

July 1, 2004

Mike Glasson, Environmental Coordinator
Andalex Resources, Inc.
P. O. Box 902
Price, Utah 84501

Re: 2004 Midterm Permit Review, Andalex Resources, Inc., Centennial Mine, C/007/0019, Task ID # 1886, Outgoing File

Dear Mr. Glasson:

The Division is required to review each active permit during its term, in accordance with R645-303-211. The midpoint of the Centennial Mine permit term is July 4, 2004. A midterm site visit was conducted on June 10, 2004. There are deficiencies that must be adequately addressed prior to approval. A copy of our Technical Analysis is enclosed for your information. In order for us to continue to process your application, please respond to these deficiencies by August 5, 2004.

If you have any questions, please call me at (801) 538-5325 or Karl Houskeeper at (435) 613-1146, Ext 201.

Sincerely,

Daron R. Haddock
Permit Supervisor

KRH/sd
Enclosure
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Centennial Mine
2004 Midterm Permit Review
C/007/019
Task ID #1886
Technical Analysis
June 30, 2004

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TECHNICAL ANALYSIS

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The Division regulates the Surface Mining Control and Reclamation Act of 1977 (SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

INTRODUCTION

The Division is required to review each active permit during its term in accordance with R645-303-211. This review takes place at the midpoint of the permit term. The midpoint of this permit term is July 4, 2004. Elements selected for review during the Midterm were outlined in the Division's letter to Andalex Resources, Inc. on April 2, 2004. The document contained a list of five items chosen for review. Each item has been evaluated and is discussed in this technical analysis.

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INTRODUCTION

SUMMARY OF DEFICIENCIES

SUMMARY OF DEFICIENCIES 

The Technical analysis of the proposed permit changes cannot be completed at this time. Additional information is requested of the permittee to address deficiencies in the proposal. A summary of deficiencies is provided below. Additional comments and concerns may also be found within the analysis and findings made in this Draft Technical Analysis. Upon finalization of this review, any deficiencies will be evaluated for compliance with the regulatory requirements. Such deficiencies may be conditioned to the requirements of the permit issued by the division, result in denial of the proposed permit changes, or may result in other executive or enforcement action and deemed necessary by the Division at that time to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address those deficiencies as found within this Draft Technical Analysis and provide the following, prior to approval, in accordance with the requirements of:

Regulations

- R645-301-113.300** A three (3) year history of violations preceding the application date must be provided for the applicant or any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant. A history of violations was requested by the Division in Task ID #1919, Summit Tract (IBC). The violation information needs to be incorporated into the approved MRP by Task #1919 or by this Task #1886. 7
- R645-301-322, -301-333, -301-342, -301-358;** Page 5-9 of the approved MRP under the heading of **Water System** must be updated to reflect the volumes of water, (preferably in acre feet/year), consumed and discharged in the mining process. The calculations should be based on the criteria provided to the permittee. 9
- R645-301-820 and R645-301-830,** ARI must post a bond of at least \$918,000. 13

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SUMMARY OF DEFICIENCIES

ENVIRONMENTAL RESOURCES INFORMATION

GENERAL CONTENTS

VIOLATION FORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

The permittee has requested an Incidental Boundary Change (IBC) Task ID # 1919. It was noted in this Task that the violation history was outdated and that it would be required to be updated prior to approval. Once this information is provided to the Division for Task #1919 it will update the approved MRP.

An AVS Check was done by the Division on May 10, 2004. No violations were retrieved by the system. Legal information from the AVS check was compared to the MRP and the information correlated with the approved MRP.

Findings:

The information in the approved MRP is not adequate to meet the requirements of this section of the regulations, prior to midterm approval the permittee must provide the following information in accordance with:

R645-301-113.300 A three (3) year history of violations preceding the application date must be provided for the applicant or any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant. A history of violations was requested by the Division in Task ID #1919, Summit Tract (IBC). The violation information needs to be incorporated into the approved MRP by Task #1919 or by this Task #1886.

PERMIT APPLICATION FORMAT AND CONTENTS

Regulatory Reference: 30 CFR 777.11; R645-301-120.

Analysis:

A review to ensure that past permit conditions, division orders, notice of violation abatement plans and permittee initiated plan changes was done in conjunction with the midterm review. The approved plan contains the required information.

Findings:

Information contained in the approved MRP meets the minimum requirements of this section.

OPERATION PLAN

OPERATION PLAN

FISH AND WILDLIFE INFORMATION

Regulatory Reference: 30 CFR Sec. 784.21, 817.97; R645-301-322, -301-333, -301-342, -301-358.

Analysis:

Endangered and Threatened cies

The mine has potential, through water depletions, of adversely affecting four listed threatened and endangered fish species of the upper Colorado River drainage. The Fish and Wildlife Service requires mitigation when water depletions exceed 100 acre-feet annually.

On page 5-9 of the approved MRP under the heading of **Water System** there is a general description of how water is gathered, used and discharged in the mining process. The information should be more specific and include volumes in acre feet/year of water consumed in the mining process and water contributed to the watershed.

Findings:

The information in the approved MRP is not adequate to meet the requirements of this section of the regulations, prior to midterm approval the permittee must provide the following information in accordance with:

R645-301-322, -301-333, -301-342, -301-358; Page 5-9 of the approved MRP under the heading of **Water System** must be updated to reflect the volumes of water, (preferably in acre feet/year), consumed and discharged in the mining process. The calculations should be based on the criteria provided to the permittee.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 773.17, 774.13, 784.14, 784.16, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-300-140, -300-141, -300-142, -300-143, -300-144, -300-145, -300-146, -300-147, -300-147, -300-148, -301-512, -301-514, -301-521, -301-531, -301-532, -301-533, -301-536, -301-542, -301-720, -301-731, -301-732, -301-733, -301-742, -301-743, -301-750, -301-761, -301-764.

Analysis:

The Centennial Project mine facility has had a manual rain gage for quite a few years; however, documentation of the storm events have been observed only on a casual basis. The Division is requesting Mine personnel record each precipitation event in a spreadsheet as it takes place and submit the precipitation information on an annual basis as part of the annual report. This is a prudent measure, as it will demonstrate if a particular storm event exceeds the designed storm event of the ditches, ponds, and culverts servicing the mine facility.

Sediment Control Measures

The existing plan primarily provides sediment control through the use of silt fences, straw bales, and sedimentation ponds for the BTCA treatment of disturbed areas. All silt fences viewed were maintained and in good working order.

Siltation Structures: Sedimentation Ponds

The Centennial Project has three (3) Sedimentation ponds on site. Surface runoff from the Pinnacle and Apex mine is designed to be controlled by Settling Basin B and Pond C. However, Pond C is rarely used. Surface runoff from the Aberdeen Mine is controlled by Pond E. The MRP indicates Cleanout markers exist in the ponds to readily indicate when the 60 percent capacity is encroached. In Settling Basin B₂ the cleanout is identified by the culvert-connecting basin B₂ to B₁. Cleanout markers are required in ponds C and E as outlined in the MRP.

Since January 2000, discharges from the UPDES discharge points have only occurred occasionally. The Pinnacle mine discharged once (April 2003) and the Aberdeen mine discharged only five (5) times (November 2002-April 2003) with only one (1) exceedance (Feb. 2003 2,013 lbs/day). The Sediment ponds did not discharge during that time period.

Minor clarification in the MRP concerning the UPDES discharge points is requested. On pages 7-2, 7-5, and Figure IV-II the MRP indicates only three (3) UPDES sites exist, when there are actually four (4) sites. Apparently the discharge from the Aberdeen mine is not included.

Findings:

During the technical site visit, the Operator committed to continued monitoring of the precipitation gage, and reporting its activity on an annual basis. This commitment adds valuable information to the hydrologic and climatic monitoring. It also provides valuable storm-event information for determining compliance.

OPERATION PLAN

The operator commits to adding clarification to the MRP concerning the four (4) UPDES monitoring sites.

No failure of BTCA off the permit area was noted during the site inspection.

During the June 10, 2004 midterm field visit, Mine personnel committed to: 1) submitting precipitation information in the annual report, 2) installing any missing 60 percent sediment level markers in the sedimentation ponds, and 3) making modifications to the MRP concerning the UPDES sites and locations. The operator committed to completing these tasks.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond ount

The Division now escalates bonds from midterm to midterm. Therefore, the Centennial bond was escalated to 2009. The current bond amount is \$820,000 and the revised bond amount is \$918,000.

The Division gave ARI a copy of the bond calculations. ARI reviewed the bond calculations and submitted them for incorporation in the MRP. Therefore, ARI must increase the bond amount to \$918,000.

Findings:

The information in this section of the PAP is not adequate to meet the requirements of this section of the Regulations. Before approval, ARI must provide the following in accordance with:

R645-301-820 and R645-301-830, ARI must post a bond of at least \$918,000.

