



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Company, Name, Title. Row 1: Mike W. Glasson, Environmental Coordinator. Row 2: OGM, Karl Houskeeper, Environmental Scientist III.

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070019), Inspection Type (COMPLETE), Inspection Date (Friday, March 17, 2006), Start Date/Time (3/17/2006 9:00:00 AM), End Date/Time (3/17/2006 3:00:00 PM), Last Inspection (Wednesday, February 15, 2006).

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Partly Cloudy, Temp. 45 Deg. F.

InspectionID Report Number: 904

Accepted by: pgrubaug
3/20/2006

Permittee: ANDALEX RESOURCES INC TOWER DIVISION
Operator: ANDALEX RESOURCES INC TOWER DIVISION
Site: CENTENNIAL MINE
Address: 6750 AIRPORT RD, PO BOX 902 PRICE UT 84501
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Rows: 6,602.02 Total Permitted, 35.27 Total Disturbed, Phase I, Phase II, Phase III.

Mineral Ownership

- Checked: Federal, State, Fee. Unchecked: County, Other.

Types of Operations

- Checked: Underground. Unchecked: Surface, Loadout, Processing, Reprocessing.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The only permit condition currently in place is that the permittee must submit all water monitoring data in an electronic format to the Division's web site.

Inspector's Signature:

Date: Friday, March 17, 2006

Karl Houskeeper, Environmental Scientist III
Inspector ID Number: 49

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The only permit condition currently in place is that the permittee must submit all water monitoring data in an electronic format to the Division's web site.

The current DOGM permit was re-issued effective 09/09/2004, to include the incidental boundary change in the Summit Tract, and expires 01/06/2007.

- Certificate of Insurance issued 07/01/2005 and terminates 07/01/2006.
- Reclamation agreement dated and signed February 1990 (amended January 2001).
- UPDES permit UTG040008 effective 05/01/2003 and expires midnight 04/30/2008.
- Air Quality permit DAQE-997-96, issued October 25, 1996.
- SPCC Plan dated 08/29/2003.

2. Signs and Markers

The mine permit ID sign located at the contact point of the public access to the permit area contained the required information. Other signs and markers observed during the inspection met the coal rules.

4.a Hydrologic Balance: Diversions

The culvert outlet and receiving diversion ditch at the base of the Pinnacle Coal storage pad needs to be cleaned. This culvert and diversion lay near the main bathhouse and the culvert is approximately 1/3 to 1/2 covered with sediment. This culvert outlet was identified on the last inspection, but some confusion on the location existed. This outlet was identified during the inspection and the operator committed to following through on the needed maintenance.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The record review shows that Ponds B, C, and E were inspected on 09/30/2005. The inspection reports show that the ponds are Ok. No hazards or problems were noted as a result of the inspection. The annual and fourth quarter 2005 inspection and certification of the ponds was done by a registered P.E. in Utah on 11/10/2005.

4.d Hydrologic Balance: Water Monitoring

Fourth quarter 2005 water monitoring information is in the EDI website and uploaded. Water monitoring is current.

4.e Hydrologic Balance: Effluent Limitations

January 2006 discharge monitoring reports were reviewed. Outfalls 001, 002, and 003 did not discharge. Outfall 004 discharged at 432,000 gpd. The daily max is 2000 for TDS. The report showed 6822 TDS or (26) lbs/day. The last inspection report acknowledged the problem from the October 2005 discharge monitoring reports at outfall 004. DEQ is aware of the problem and is looking at making the mine site obtain a site-specific permit and not be on the general permit. The operator and DEQ have had discussion on the TDS standard at present and what a future standard might be based upon the diversion receiving standard. DEQ has done recent testing of the receiving diversion to verify the standard and adjust it as necessary to satisfy the regulations.

8. Noncoal Waste

A crew was actively gathering noncoal waste items that are present through the mine site and are now evident from some snow melt.

20. Air Quality Permit

The air quality permit DAQE-997-96 referenced above was issued on October 25, 1996 and remains in effect.

21. Bonding and Insurance

The insurance referenced in item #1 above is through Federal Insurance Company, policy #37102594. The insurance has explosion coverage, meets the minimum coverage requirements, lists the Division as the certificate holder, and has the proper language on the notification policy.

Bond No. SU34593 is for \$381,839 and Bond No.SU1354086 is for \$699,000. Both bonds remain in effect for the term of the permit and are through Utica Mutual Insurance Company.