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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
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Salt Lake City, UT 84145-0155
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3482, SL-027304, UTU-79975, (UT-923)

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Mr. John C. Lewis
Senior Mining Engineer
Andalex Resources, Inc.
P. O. Box 902
Price, Utah 84501

JUL 19 2005

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0/007/0019
Copy

Re: Minor Modification to Resource Recovery and Protection Plan (R2P2), Length of Longwall Panel # 7, Aberdeen Mine

Dear Mr. Lewis:

The Bureau of Land Management (BLM) has received and reviewed the subject R2P2 modification request from Andalex for the Aberdeen Mine. The modification request addresses the length of longwall panel # 7 at the mine. The area in question is in the Aberdeen Seam located on Federal leases U-66060 and UTU-79975.

Andalex proposes to terminate the east longwall gateroad development in the 11th and 12th East entries at the intersection of the Main North extensions, mine the longwall set up face at crosscut 77 of 12th East headgate and begin longwall mining of panel # 7 at this location. The existing mine plan for this area called for Andalex to extend mining development further east than the previous longwall (# 6) and its development if coal thicknesses allowed. Andalex reports thinning coal to the east below the 7 feet minimum thickness needed for longwall operations as justification to halt east development.

The BLM has inspected the area on March 30, 2005, and June 16, 2005, and have witnessed the conditions. A prevalent rock split appears near crosscut 56 of 11th East which displaces 3 feet of coal near the floor. By crosscut 61, the rock split is over 3 feet thick and coal thickness above the split is thinning to below 7 feet. Further inby to the North Main bleeder extensions, coal thickness of less than 6.5 feet were noted. The trend of the 6 foot thickness line is running north south as was encountered south of this area in earlier mining. Any "A" Seam information further east shows the end of seam deposition.

The BLM agrees with Andalex's proposal. Further east development has shown no change from the east trending seam thinning that was encountered in earlier mining to the south. Longwall machinery height dictates coal of 7 feet or greater thickness to avoid iron bounding the equipment. Under the current depth, roof/floor convergence is likely and has occurred in the previous panel #6. Placing the longwall set up room at crosscut 77 is at the 7 foot coal thickness limit and maximizes the minable coal thickness for this panel.

This approval of a minor modification to an existing R2P2 is Categorically Excluded from the National Environmental Policy Act (NEPA) analysis in that no new surface disturbance will occur from this action as stated in Overview of BLM's NEPA Process, February 1997, Appendix 2, page 2-7 (F)(7).

The proposed modification from Andalex meets the requirements of the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and will achieve maximum economic recovery of the Federal coal. The plan for longwall panel # 7 with the set up room at crosscut 77 of 12th East headgate and the mining of the bleeder entries even with the existing Main North Extensions is approved as submitted. This approval confirms verbal approval granted earlier.

A copy of the approved mine map is enclosed. If you have any questions, please contact Stephen Falk at the Price Field Office at 435-636-3605 or Jeff McKenzie of my staff at 801-539-4038.

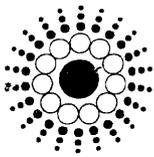
Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solid Minerals

Enclosure
Approved Mine Map

cc: UT-070, Price Field Office (w/encl.)
Utah Division of Oil Gas and Mining (w/encl.)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801



ANDALEX
RESOURCES, INC.

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March 24, 2005

Mr. Jim Kohler
Branch Chief Solid Minerals
Bureau of Land Management
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Re: Aberdeen Mine R2P2 Summit Creek Tract (UTU-79975) Minor Modification

Dear Mr. Kohler:

Andalex Resources, Inc submits for your review and approval a minor modification to the approved R2P2 for the Summit Creek Tract. As noted in Plate #1 of the currently approved R2P2, mining east of the projections that were shown for longwall Panel #7 is "dependent upon coal thickness, coal quality, future lease acquisitions, and economics". As development mining has proceeded to the east in the 11th & 12th East gateroads, coal with thickness less than 7 ft. was encountered. The Aberdeen mine longwall requires an absolute minimum operating height of 7ft. in order to mine clean coal and therefore the set-up face for the longwall has been located accordingly. Please find attached a map that shows the proposed location for the set-up face and bleeder and associated coal thickness measurements. The proposed location of the set-up face is consistent with that shown in the Plate #1 of the approved R2P2. Despite the proposed location of the set-up face, it is anticipated that mining of the first 500 to 800 ft. of longwall Panel #7 will result in a coal product that is at least 10-15% ash content.

Ventilation of longwall Panel #6 has become increasingly difficult as mining of that panel has proceeded to the west. Because of this experience, Andalex Resources, Inc. does not believe that extending Panel #7 to the east is practical simply from a ventilation perspective at this time.

Mining experience in Panel #6 has also demonstrated that floor heave can be a substantial problem in areas where the development entries were cut lower. In these lower entries, floor heave compromises entry height to the point that the longwall headgate equipment can not fit in the entry and risk of the stageloader/crusher becoming iron bound between the roof and the floor is significant. Therefore, longwall mining in areas where the development height has to be limited to 7.5 ft. or less due to coal thickness poses potential operational problems.

The currently approved R2P2 estimated that 3.04 million tons of coal would be recovered from this coal tract. This minor modification to the approved R2P2 will have no effect on recoverable tons since no recoverable tons were ever included east of the proposed set-up face location for Panel #7.

Should you have any questions or require additional information please contact:

John C. Lewis
Mining Engineer
Andalex Resources Inc.
(435) 888-4016

