

September 27, 2004

Mike Glasson, Environmental Coordinator
Andalex Resources, Inc.
6759 Airport Road
P.O. Box 902
Price, Utah 84501

Re: Conditional Approval of Centennial Midterm Review, Andalex Resources, Inc., Centennial Mine, C/007/0019, Task ID #1985, Outgoing File

Dear Mr. Glasson:

The above-referenced amendment is conditionally approved upon receipt of five clean copies prepared for incorporation. Please submit these copies by October 29, 2004. Once we receive these copies, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan. A copy of our Technical Analysis is enclosed.

If you have any questions, please call me at (801) 538-5286 or Karl R. Houskeeper at (435) 613-1146, Ext 201.

Sincerely,

D. Wayne Hedberg
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
Midterm Review
C/007/0019, Task ID #1985
Technical Analysis
September 24, 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.

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TECHNICAL ANALYSIS

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.

This memo addresses the AVS check that ensures that Ownership and Control information is current and correct and that the requirements of all permit conditions, division orders, notice of violations, abatement plans, and permittee-initiated plan changes are appropriately incorporated into the plan.

The Division assigned Task ID #1886 to the Centennial Midterm Review. The midterm review was sent out deficient on July 1, 2004. The operator responded to the deficiencies on July 23, 2004. The Division assigned Task #1985 to the midterm response.

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INTRODUCTION

GENERAL CONTENTS

GENERAL CONTENTS

VIOLATION INFORMATION

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

Analysis:

The permittee 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.

The operator submitted updated violation history that satisfied Task #1919 and Task #1886 on July 23, 2004.

Findings:

The information provided meets the minimum requirement of this section.

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GENERAL CONTENTS

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 Species

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.

Page 5-10 of the application has been revised to include a reference to page 3-20a, table III-12. This table, (Potential Water Depletion to Colorado River Drainage), is also part of the application. The information in the table includes calculations for projected water depletion and water addition. The end result is a net gain of 47.61acre feet/year of water to the Colorado River Drainage system. The U. S. Fish and Wildlife Service have concurred with these findings in a document from Henry Maddux to Pamela Grubaugh-Littig dated September 1, 2004.

Findings:

The information provided in the application is adequate to meet the requirements of this section of the regulations.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division now escalates bonds from midterm to midterm. Therefore, the Centennial bond was escalated to 2009. The current bond amount is \$1,080,839 and the revised bond amount is \$918,000. Thus, the current bond is adequate.

The Division gave ARI a copy of the bond calculations. ARI reviewed the bond calculations and submitted them for incorporation in the MRP.

Findings:

The information in this section of the PAP is adequate to meet the requirements of this section of the Regulations.