



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

In Reply Refer To:
3425
UTU-77264
(UT-932)

MAY 12 1998

Mr. Lowell Braxton, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

ACT/007/019#2

Dear Mr. Braxton:

Enclosed is a Lease By Application (UTU-77264) filed in this office on May 8, 1998 by ANDALEX Resources, Inc.

The lands in the Lease By Application are more accurately described as follows:

T. 12 S., R. 11 E., SLM, UT
Sec. 29, SWSW;
Sec. 30, lots 4, 12, 14, 15, 16;
Sec. 31, lots 1, 2, 7, 8, 9, 11;
Sec. 32, NWNW.

containing 422.73 acres Carbon County

The following lands are deleted from the application because the minerals are controlled by the State of Utah.

T. 12 S., R. 11 E., SLM, UT
Sec. 29, NWSW;
Sec. 30, lot 11.

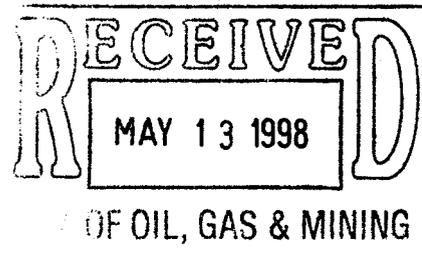
The following lands are deleted from the application because they are already contained in Federal coal lease UTU-66060.

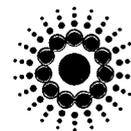
T. 12 S., R. 11 E., SLM, UT
Sec. 31, lot 12.

Sincerely,

[Handwritten Signature]
Douglas M. Koza
Deputy State Director,
Natural Resources

Enclosure
Lease By Application UTU-77264



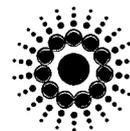


ANDALEX
RESOURCES, INC.

UT U77264
CENTENNIAL PROJEC

**EMERGENCY FEDERA
COAL LEASE
APPLICATION**

MAY 6, 1998

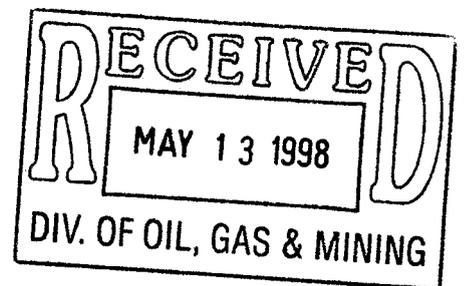


ANDALEX
RESOURCES, INC.

UT U77264
CENTENNIAL PROJECT

**EMERGENCY FEDERAL
COAL LEASE
APPLICATION**

MAY 6, 1998





ANDALEX
RESOURCES, INC.
Tower Division

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

UTAH STATE OFFICE
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DEPT. OF INTERIOR
BUR OF LAND MGMT

May 6, 1998

G. William Lamb
Director, Utah State Office
U.S. Department of Interior
Bureau of Land Management
324 South State Street
Salt Lake City, Utah 84111

RE: Emergency Lease Application

Dear Mr. Lamb:

Enclosed herewith please find three copies of ANDALEX Resource's materials for the application for a coal lease located adjacent to our existing federal leases in Carbon County known as Centennial (U-010581 et. al.). This application is being submitted under title 43 regulations, 34325.1-4. Also enclosed is the nonrefundable \$250.00 filing fee.

ANDALEX Resources, Inc. is the lessor of the Centennial Project (U-010581 et .al.) in Carbon County. AMCA Coal Leasing, Inc. is the land acquisition and development branch for ANDALEX. When the lease is issued it will be issued to AMCA Coal Leasing, Inc.

As we have discussed in previous leasing activity, specifically the most recent lease modification to UTU-66060, the mineability of this coal is unknown. Due to the amount of time required to process this application and permit the area of this noncompetitive lease, the application must be processed in advance. As always, ANDALEX will endeavor to maximize the recovery of the coal, however ANDALEX cannot be expected to pay for coal in advance which may not be mineable. ANDALEX can only be expected to pay fair market value for the coal as it is being mined.

As you are perhaps already aware, ANDALEX acquired a coal lease immediately adjacent to this application to the West from the Mathis family earlier this year. As such, it is a fact that ANDALEX has the only access to this unleased federal coal and it would clearly be in the best interest of the United States to approve this application quickly to allow for permitting.

We sincerely appreciate your expeditious review of this proposal and through our discussions with your staff we feel very confident that this can be processed in a timely fashion.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Glasson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Michael W. Glasson
Senior Geologist

G:\WP\FIN\PUBLIC\GLASSON\CENTEN.LBA

ANDALEX Resources, Inc.
Emergency Coal Lease by Application
Centennial Project
Carbon County, Utah

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I. Introduction

ANDALEX Resources, Inc. (AMCA Coal Leasing, Inc.) is submitting this application for the leasing of coal land described herein under subpart 3430 of Title 43 CFR. This land is located in the Book Cliffs KRCRA.

ANDALEX acquired a fee coal lease from the Mathis family immediately west of this unleased federal coal rendering this federal coal non-competitive. The lease assignment was approved effective May 6, 1997. ANDALEX has begun the permitting effort with the Utah Division of Oil, Gas and Mining (DOG M) and included in that permit are lands addressed by this application as well as the existing fee lease. The lands associated with this Emergency Lease by Application (LBA) are necessary to achieve maximum economic recovery (MER) of the coal both within and contiguous to the existing lease.

II. Qualifications of Applicant

Applicant

ANDALEX Resources, Inc., is the applicant for the subject property. ANDALEX's office address is P.O. Box 902, Price, Utah 84501, telephone (801) 637-5385.

Business Entity Information

ANDALEX Resources, Inc., is a corporation organized and existing under the laws of Delaware and qualified to do business in Utah.

Names and Addresses of Officers, Partners and Directors of Applicant

ANDALEX's officers and directors are listed below. There are no partners.

OFFICERS AND DIRECTORS

POSITIONS HELD -BEGINNING AND ENDING DATES ANDALEX RESOURCES, INC.				
NAME	AFFILIATE DATE	POSITION HELD	BEGIN DATE	ENDING DATE
PETER B. GREEN	01/05/88	DIRECTOR	01/05/88	-----
	01/05/88	CHAIRMAN	05/11/90	-----
	01/05/88	CEO	09/30/96	-----
JOHN BRADSHAW	02/05/90	VP FINANCE	02/05/90	-----
	02/05/90	SECRETARY	03/01/94	04/24/95
RONALD C. BEEDIE	01/05/88	DIRECTOR	01/05/88	-----
DOUGLAS H. SMITH	03/01/94	SR. VICE PRESIDENT	03/01/94	07/01/94
	03/01/94	PRESIDENT	07/01/94	-----
	03/01/94	DIRECTOR	07/01/94	-----
SAMUEL C. QUIGLEY	02/24/95	VICE PRESIDENT	05/15/95	-----
		WESTERN OPERATIONS		
HOWARD RATTI	06/05/95	VICE PRESIDENT	06/05/95	12/31/97
		EASTERN OPERATIONS		
G. CHRISTOPHER VAN BEVER	04/24/95	SECRETARY	04/24/95	12/31/97

The address for all of the above is ANDALEX Resources, Inc., 45 West 10000 South, Suite 401, Sandy, Utah 84070.

Names and Addresses of Principal Shareholders of Applicant

The capital stock of ANDALEX Resources is one hundred percent owned and controlled by Prospect Holdings S.A., Fribourg, Switzerland.

Resident Agent for Service of Process

The resident agent of the applicant is Michael W. Glasson, P.O. Box 902, Price, Utah, 84501.

Statement of Interests in Leases

A signed statement is included in the appendix showing that with the area applied for, the applicant's interests in leases do not exceed 46,080 acres in any one state or more than 100,000 acres in the United States.

Statement of Sole Party in Interest

A signed statement indicating that the applicant is the sole party in interest in the application and lease, is included in the appendix.

Operator

ANDALEX Resources will be the operator on the subject property and will be the operator on the existing fee lease .

Mine Name and Identification Number

The Aberdeen Mine has been assigned 42-02028 as its MSHA ID number .

Licenses and Permits

ANDALEX Resources currently has all necessary licenses, and permits and right-of-way grants necessary for operating the existing leases and has submitted to the Regulatory Authorities an amendment to include the fee lease and this emergency lease.

The State of Utah Identification Number of the approved Mining and Reclamation Plan for the Centennial Project is ACT/007/019.

III. Description of Lands Applied For

ANDALEX Resources, Inc., is making this Emergency Lease by Application on 542.57 acres of federal lands containing potentially significant coal deposits. This land is contiguous to an existing federal lease held by ANDALEX and is located in Sections 29, 30, 31 and 32, T.12S., R.11E., S.L.B.&M., approximately ten miles north-northeast of Price, Utah in Carbon County. See Figure I.

Lands Being Applied For

Acreage: 542.57 Acres

Description: 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.

The contiguous Federal leases held by ANDALEX Resources are indicated on Figure II.

IV. Preliminary Data

Exploration

Exploration in the area is complete. A number of holes were drilled on ANDALEX's federal lease in the 1970's. Samples were taken from drill holes from the surface and underground. Drill holes locations are shown on Plate II. No additional exploration activity is necessary. Reserves were calculated based on coal thickness isopachs and cover lines obtained from the exploration program.

Mining Method

Mining method will be consistent with that described in the approved Mining and Reclamation Plan. It will consist of the underground method of coal extraction utilizing continuous miners, shuttle car, and conveyor haulage to drive main entries and develop for longwall mining. Development extraction is estimated at 45 percent of the in place reserves. Once development is advanced sufficiently, longwall extraction will commence. Final extraction will result in a total recovery of approximately 75 percent of the in-place reserve. Refer to Plate II.

Mining Sequence

Main entry and gateroad development mining is being carried out for the recovery of longwall panels on our existing leases. This development will simply continue onto the new fee lease and the emergency federal lease. ANDALEX has outlined in their mineplan the need to acquire this new lease to maximize the economic recovery of this isolated resource.

Production Rate

The Centennial Project is operated at a level of 1.8 million tons per year. This level could easily change depending on conditions encountered.

Anticipated and Existing Operations

Mining activities on the subject property will be easily incorporated into the overall Mining and Reclamation Plan for the Centennial Project. Plate II shows the mine plan being followed in the development of the Aberdeen Seam on existing leases as well as that projected for the subject deposits.

All necessary support and surface facilities for the mining of both the existing lease and the new lease were constructed in the 1980's. No other support facilities will be required for the operations on the subject property nor will any new surface disturbance result. Mining on the subject property will be merely a continuation of current underground operations from the Centennial Project.

Considering the location of the subject property, it is not possible for these reserves to be mined if not by ANDALEX as part of the Centennial Project.

Existing Land Use

Due to the rugged topography and sparse rainfall, the subject property and adjacent area is presently used only for grazing, wildlife habitat, and outdoor recreation. Historically, the adjacent area has also been used for coal mining. County zoning regulations (1974), indicate all lands in the immediate area are within zone M and G1, which is mining and grazing.

Livestock grazing has been the most intense use of the land. However, due to the expansive cliff formations and the steepness of the canyon walls, grazing has been limited to the canyon bottoms and the park area above the canyons.

Mule deer are found within the adjacent area as well as the usual small mammals, predators, and passerine and raptorial birds.

For recreational purposes the land is suitable only for deer hunting and enjoyment of open space. Snow cover is too light and slopes too steep for snowmobiling, cross-country skiing or snow shoeing. The number of people using the area is small due to the rough terrain, poor access, and lack of water.

It should be noted that there will be no change in existing land use due to the issuance of this new lease . As previously mentioned both the existing and the new lease will be mined from one set of surface facilities

Geology

The subject property is part of the Book Cliffs Coal Field. The Book Cliffs is the major physiographic feature in the region. These Cliffs rise rom a base at approximately 5,500 feet in elevation to over 8,500 feet. Numerous canyons dissect these Cliffs. The area exhibits extreme topographic relief and is mountainous with steep cliffs and deeply incised drainages.

The major coal seams of the area are found in the Blackhawk Formation of the Upper Cretaceous Mesaverde Group. The rugged topography is the result of erosion-resistant sandstone in the Blackhawk and overlying Castlegate Sandstone and Price River Formations. The base of the Book Cliffs and pediment surfaces to the south are formed by the Mancos Shale underlying the Mesaverde Group. Structure contours are aligned basically southeast-northwest. The coal beds dip northeastward at approximately six degrees. No faults are known to exist in the immediate area.

There are several major coal seams of the Blackhawk Formation in the region. However, only the Aberdeen bed is found in commercial thickness in the immediate area of the fee lease and emergency lease.

Cultural, Paleontological, and Archaeological Features

No cultural, paleontological, or archaeological features will be affected by any proposed activities. A cultural clearance has been given for the surface facilities.

No survey of paleontological resources has been conducted. The subject property is located in a "potential fossil bearing area of slight value" (U.S.D.I., 1979).

There are no archaeological or features of historic significance known to exist in the area. Archaeological surveys conducted on ANDALEX adjacent lease areas resulted in no sites meeting National Register qualifications.

There are no public parks or areas of national significance in the area. No other cultural features of interest exist in the area. There is no part of the property designated unsuitable for mining according to Title 30 of the Code of Federal Regulations.

Hydrology

Occurrence of ground water in the area is isolated and very limited due to the nature of area geology. Ground water exists as perched aquifers due to the lenticular nature of the porous and permeable sandstone of the area. Some of the sandstone beds from above the Mancos Shale to the top of the Castlegate sandstone are water bearing in the area. However, many of the beds are dry and partially drained of water near the cliff faces. Ground water movement is generally down dip. The beds are

very lenticular and therefore any water bearing units are small in areal extent. The nearest spring is located within the existing lease. As part of the permitting process through the State of Utah, the hydrology will be studied intensely.

Streams existing in the area are ephemeral and flow only in direct response to rainfall and snowmelt. The area is semiarid, therefore precipitation is sparse. There are no surface bodies of water in the area.

Water for mining on the subject property will be supplied from formation water produced as mining advances. There will be no disturbances of surface water and no diminution of area ground water.

Fish and Wildlife

There are no aquatic fauna in the area as there are no perennial streams or bodies of water. Game species which may be present include mule deer, elk, mountain lion, black bear, blue grouse, ruffed grouse, mourning doves, and cottontail rabbits. Small mammals, various birds, reptiles, as well as several types of predators may also be found in the area. There are no threatened or endangered species of plants or animals known to exist in the area.

Existing wildlife habitat which will be disturbed is zero. Mining will simply be an extension of existing and proposed underground activities.

Control and Prevention Measures

Fire Prevention

No fire prevention plan is deemed necessary, as this is an underground mine.

Soil Erosion Prevention

There will be no soil erosion because this is an underground mine.

Pollution of Surface or Ground Water

Ground water is very limited in the area and no diminution or pollution will occur as a result of proposed activities. As there are no perennial streams on the subject property, no pollution of diminution of surface water will occur.

Fish and Wildlife Protection

No wildlife or wildlife habitat will be affected. There are no fish or aquatic fauna as there are no perennial streams or bodies of water in the area. There are no threatened or endangered species known to exist on the area.

Protection of Natural Resources

The most advanced technology will be followed to assure maximum recovery of the coal reserves. ANDALEX is well known for excellent recovery of coal including that which is as low as four feet in thickness. There are no other replenishable or non-replenishable resources within the area.

Air and Noise Pollution

Mining on the subject property will be underground. There will be no air or noise pollution.

Socioeconomic Impacts

The lease is located in an area where coal mining is the major industry. The community is geared for coal operations. The labor supply is excellent, well trained, and available. Most people in this area have a positive, favorable attitude towards increased coal activity. No adverse affect on the social and infrastructure systems of the community is foreseen. The mining of this lease will provide job opportunities.

Hazards to Public Health and Safety

There will be no hazards to public health and safety as a result of the proposed activities.

Reclamation

Reclamation on the subject property will be as outlined in the approved Mining and Reclamation Plan. Again this lease will require no new surface disturbance.

Subsidence Control

No major subsidence is expected to occur. As mining progresses and longwall panels are pulled, the roof will cave in behind the crew as it advances. This is the normal scheme of mining in this type of development. However, in this area where average cover over the coal seam is close to 3,000 feet, these caves will appear on the surface as minor cracks and sagging, if at all. The rock will bridge off very quickly and result in minimal disturbance to the overlying country rock. Any minor subsidence which might occur would result in no material damage or diminution of value to foreseeable uses of the land.

Intended Use of Coal

ANDALEX Resources currently has several long term coal supply contracts including the Intermountain Power Agency, Nevada power Corporation and Rio Bravo as well as a healthy export market. In Utah currently there is not enough production to meet the demand for coal. This lease will help meet these demands.

VERIFICATION STATEMENT

STATE OF UTAH

COUNTY OF CARBON

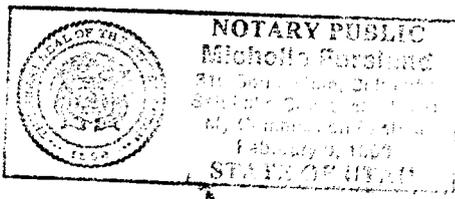
I, Michael W. Glasson, depose and attest that all of the representations contained in the foregoing application are true to the best of my knowledge; that I am authorized to complete and file this application on behalf of the Applicant and this application has been executed as required by law.

Signed: Michael W Glasson

Taken, subscribed and sworn to me before the undersigned authority in my said county, this _____ day of May 1998

Notary Public: Michelle Ferguson

Commission Expires: Feb 9, 1999



VI. References

The narrative of this application is based on information contained within ANDALEX Resources Inc., Centennial Project, approved Mining and Reclamation Plan as well as the 1979 U.S.D.I. Final Environmental Statement (Development of Coal Resources in Central Utah). Substantial information is also available in the Final Environmental Impact Statement for Round 2 of the Uintah - Southwestern Utah Coal Leasing Program. Much of the information also has come from in-house geologic data interpretations and engineering.

VII. Maps and Plans (Plates)

The appendix contains various maps and plans included in order to better define the material presented in the text of this application. These maps and plans will be updated as required by the regulatory authority. These maps and plans, designated as Plates, are listed below.

Plate I - General Location Map

Plate II - Ownership and Aberdeen Seam Mine Plan

APPENDIX

Statement of Interest in Leases

ANDALEX Resources and its affiliates do not control more than 46,080 acres of federal leases in the state of Utah nor does it control more than 100,000 acres of federal leases in the United State.

Signed:

Samuel D. Dwyer
**Officer of ANDALEX
Resources, Inc.**

Statement of Sole Party of Interest

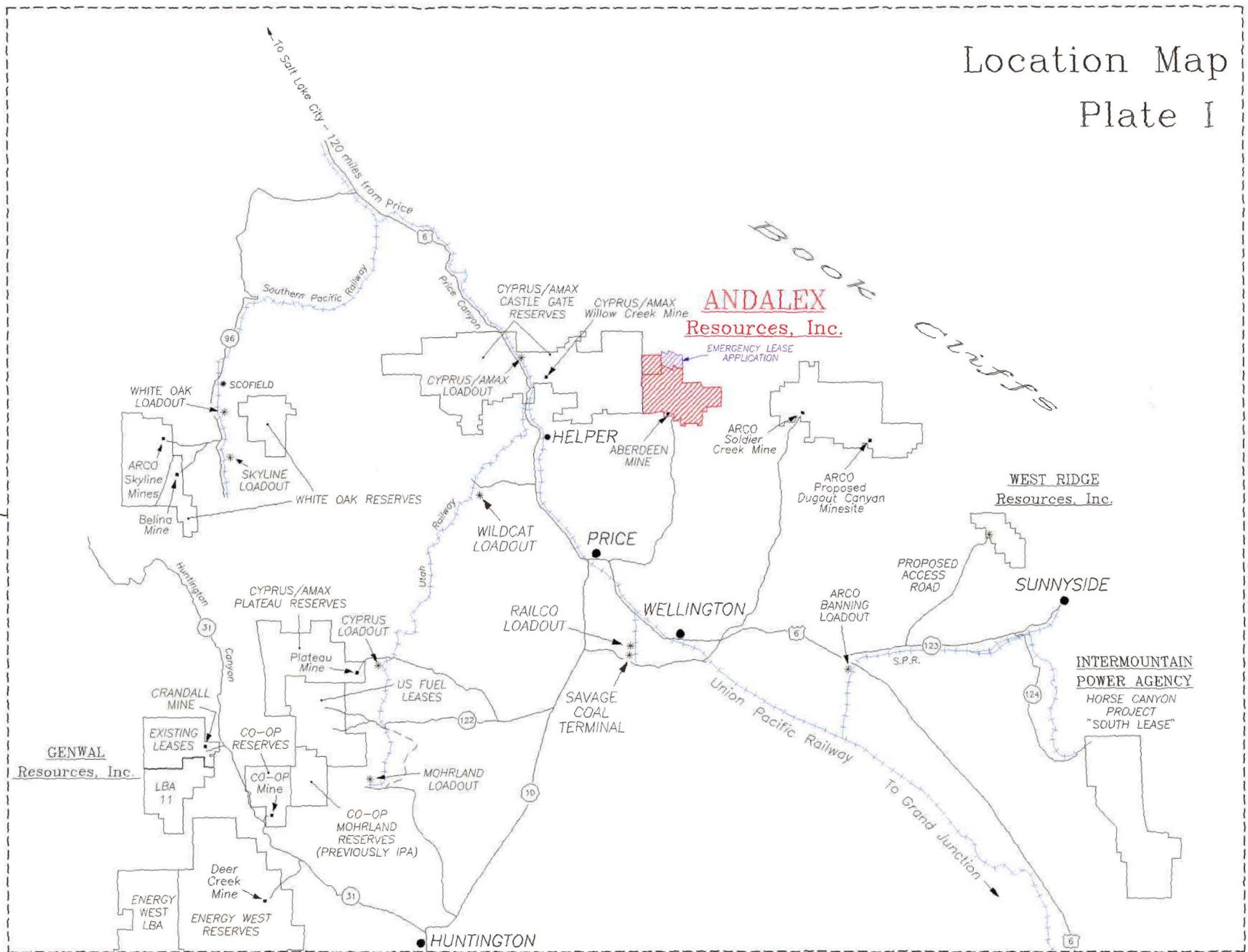
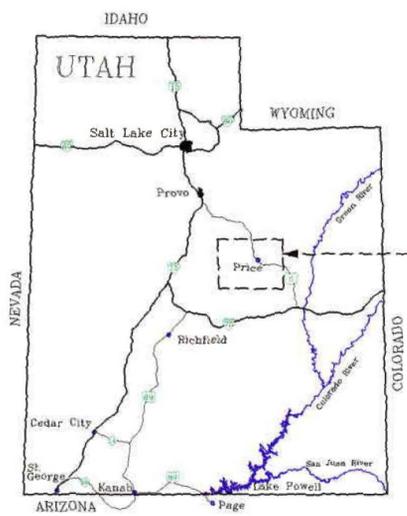
ANDALEX Resources and its affiliates or associates are the sole party of interest in this application for an emergency federal coal lease.

Signed:

Samuel C. Quigley
Officer of ANDALEX Resources, Inc.



Location Map Plate I



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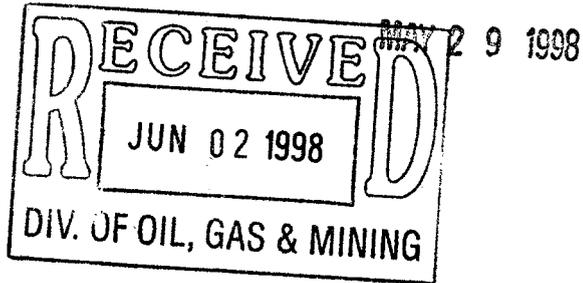


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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Mr. Lowell Braxton, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Braxton:

ACT/002/019 #2

Enclosed is an amendment to Lease By Application UTU-77264 adding the following land description.

T. 12 S., R. 11 E., SLM, Utah
Sec. 31, lot 10.

Containing 40.00 acres Carbon County

Sincerely,

Christopher J. Merritt
Christopher J. Merritt
Acting Group Leader,
Minerals Adjudication Group

Enclosure
UTU-77264 Amendment

III. Description of Lands Applied For

ANDALEX Resources, Inc., is making this Emergency Lease by Application on 462.73 acres of federal lands containing potentially significant coal deposits. This land is contiguous to an existing federal lease held by ANDALEX and is located in Sections 29, 30, 31 and 32, T.12S., R.11E., S.L.B.&M., approximately ten miles north-northeast of Price, Utah in Carbon County. See Figure I.

Lands Being Applied For

Acreage: 462.73 Acres

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

Section 29: SW1/4SW1/4

Section 30: lots 4,12,14,15,16

Section 31: lots 1,2,7,8,9,10,11,

Section 32: NW1/4NW1/4

containing 462.73 acres.

The contiguous Federal leases held by ANDALEX Resources are indicated on Figure II.

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MAY 26 1998

**Bureau of
Land Management**

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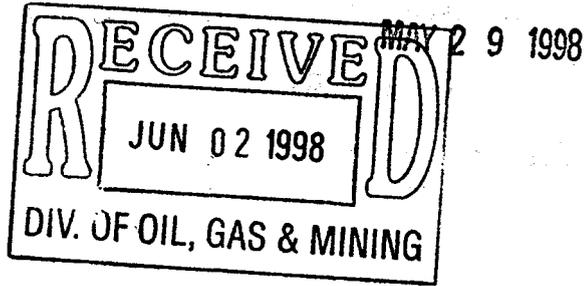


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
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Mr. Lowell Braxton, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Braxton:

ACT/002/019 #2

Enclosed is an amendment to Lease By Application UTU-77264 adding the following land description.

T. 12 S., R. 11 E., SLM, Utah
Sec. 31, lot 10.

Containing 40.00 acres Carbon County

Sincerely,

Christopher J. Merritt
Christopher J. Merritt
Acting Group Leader,
Minerals Adjudication Group

Enclosure
UTU-77264 Amendment

III. Description of Lands Applied For

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Section 31: lots 1,2,7,8,9,10,11,

Section 32: NW1/4NW1/4

containing 462.73 acres.

The contiguous Federal leases held by ANDALEX Resources are indicated on Figure II.

RECEIVED

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**Bureau of
Land Management**



Location Map Plate I

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JUN 02 1998
DIV. OF OIL, GAS & MINING

