



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

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PHL
WJ
AK

INSPECTION REPORT

Partial _____ Complete XXX Exploration _____
 Inspection Date: 12/27/2002 / Time: 8:20-11 AM
 Date of Last Inspection: 11/20/2002

Mine Name: Centennial Project County: Carbon Permit Number: C/007/019
 Permittee and/or Operator's Name: Andalex Resource, Inc.
 Business Address: P.O. Box 902, Price, Utah 84501
 Company Official(s): Mr. Mike Glasson, Senior Geologist
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Sunny, clear / cold; 20's to 30's Fahrenheit
 Type of Mining Activity: Underground XXX Surface Prep Plant Other
 Existing Acreage: Permitted 5419.49 Disturbed 35.27 Regraded _____ Seeded _____
 Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

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.

	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 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 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 type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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)

PERMIT NUMBER: C/007/019

DATE OF INSPECTION: 12/27/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

Note: The site is under five to six inches of frozen, compacted snow.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The current permit issued by the Utah Division of Oil, Gas and Mining remains in effect until January 6, 2007.

3. TOPSOIL

According to Mr. Glasson, Topsoil Pile "C", located west of sediment pond "C" was seeded and covered with straw mulch on December 9th. The approved seed mix from the mining and reclamation plan was used. As observed this day, the area was under snow.

4A. HYDROLOGIC BALANCE: DIVERSIONS

All ditches were observed to be under frozen, compacted snow. The culvert openings that were visible appeared to be capable of functioning as designed.

The permittee has performed the necessary maintenance on the ditch that carries conveyor belt wash-down water from the Aberdeen portal across the coal storage pad, thence, to pond "E".

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

As observed this day, all of the impoundments contained snow on their inslopes and pond bottoms. There were no signs of instability or other hazards noted during today's field inspection.

Mr. Dan Guy conducted the fourth quarter / annual impoundment inspections on November 25, 2002. According to the P.E. certified inspection reports, the following was noted:

- 1) Sediment basin "B" (four basins that operate in series) have 0.119 acres feet of sediment storage capacity remaining before reaching the 60% cleanout elevation.
- 2) Sediment pond "C" has 0.050 acre-feet of sediment storage capacity remaining prior to reaching the 60 % sediment cleanout elevation. Minor erosion was noted in the bottom of this pond.
- 3) Sediment pond "E" has 0.537 acre-feet of sediment storage capacity remaining prior to reaching the 60% sediment cleanout elevation.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

All areas at the site that utilize other sediment control measures were under snow.

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(Continuation Sheet)

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4D. HYDROLOGIC BALANCE: WATER MONITORING

The third quarter surface and ground water monitoring requirements for the Centennial site were completed by the permittee's water monitoring contractor on August 16 and 29, 2002 and September 19, 2002. Well #1 and spring B351 were the only monitoring points that were sampled due to a reporting of "no flow" for all other monitoring points. The analytical results for well #1 and spring B351 were reviewed. There were no abnormalities noted in water chemistry; the reported cation / anion balances were within the acceptable error range. Monitoring points that were reported as dry included 25-2 in Hoffman, spring S25-1, 17-1, 17-2, 8-1, 8-2, 18-3, and S18-1.

The third quarter data has been forwarded to the Division's water quality database.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The permittee has made application to the Utah Department of Environmental Quality / Division of Water Quality to renew the UPDES permit (UTG040008) for the site as of December 19, 2002. The current permit remains in affect until April 30, 2003.

Discharge monitoring reports for the site's four permitted discharge points were reviewed for the months of August, September, and October. No outfalls occurred during that period. All reports had been submitted in a timely fashion.

The permittee received a letter from the Utah Division of Water Quality dated October 28, 2002, relative to the requirement to obtain a whole effluent toxicity analysis of the mine water discharge for the Centennial site. The permittee responded to this requirement by conducting the test on November 26, 2002. Based on analysis of the various dilutions of the mine water effluent by W.E.T., Inc. of American Fork, Utah, the permittee's effluent successfully passed the test for both test animals.

The permittee responded to the Division of Water Quality reporting these results on December 19, 2002.

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL ISSUES

Mr. Dan Guy, Utah registered professional engineer, re-certified the spill prevention control and countermeasure plan for the Centennial site on December 5, 2002.

14. SUBSIDENCE CONTROL

The permittee received information from Mr. Bruce T.S. Ware, Utah registered land surveyor, relative to the required annual subsidence monitoring survey on October 2, 2002. The permittee uses three control points to monitor fourteen subsidence-monitoring locations. According to Mr. Ware, the differential level survey that was conducted showed that no settling or heave has occurred at any of the monitoring points. A visual survey is conducted by the survey team as they travel between the monitoring points. No visual impacts were reported by Mr. Ware. The report contains Mr. Ware's professional stamp from the Utah Division of Occupational and Professional Licensing.

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21. BONDING AND INSURANCE

The permittee's current general liability insurance is in affect until July 31, 2003. Coverage for damage caused by use of explosives is included.

The amount of the reclamation bond for the Centennial Project was last reviewed as part of the midterm permit review process in May 2001. The Division re-calculated a bond amount of \$1,013,000 in 2004 dollars.

Inspector's Signature: _____



Peter Hess #46

Date: January 02, 2003

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Mike Glasson, Andalex
Price Field office

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