



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

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 19, 1999

Michael W. Glasson, Senior Geologist
Andalex Resources, Inc.
Tower Division
P.O. Box 902
Price, Utah 84501

Re: Midterm Review, Andalex Resources, Inc., Centennial Mine, ACT/007/019-MT99,
Folder #3, Carbon County, Utah

Dear Mr. Glasson:

As indicated in our June 4, 1999 letter to you, the Division has been conducting a Midterm permit review, in accordance with R645-303-211. This letter is written to present the results of that review and establish any follow-up that you are required to do.

One of the main parts of the review was an evaluation of the bond to ensure that coverage is adequate. Here the Division identified some problems that must be addressed. The current reclamation cost estimate appears to be out of date and does not contain adequate information for the Division to be able to calculate an accurate cost of reclamation. Additional information will be needed in the following areas: Cut and Fill Materials, Distances and Grades, Equipment and Productivity, Demolition, Revegetation. Please refer to the attached technical memo by Wayne Western, which details the bonding requirements. Once the appropriate information has been provided and an accurate cost estimate completed, Andalex may be required to adjust the bond accordingly.

Another area that was reviewed which also identified problems was that of water monitoring. It appears that a number of water monitoring reports have not been received by the Division. The enclosed Technical Memo by Jim Smith discusses the reports that have not been received. You should review it carefully and make sure that the missing data are submitted.

Another outstanding permitting issue is the requirement to provide information relative to highwall elimination. It was agreed previously that this would be done as part of the Midterm requirements and that the information would be submitted by September 1, 1999.

Midterm Review
ACT/007/019-MT99
August 19, 1999
Page 2

On a positive note, a check on the Applicant Violator System (AVS) was done. The system recommendation came back as "issue" and there are no outstanding civil penalties or violations that would prevent Andalex from holding a permit. Also, the review concluded that your plan contains adequate design information with regard to the application of Best Technology Currently Available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.

This essentially completes our review, however there is a fair amount of follow up that will need to be done. You are required to supply the information that addresses the above noted issues. As noted above, the information addressing highwall issues is due by no later than September 1, 1999. All of the other information and data will need to be submitted by no later than September 20, 1999.

If you have any questions regarding these requirements or the Midterm Review please don't hesitate to call.

Sincerely,



Daron R. Haddock
Permit Supervisor

tm
cc: Jim Smith
Wayne Western
Steve Demczak, PFO
O:\007019.CEN\FINAL\MIDTERM.LTR