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

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Bcc: Joe
Daron

April 2, 1998

Mr. Thomas F. Slater, Acting Deputy State Director
Bureau of Land Management
Utah State Office
P. O. Box 45155
Salt Lake City, Utah 84145-0155

Re: Federal Lease Relinquishment (3452), Andalex Resources, Inc., Centennial Mine, ACT/007/019, Folder #2, Carbon County, Utah

Dear Mr. Slater:

This letter is in response to your request for a review of the Federal coal lease relinquishments filed with your office by Andalex Resources, Inc. and received in our office on March 19, 1998.

According to the Memorandum of Understanding (MOU) "Processing of Requests to Relinquish Federal Coal Leases" (10-MOU-97-001), DOGM will, "require restoration of surface area as required by its authority or by the surface management agency, and will determine whether lease relinquishment would conflict with administration of the mine permit."

Our review has determined that the majority of the area requested for relinquishment (north, west, and south) was never mined due to the lack of economically recoverable coal reserve. The parts of the leases that were mined (east part of permit area), were last mined in early 1995. Subsidence monitoring contained in annual reports show no surface movement or subsidence anywhere in the permit area for the last three years. This would indicate that the mined area is fairly stable. No surface effects of mining have been manifested. The Division is not aware of any surface area requiring restoration.

The relinquishment will conflict with the administration of the permit, related to the issue of right of entry. While all parties acknowledge that Andalex, through the relinquishment, has forfeited all rights to mine in these areas, the SMCRA permit and the approved Mining and Reclamation Plan do not reflect this and will need to do so.

Andalex must revise the Mining and Reclamation Plan to show the area upon which they now intend to conduct mining and reclamation activities and reflect that they no longer intend to conduct mining operations in the relinquished area. If Andalex chooses to exclude this area from the permit boundary, this may also involve an application for bond release since under R645-301-820, the entire permit area is covered by the bond.

We have no objection to the lease relinquishments, but if approved we will ask Andalex to revise

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the Mining and Reclamation Plan (especially mine maps) to reflect the changes that will be brought about by this action.

Thank you for the opportunity to comment on the lease relinquishment application. If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Lowell P. Braxton".

Lowell P. Braxton
Director

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cc: Mike Glasson, Andalex Resources
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