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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

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

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Partial: Complete: XXX Exploration:
Inspection Date & Time: 9/25/98 / 7:00a.m.-11:00a.m.
Date of Last Inspection: 8/26/98

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: Clear, 60's
Existing Acreage: Permitted- 5063 Disturbed- 37 Regraded- 0 Seeded- 0 Bonded- 37
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

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - 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.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4th Quarter-April, May, June)_____ (date)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



INSPECTION REPORT
(Continuation sheet)

Page 2 of 4

PERMIT NUMBER: ACT/007/019

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(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

There have been no violations issued and there are no outstanding violations. There are no minor amendments being reviewed by either SLO or PFO.

The Mining and Reclamation Permit was last issued by the Division on July 29, 1997. The expiration is on January 6, 2002. One stipulation which was that the permittee must also receive BLM approval before mining the incidental boundary change. The permittee is currently gathering information for an Incidental Boundary Change. This is to advance a new coal lease. The BLM will also be reviewing this proposal.

The mid-term review will approximately be in January of the year 2000.

2. SIGNS AND MARKERS -

Identification signs meet the requirements of the R645 Coal Rules.

The perimeter markers were spot-checked and are located around the perimeter of the disturbed areas. The permittee has stream buffer zones signs placed within the disturbed area. Topsoil ID signs are located on the topsoil piles as required in the R645 Coal Rules.

3. TOPSOIL -

The topsoil piles were inspected with no signs of wind or water erosion. These piles are protected by berms and/or vegetation.

4A. DIVERSIONS -

The diversions were spot-checked and found to comply with the requirements of the Mining and Reclamation Plan and the R645 Coal Rules performance standards. Sediment has recently been cleaned out of several diversions.

4B. SEDIMENT PONDS -

The sediment pond was not discharging during the inspection and could potentially discharge in the near future either from the mine or pond itself. The ponds did contain water. There were no signs of any hazardous conditions occurring to the sediment ponds during the inspection.

The sediment ponds were inspected for the third quarter on September 24, 1998 by the permittee. There was no report of hazardous conditions. It was noted that Pond E will need to be cleaned out in 1999. This is the last sediment pond before leaving the permit area. This pond has never discharged.

Sediment pond B was cleaned out in 1997.

INSPECTION REPORT
(Continuation sheet)

Page 3 of 4

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The Annual sediment pond inspection was made in December 11, 1997 with no hazardous conditions being reported. The next planned annual inspection will be in the Fall of 1998.

Centennial Project has two sediment ponds and one sediment basin consisting of four cells.

4C. OTHER SEDIMENT CONTROL MEASURES -

Centennial Project uses straw bales and berms as it's alternate sediment control measures. These areas were spot-inspected and complied with the R645 Coal Rules. Work on the silt fences was being performed during the inspection. Silt fences have recently been cleaned out.

4D. WATER MONITORING -

Water monitoring for the third quarter was reviewed and found to be complete. The permittee had taken a water sample at Well #1. All other sample points were dry.

4E. EFFLUENT LIMITATIONS -

There were no NPDES samples taken for third quarter. All sample points were dry. There were no exceedances for second quarter of 1998.

The NPDES Permit UTG040008 by Water Quality was issued on August 1, 1998 and will expire on April 1, 2003. There are four point sources which are 001A (sediment pond C), 002A (Pinnacle Mine), 003A (sediment pond E) and 004A (Aberdeen Mine).

5. EXPLOSIVES -

There are explosives boxes on the property which are located on the upper end of the disturbed area. There were no explosives used during second quarter.

7. REFUSE PILE -

There are no refuse piles located at the Andalex Mines; all material is taken to Wildcat Loadout.

8. NON-COAL WASTE -

The area was clear of non-coal waste material. This material is being stored in dumpsters.

The SPCC Plan was last evaluated on January 1997 and is P.E. certified.

13. REVEGETATION -

Paul Baker, the Division vegetation specialist, had inspected the topsoil pile at the Fall Breakout and reported that vegetation and seedlings are doing well. Seedlings were planted in the fall of 1997.

INSPECTION REPORT
(Continuation sheet)

Page 4 of 4

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14. SUBSIDENCE -

The 1997 subsidence report was reviewed and is P.E. certified. The subsidence survey will be taken in the fall of 1998 for the annual report.

18. SUPPORT FACILITIES -

During the field inspection, no new structures were added for second quarter.

19. AVS -

There has been no changes of officers and shareholders since June 15, 1995.

20. AIR QUALITY -

The air quality permit is being complied with. The Air Quality permit DAQE-997-96 was changed to mine 3 million tons of coal. Air Quality made an inspection in March of 1998.

21. BONDING AND INSURANCE -

The bonding is set at \$1,080,839. The policy is a surety bond from Utical Mutual Insurance SU34593 The permittee has 37 acres of disturbed area.

The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives are included in the acord form. This policy will expire on July 1, 2000. The insurance company is Federal Insurance Co.

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: September 25, 1998

Inspector's Signature: _____

Stephen J. Demczak

#39