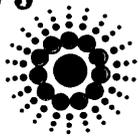


0003



**ANDALEX**  
RESOURCES, INC

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

January 6, 2005

Utah Division of Oil, Gas & Mining  
Coal Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Pamela Grubaugh-Littig

Re: Clean Copies, Mid-Term Review, Centennial Project. C/007/019

Dear Ms. Littig:

Enclosed are 5 clean copies of amended pages for the Mid-Term review of Centennial Project Permit.

Per our discussion, Plate 25 is not being resubmitted.

Required C<sub>1</sub>/C<sub>2</sub> Forms are enclosed. If you have any questions, or need additional information, please let me know.

Sincerely,

Michael W. Glasson  
Senior Geologist

RECEIVED

JAN 14 2005

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
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Title of Proposal:	Mine: Centennial Project
Clean Copies for Mid-Term Review.	Permittee: Andalex Resources

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

**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? 1090.21 acres Disturbed Area? 0 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 type="checkbox"/> Yes	<input checked="" 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 type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: Mid-Term
<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.**

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.

*Michael W. Hansen Sr. Genl. 01/10/05*  
 Signed - Name - Position - Date

Subscribed and sworn to before me this 11<sup>th</sup> day of January, 19 2005

*Linda Kerns*  
 Notary Public  
 My Commission Expires: May 08, 19 2005  
 Attest: STATE OF Utah COUNTY OF Carson



NOTARY PUBLIC  
 LINDA KERNS  
 345 NORTH 700 EAST  
 PRICE, UT 84501  
 MY COMMISSION EXPIRES  
 MAY 08, 2005  
 STATE OF UTAH

Received by Oil, Gas & Mining

**RECEIVED**

**JAN 14 2005**

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER





needed. Enough water is currently generated from the formation and coal seam that Andalex currently discharges approximately 50% of the time through approved UPDES point 002.

### **Power System and Communication Facilities**

A 7200 volt, 3 phase, 60 hertz power distribution system has been taken underground from a 2500 KW substation located on the surface plant area. The primary feed into the substation is 46,000 volts from the Utah Power and Light Company transmission system located approximately 6 miles south, adjacent to the airport. This 46 KV line taps Utah Power and Light's Helper - Columbia 46 KV line, at structure #89. The powerline was designed according to Utah Power and Light's specifications. After approval by Utah Power and Light, it was installed by a private local contractor at the expense of Andalex Resources. Within the minesite area, the power is reduced to 7200 volts for the primary underground usage. This is fracture reduced up to 2300 to 6000, 480 and 240 volts for equipment operation. Surface power is on a 480 volt system. Electrical Specifications for the Deadman Canyon Mine Substation are included as Appendix I.

A 25-pair telephone communications cable is buried along the existing Deadman Canyon road, with its origin at Carbon County Airport approximately 7.5 miles from the minesite. Currently, 13 pairs are in use with additional capacity to add as the mine facilities expand. This cable was designed, supplied and installed by Mountain Bell Telephone at the expense of Andalex Resources. Mountain Bell is responsible for maintenance

The mine permit area has no utilities or services through it other than those which are accurately depicted on Plate 6. All utilities have been constructed under the close scrutiny of the Utah DWR and the U.S. Fish and Wildlife Service.

### **Other Equipment**

Other equipment being utilized includes mantrips, rock dusters, tractors, rubber tired scoops, power cables, communication equipment, and miscellaneous section tools. The mine is also equipped with emergency tools and necessary supplies in the unlikely event that a fire or explosion should occur, in accordance with M.S.H.A. regulations.

### **Surface Equipment**

Surface equipment includes a Cat 980-B front-end loader. Also, there is a grader for road maintenance. Other equipment such as diesel scoops and tractors will be utilized on the surface from time to time for material haulage. There are two bulk rock dust silos on the surface.

### **Employment**

Andalex Resources is an Equal Employment Opportunity Employer. The type of hourly employees to be hired are highly skilled personnel, including miner operators, shuttle car operators, roof bolters, mechanics, and electricians. All hourly employees will be properly trained and certified where necessary in accordance with M.S.H.A. regulations. Currently, Andalex Resources' employs 75 hourly wage earners. Employment at the mine will not change significantly with the installation of the longwall. The Pinnacle Andalex's Mines, are located in Carbon County near the town of Price. Since this area is supported to a large degree by coal mining and other related industries, it is anticipated that a labor force will always be readily available.

Management and other salaried employees will consist of the Manager of Mines, the General Superintendent, the Mine Superintendents, the Mine Foremen, Safety Personnel, Secretarial and Clerical, Geologists, and Engineers (see Table IV-1).

### **Schedule of Development and Mining**

There are four economic seams present on the property; mining plans are based on simultaneously developing longwall panels in 3 of the 4 seams. The incremental increases listed below represent the first eight years of production (from 1982):

<u>Year</u>	<u>Production Rate Tons/Year</u>
1st year (1982)	700,000
2nd year (1983)	350,000
3rd year (1984)	300,000
4th year (1985)	650,000
5th year (1986)	700,000
6th year (1987)	400,000
7th year (1988)	700,000
8th year (1989)	1,100,000

Mining progression for the life of the mine is shown on Plates 26, 27, 28, and 29, and will increase from 1,100,000 tpy current to 1.5 mm tpy by 1995 and will stay at this rate until mining is completed making a mine life of approximately 15-20 years.

	<u>Estimated</u>	<u>Recoverable Tons</u>
<u>Year</u>	<u>Production</u>	<u>Remaining</u>
1993	1,200,000	21.2 million
1994	1,200,000	20.0
1995	1,500,000	18.5
1996	1,500,000	17.0
1997	2,000,000	15.5
Duration	2,000,000	10 years

To date, Andalex has mined approximately 20% of its Lower Sunnyside Reserve, 80% of its Gilson Reserve, 5% of its Aberdeen

Reserve and 20% of its Centennial Reserve (The Centennial Reserve consisted originally of approximately 2.5 million recoverable tons).

**HISTORY OF VIOLATIONS**

**6/01 - 6/04**

**(Appendix B)**

The following is a history of violations received by Andalex Resources, Inc. for the past 3 years (6/01 - 6/04):

<u>N.O.V.</u>	<u>Site</u>	<u>Issued</u>	<u>For</u>	<u>Status</u>
NO4-49-2-1	Centennial Mine	1/23/04	Failure to Maintain Disturbed Area Diversion	Terminated