dramatically to the north which could restrict recovery.

#### The Mathis Tract

T.12S., R.10E., SLM, Utah  
Section 36: all; containing 640 acres, more or less.

#### Emergency Lease Application

T.12S., R.11E., SLM, Utah

Section 29: W1/2SW1/4; containing 80 acres more or less.

Section 30: lots 4,11,12,14,15,16; containing 208 acres more or less.

Section 31: lots 1,2,7,8,9,11,12; containing 215 acres more or less

Section 32: NW1/4NW1/4; containing 40 acres, more or less, for a total of 543 acres.