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

INSPECTION REPORT

Handwritten initials

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Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

Partial: XXX Complete: Exploration:
Inspection Date & Time: 5/28/99 / 8:00a.m.-11:00a.m.
Date of Last Inspection: 4/9/99

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: Warm, 60's, Clear
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/ENF. Rows 1-21 list various permit conditions and their evaluation status.

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(Comments are Numbered to Correspond with Topics Listed Above)

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. Topsoil ID signs are located on the topsoil piles as required in the R645 Coal Rules. There are stream buffer zone signs posted throughout the mine property.

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 -

All disturbed diversions which convey water to the sediment ponds were checked at the mine site and were 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 by the bathhouse.

4B. SEDIMENT PONDS -

The sediment pond was not discharging during the inspection, but 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.

4C. OTHER SEDIMENT CONTROL MEASURES -

Centennial Project uses straw bales and berms as its 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.

4E. EFFLUENT LIMITATIONS -

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).

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.

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14. SUBSIDENCE -

The 1998 subsidence report was reviewed and is P.E. certified. The subsidence survey stated that there was no horizontal or vertical movement. The report was written on December 10, 1998.

18. SUPPORT FACILITIES -

During the field inspection, no new structures were added since the last inspection.

19. AVS -

There have not been any changes of officers and shareholders since June 15, 1995. The officers and shareholders list was reviewed currently on page 10 in the Mining and Reclamation Plan.

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: June 3, 1999

Inspector's Signature:  #39
Stephen J. Demczak