

0017



ANDALEX
RESOURCES, INC

P.O. BOX 902
PRICE, UTAH 84501
PHONE (435) 637-5385
FAX (435) 637-8860

June 10, 2004

Utah Division of Oil, Gas and Mining
Coal Program
1595 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Attn: Pamela Grubaugh-Littig
Re: Centennial Permit Mid-Term Review C007/019, Carbon County, Utah

Dear Ms. *Pam* Littig,

According to instructions from Mr. Wayne Western of your staff, enclosed is updated Reclamation bond data for the Centennial Project. These pages are being submitted for insertion into ANDALEX's Mining and Reclamation plan, (Appendix B), along with appropriate C-1 and C-2 forms.

If you have any questions, or if you require any further information, please do not hesitate to contact me.

Sincerely,

Michael W. Glasson
Manager of Operations

Western
Jeong
6/007/0019
Copy

RECEIVED

JUN 14 2004

DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT PROCESSING

<input checked="" type="checkbox"/> Permit Change X	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: ACT/007/019
Title of Proposal:						Mine: Centennial Project
2004 RECLAMATION BOND COST DATA						Permittee: Andalex Resources

Description, include reason for application and timing required to implement:

MID-TERM REVIEW

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO #
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV #
<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: MID-TERM REVIEW
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

X Attach 5 complete copies of the application.

<p>I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.</p> <p style="text-align: center;"><i>Michael W. Blum - Sebedogist 06/09/04</i> Signed - Name - Position - Date</p> <p>Subscribed and sworn to before me this <u>10th</u> day of <u>June</u>, 19 <u>2004</u>.</p> <p style="text-align: center;"><i>Linda Kerns</i> Notary Public My Commission Expires <u>May 8, 2004</u> Attest STATE OF <u>Utah</u> COUNTY OF <u>Carbon</u></p>	<p>Received by Oil, Gas & Mining</p> <p style="font-size: 2em; font-weight: bold;">RECEIVED</p> <p style="font-size: 1.5em; font-weight: bold;">JUN 14 2004</p> <p>DIV. OF OIL, GAS & MINING</p> <p>ASSIGNED TRACKING NUMBER</p>
	<p>NOTARY PUBLIC LINDA KERN 345 NORTH 700 EAST PRICE, UT 84501 MY COMMISSION EXPIRES MAY 08, 2005 STATE OF UTAH</p>

2004

RECLAMATION BOND

COST DATA

Bonding Calculations
Centennial Mine C/007/019

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$180,807.00	
Subtotal Backfilling and Grading	\$315,509.00	
Subtotal Revegetation	\$140,878.00	
Direct Costs	\$637,194.00	

Indirect Costs

Mob/Demob	\$63,719.00	10.0%
Contingency	\$31,860.00	5.0%
Engineering Redesign	\$15,930.00	2.5%
Main Office Expense	\$43,329.00	6.8%
Project Mainagement Fee	\$15,930.00	2.5%
Subtotal Indirect Costs	\$170,768.00	26.8%

Total Cost	\$807,962.00	
------------	--------------	--

Escalation factor		0.0259
Number of years		5
Escalation	\$110,193.00	

Reclamation Cost	\$918,155.00	
------------------	--------------	--

Bond Amount (rounded to nearest \$1,000) 2004 Dollars	\$918,000.00	
--	--------------	--