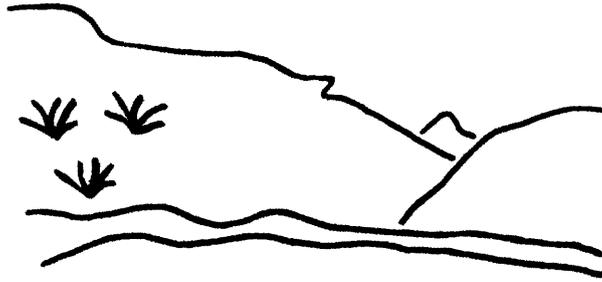


*Internal
e/007/0019*



Utah Oil Gas and Mining

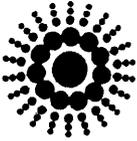
CENTENNIAL MINE

NOV NO. N06-49-1-1



Correspondence

0015



ANDALEX
RESOURCES, INC.

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

March 24, 2006

BY CERTIFIED MAIL

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

Attn: Daron Haddock
Assessment Officer

Inquiry
C/007/0019

Re: Proposed Assessment State Violation No. N06-49-1-1, Centennial, C007/019.

Dear Mr. Haddock,

ANDALEX Resources respectfully requests that an informal conference be held with respect to the above referenced violation. We do not believe that the fact of the violation is in question. However we believe that for various reasons, that the proposed penalty assessment should be reviewed.

ANDALEX appreciates the opportunity to discuss these reasons with the Division at an informal conference to be scheduled by you. Thank you.

Sincerely,

Michael W. Glasson
Senior Geologist

cc: Karl Houskeeper, UDOGM
Karla Knoop, JBR, w/encl.

RECEIVED

MAR 27 2006

DIV. OF OIL, GAS & MIN.

From: Dana Dean
To: Karl Houskeeper
Date: 2/28/2006 3:40:15 PM
Subject: Re: Fwd: 4th quarter 2005 water

Jim is correct that they were able to contact the lab and have them analyze a few parameters after the fact. If the holding time was exceeded, they didn't attempt to analyze after-the fact.

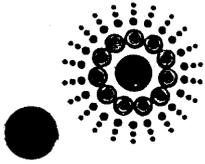
The parameters they added are:

3Q (AC-1 and B-263 only - nothing new at SC-1)

lab pH
Total Alkalinity
Total Hardness

4Q (Same at all 3 sites)

lab pH
Total Alkalinity
Total Hardness
Dissolved Arsenic
Dissolved Boron
Dissolved Selenium



ANDALEX
RESOURCES, INC.

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

February 27, 2006

BY CERTIFIED MAIL

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

RECEIVED

FEB 28 2006

OGM PRICE FIELD OFFICE

Attn: Daron Haddock
Assessment Officer

Re: Proposed Assessment State Violation No. N06-49-1-1, Centennial, C007/019.

Dear Mr. Haddock,

ANDALEX Resources respectfully requests that an informal conference be held with respect to the above referenced violation. We believe the fact of the violation is partially in error and we would appreciate the opportunity to discuss our reasons. We also believe that due in part that the fact of the violation may be in error, and also in part that ANDALEX has made diligent efforts to correct the issues which could be corrected, that the proposed penalty assessment should be reviewed.

ANDALEX appreciates the opportunity to discuss both of these items with the Division at an informal conference to be scheduled by you. Thank you.

Sincerely,

Michael W. Glasson
Senior Geologist

cc: Karl Houskeeper, UDOGM
Karla Knoop, JBR, w/encl.
Erik Petersen, Petersen Hydrologic, w/encl.
Dan Guy, Blackhawk, w/encl.

From: Dana Dean
To: Mike Glasson
Date: 2/6/2006 10:21:29 AM
Subject: Re: 4th quarter 2005 water

Mike,

I have uploaded all of the information for Centennial and Wildcat from the pipeline into the permanent database. A report is attached.

It looks like you have included all required samples and parameters for the fourth quarter of 2005, except those listed below. I know that Jim Smith is already aware that there is a misunderstanding between what the MRP seems to require, and what you originally sampled for. I am aware that you are working on a solution to this problem with Jim and Karl Houskeeper, and plan to have it resolved for your first quarter 2006 sampling.

AC-1
Total Suspended Solids
Oil/Grease
Ammonia
Dissolved Iron
Acidity
Nitrate
Lab Sp. Cond.
Settleable Solids

SC-1
Total Suspended Solids
Oil/Grease
Ammonia
Acidity
Nitrate
Lab Sp. Cond.
Settleable Solids

B263
Total Suspended Solids
Oil/Grease
Ammonia
Acidity
Nitrate
Lab Sp. Cond.
Settleable Solids

Please let me know if you have any questions.

Thank you,

Dana Dean, P.E.
Senior Reclamation Hydrologist
Utah Division of Oil, Gas, and Mining
(801) 538-5320
danadean@utah.gov

=====

OWNER: ANDALEX RESOURCES, INC.
MINE: CENTENNIAL

SITE TYPE: Lake; Sediment Pond; Stagnant water

SITE: 31-1
NO FLOW Date: 11/01/2005 Time: 13:10
Comments: no in- or out-flow; pond iced

SITE TYPE: Spring

SITE: B351
Laboratory: ECA 05-1432 Period:OPER
Sample Date: 11/07/2005 Time: 09:40 Reported: 01/20/2006 Received: 11/08/2005

SITE: B352
NO FLOW Date: 11/01/2005 Time: 09:00

SITE: S18-1
Laboratory: CTE 59-28401 Period:OPER
Sample Date: 12/08/2005 Time: 11:30 Reported: 01/20/2006 Received: 12/08/2005

SITE: S25-1
Laboratory: ECA 05-1431 Period:OPER
Sample Date: 11/08/2005 Time: 11:45 Reported: 11/29/2005 Received: 11/08/2005

SITE TYPE: Stream

SITE: 12-1
NO FLOW Date: 11/01/2005 Time: 12:45

SITE: 17-1
NO FLOW Date: 12/01/2005 Time:

SITE: 17-2
NO FLOW Date: 12/01/2005 Time:

SITE: 18-2
NO FLOW Date: 12/01/2005 Time:

SITE: 18-3
Laboratory: ECA 05-1430 Period:OPER
Sample Date: 11/08/2005 Time: 09:40 Reported: 11/29/2005 Received: 11/08/2005

SITE: 18-4
NO FLOW Date: 11/01/2005 Time: 00:00

SITE: 25-2
NO FLOW Date: 11/01/2005 Time: 11:45

SITE: 7-1
NO FLOW Date: 11/01/2005 Time: 13:40

SITE: 8-1
NO FLOW Date: 12/01/2005 Time:

SITE: AC-1
Laboratory: ECA 05-1434 Period:OPER
Sample Date: 11/07/2005 Time: 11:15 Reported: 01/20/2006 Received: 11/08/2005

SITE: B263
Laboratory: ECA 05-1433 Period:OPER
Sample Date: 11/07/2005 Time: 10:20 Reported: 01/20/2006 Received: 11/08/2005

02/06/2006 08:50 02.22

Oil, Gas and Mining

DD Page: 2

OFFICIAL UPLOAD REPORT

=====

SITE: SC-1

Laboratory: ECA 05-1435 Period:OPER

Sample Date: 11/07/2005 Time: 12:50 Reported: 01/20/2006 Received: 11/08/2005

SITE TYPE: UPDES Permit discharge point

SITE: UTG040008-001

NO FLOW Date: 10/31/2005 Time:

Comments: document monthly UPDES no flow

NO FLOW Date: 11/30/2005 Time:

Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:

Comments: document monthly UPDES no discharge

SITE: UTG040008-002

NO FLOW Date: 10/31/2005 Time:

Comments: document monthly UPDES no flow

NO FLOW Date: 11/30/2005 Time:

Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:

Comments: document monthly UPDES no discharge

SITE: UTG040008-003

NO FLOW Date: 10/31/2005 Time:

Comments: document monthly UPDES no flow

NO FLOW Date: 11/30/2005 Time:

Comments: document monthly updes no discharge

NO FLOW Date: 12/31/2005 Time:

Comments: document monthly UPDES no discharge

SITE: UTG040008-004

Laboratory: CTE 59-28260 Period:UPDS

Sample Date: 10/30/2005 Time: 12:40 Reported: 11/15/2005 Received: 10/31/2005

Comments: total duration approx. 14 days throughout month

Laboratory: ECA ECA/AR 05-23 Period:UPDS

Sample Date: 11/07/2005 Time: 09:15 Reported: 11/13/2005 Received: 11/08/2005

Comments: flow appx 14 days total during month

Laboratory: CTE 59-28424 Period:UPDS

Sample Date: 12/18/2005 Time: 12:30 Reported: 01/03/2006 Received: 12/19/2005

Comments: total duration approximately 14 days during month

SITE TYPE: Well

SITE: WELL #1

Laboratory: ECA 05-1436 Period:OPER

Sample Date: 11/08/2005 Time: 08:30 Reported: 11/29/2005 Received: 11/08/2005

MINE: WILDCAT LOADOUT

SITE TYPE: Stream

SITE: WCW-1

NO FLOW Date: 12/18/2005 Time: 13:30

SITE: WCW-2

NO FLOW Date: 12/18/2005 Time: 13:35

=====

SITE: WCW-3

NO FLOW Date: 12/18/2005 Time: 13:40

SITE: WCW-4

NO FLOW Date: 12/18/2005 Time: 13:45

SITE TYPE: UPDES Permit discharge point

SITE: WCW-A 001

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

SITE: WCW-B 002

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

SITE: WCW-C 003

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

SITE: WCW-D 004

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

SITE: WCW-E 005

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

SITE: WCW-F 006

NO FLOW Date: 10/31/2005 Time:
Comments: document monthly UPDES no discharge

NO FLOW Date: 11/30/2005 Time:
Comments: document monthly UPDES no discharge

02/06/2006 08:50 02.22
UPLOAD REPORT

Oil, Gas and Mining

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OFFICIAL

=====

NO FLOW Date: 12/31/2005 Time:
Comments: document monthly UPDES no discharge

>>> "Mike Glasson" <mglasson@andalex.com> 2/3/2006 5:04 PM >>>
Pam,

This email is to notify the Division that 4th quarter, 2005 water monitoring information is in the pipeline and is acceptable for downloading. This includes UPDES information and water monitoring data for both Wildcat Loadout C007/033 and Centennial Mines C007/019.

It should be noted that various data is included with this submittal which partially address ANDALEX's faults in the recently issued NOV.

Thank you
(signed)
Michael W. Glasson

CC: Jim Smith; Karl Houskeeper; Pete Hess; Steve Christensen

From: Jim Smith
To: Mike Glasson
Date: 1/13/2006 11:48:48 AM
Subject: Re: 3rd quarter data for Centennial Project

Mike

AC-1, SC-1, and B263: the following parameters have still not been reported for the 3rd quarter 2005. (These same parameters were missed at the same three sites during the 2nd quarter 2005, but I didn't catch that omission.)

TSS	Oil and grease		
Total alkalinity	Total hardness	Arsenic	
Ammonia	Selenium		Boron
Settleable solids	Acidity	Nitrate	
Lab pH	Lab specific conductivity		

I think there's some confusion because there are three monitoring parameter lists in the MRP: one on pages 7-6 and 7-7 for surface and ground water and another in Appendix L page 133 for surface and ground water, plus a list specifically for springs B362 and B261 on page 7-4. However, five of the parameters missing for surface-water monitoring sites AC-1, SC-1, and B263 are on both the pp. 7-6 and 7-7 and Appendix L lists.

TSS [according to Appendix L, surface waters only]

Total alkalinity

Ammonia

Acidity

Oil and grease [according to Appendix L, oil and grease is to be determined 'as appropriate', which isn't defined - does this mean all surface waters, or just some?]

So in any case, at least four parameters were not reported for these three sites.

You should consider revising the MRP so the entire monitoring plan is in one place and it is clear which parameters are to be measured at each site.

As for the UPDES parameters, looking at past reports it appears only the parameters required by the UPDES permit have been reported consistently, although some of the operational parameters have been reported from time to time. Taking that into consideration, I think all required parameters have been reported for the 3rd quarter for UPDES #UTG-040007-004.

James D. SMITH
jimsmith@utah.gov
801 538 5262

CC: Karl Houskeeper; kknoop@jbrenv.com

Permit/ MRP

FEDERAL

PERMIT
C/007/019

August 1, 2002

*Fireproof file
Copy sent Backus
S.O. S.R.F.D*

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

This permit, C/007/019, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Andalex Resources, Inc.
P. O. Box 902
Price, Utah 84501
(801) 637-5385

for the Centennial Project. Andalex Resources Inc. is the lessee of federal coal leases SL-027304, SL-063058, U-010581, U-05067, U-52341, UTU-66060 and U-69600, and the lessee of fee-owned parcels, Mathis fee lease, Zion's fee lease and the Sunedco fee lease. A performance bond is filed with the DOGM in the amount of \$1,080,839.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 **STATUTES REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 **PERMIT AREA** - The permittee is authorized to conduct coal mining and reclamation operations on the following described lands within the permit area at the Centennial Mines Complex situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 11 East, SLBM

- Section 4: S1/2;
Section 5: All;
Section 6: All;
Section 7: All;
Section 8: All;
Section 9: N1/2, W1/2SW1/4, NE1/4SW1/4, N1/2SE1/4;
Section 17: N1/2, NE1/4SE1/4, N1/2NW1/4SE1/4, N1/2NE1/4 SW1/4,
NE1/4NW1/4SW1/4, W1/2NW1/4SW1/4; and
Section 18: N1/2N1/2, SW1/4NE1/4, NW1/4SE1/4NE1/4, E1/2 SE1/4NE1/4,

E1/2NE1/4SE1/4 and Lot 2, NE1/4SW1/4 (a portion containing 1.45 acres, more or less.), and a portion of NE1/4NE1/4SE1/4NW1/4 containing 1.5 acres, more or less.

Township 13 South, Range 10 East, SLBM

- Section 1: All;
- Section 12: All;
- Section 13: Lot 1 (Portions of BLM ROW64158).

Township 12 South, Range 11 East, SLBM

- Section 31: Lots 3-6 and Lots 12-22; and
- Section 32: W1/2SW1/4, SW1/4NW1/4.

Township 12 South, Range 10 East, SLBM

- Section 36: S1/2S1/2, S1/2N1/2S1/2

This legal description is for the permit area of the Centennial Mines Complex. The permittee is authorized to conduct coal mining and reclamation operations connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 **COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 **PERMIT TERM** - This permit is effective May 24, 2002, and expires on January 6, 2007.
- Sec. 5 **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred assigned or sold without the approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13 {e} and R645-303-300.
- Sec. 6 **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
- (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) Any accelerated or additional monitoring necessary to determine the nature and extent of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and

(b) utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 11 **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12 **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit area in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 **CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.
- Sec. 17 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with this permitting action as described in attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: Lowell P. Brants

Date: 8-7-02

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Michael R. Han

**Authorized Representative of
Permittee**

Date: 08/23/02

Attachment A

Andalex Resources, Inc. will submit water quality data for the Centennial Project in an electronic format through the Electronic Data Input web site,
<http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.

O:\007019.CEN\FINAL\PermitP_010502.doc

**ANDALEX RESOURCES, INC.
CENTENNIAL, C007/019
PERMIT LEGAL DESCRIPTION**

Township 13 South, Range 11 East, SLBM,

- Section 4: S1/2;**
- Section 5: All;**
- Section 6: All;**
- Section 7: All;**
- Section 8: All;**
- Section 9: N1/2, W1/2SW1/4, NE1/4SW1/4, N1/2SE1/4 ;**
- Section 17: N1/2, NE1/4SE 1/4, N1/2NW1/4SE1/4, N1/2NE1/4SW1/4, NE1/4NW1/4SW1/4, W1/2NW1/4SW1/4;**
- Section 18: N1/2N1/2, SW1/4NE1/4, NW1/4SE1/4NE1/4, E1/2SE1/4NE1/4, E1/2 NE1/4SE1/4, and Lot 2, NE1/4SW1/4 (a portion containing 1.45 acres, more or less), and a portion of NE1/4NE1/4SE1/4NW1/4 containing 1.5 acres, more or less.**

Township 13 South, Range 10 East, SLBM,

- Section 1: All;**
- Section 12: All;**
- Section 13: Lot 1 (Portions of BLM ROW UTU-64158).**

Township 12 South, Range 11 East, SLBM,

- Section 31: Lots 3 - 6 and Lots 12 - 22;**
- Section 32: W1/2SW1/4, SW1/4NW1/4.**

Township 12 South, Range 10 East, SLBM,

- Section 36: S1/2S1/2, S1/2N1/2S1/2 (Recent Incidental boundary Change, the remainder of Section 36 is under lease but not under permit).**

Appendix L - Potential Hydrologic Consequences

R645-301-711.300.

**COMPLIANCE WITH HYDROLOGIC DESIGN
CRITERIA****Protection of Hydrologic Balance and Compliance with Water
Quality Laws**

Andalex will follow its approved "Sedimentation and Drainage Control Plan" and comply with the N.P.D.E.S. Permit No. UTG-040007 issued July, 1989 (see Appendix J). Please note this permit authorizes three discharge points; two from sedimentation ponds (001, 003) and one from the underground mine (002). See IV-11

Andalex has approval from the State Engineer, Division of Water Rights, to collect runoff water from the disturbed area for use as a dust suppressant in the underground mining operation. This runoff is a result of direct precipitation with the runoff area.

Andalex will comply with the Clean Water Act (33 U.S.C. Sec. 1251 et seq.) and all other applicable water quality laws and health and safety standards.

Surface and Groundwater MonitoringLocation of Monitoring Points**Groundwater****Monitoring Plan for Permit Expansion**

This monitoring plan is based on the PHC determination presented in Appendix L. As discussed previously, the potential for detrimental impacts resulting from mining activities in the North Mathis Tract and Summit Creek Federal Lease is considered remote. However, to document that no impacts to the hydrologic balance occur, and to provide verification that temporal variations in groundwater and surface water discharge rates are the result of climatic and seasonal variability, we recommend the monitoring of two additional springs within and north of the expansion area, B362 and B261. The locations of these springs are shown on Figure IV-11 of the MRP (Groundwater and surface water monitoring locations).

INCORPORATED**AUG 19 2005**

Details on each of the proposed new sites are discussed in Appendix L, "Probable Hydrologic Consequences of Coal and Mining in the Summit Creek and North Mathis Tracts, Andalex Resources, Inc., Tower Mine.

The monitoring plan for the proposed expansion area is summarized in Tables a, b, and c below. Please note these tables are shown only for the new springs to be monitored for the Mathis/Summit Creek Expansion area. All ground water monitoring sites are discussed in detail in the above referenced PHC in Appendix L, and shown on Figure IV-II.

Table a *North Mathis Tract and Summit Creek Federal Lease Groundwater Monitoring Plan		
Spring	Protocol	Comments
B362	A, 1	Flagstaff Limestone Spring in Antone Creek drainage.
B261	A, 1	Flagstaff Limestone spring in Dep Canyon (Pace Spring)

Table b Monitoring protocols for springs in the expansion area	
Water level and flow measurements:	
A Spring: quarterly discharge measurements when accessible.	
Water Quality:	
1 Spring: quarterly operational water quality measurements (Table 6 List) when accessible.	

Table c Groundwater operational water quality parameters	
Field Measurements	Reported as
pH	pH units
Specific Conductivity	pS/cm@25°C
Temperature	°C
Flow	gpm
Laboratory Measurements	
Total Dissolved Solids	mg/L
Carbonate	mg/L
Bicarbonate	mg/L
Calcium (dissolved)	mg/L
Chloride	mg/L
Iron (total)	mg/L
Iron (dissolved)	mg/L
Magnesium (dissolved)	mg/L
Manganese (total)	mg/L
Manganese (dissolved)	mg/L
Potassium (dissolved)	mg/L
Sodium (dissolved)	mg/L
Sulfate	mg/L

* See PHC in Appendix L for complete ground water monitoring plan.

INCORPORATED

AUG 19 2005

DIV OF OIL GAS & MINING

Groundwater monitoring sites are depicted on Figure IV-11, and include Well #1, S18-1, S25-1, B351, B352 and new sites B261 and B362. (S18-1 and S25-1 are springs in the vicinity of the permit area, stratigraphically below any coal to be mined.) S25-1 is located in Hoffman Creek and has been monitored since the issuance of the emergency lease permit. This drainage also exclusively serves the new Sunedco Lease. Well #1 penetrates the first aquifer below the lowermost coal to be mined. The Aberdeen Sandstone is discussed in Appendix L.

The new AEP does not expose any new groundwater.

As stated earlier, the mines in this area are relatively dry. Like most any underground mine, minor "drippers" and some seepage is encountered. Such areas can accumulate moderate amounts of water underground, particularly in the areas of old workings. Such was the case when, in 1981, the new mine cut into some old works, releasing a surge of water that had to be discharged from the mine. Currently the mine "makes" enough water to discharge approximately 50% of the time via our approved UPDES point 002.

No flows presently exist underground that warrant monitoring; however, if significant flows are encountered underground, Andalex Resources will initiate monitoring according to the Division guidelines for groundwater baseline (and later, operational) monitoring. For the purpose of this section, "significant flows" shall be defined as: "Underground mining flows from a single source of 3 gpm or greater and sustained at a rate of 3 gpm or greater for a period of 30 days". If such flows are encountered, monitoring will be initiated. If the flow is being monitored and decreases below the above described "significant flow" amount, monitoring will be discontinued after a period of 60 days.

Surface Water

It should be noted that there are four new surface water monitoring sites associated with the proposed expansion area.

Surface water monitoring sites are depicted on Figure IV-11 and Figure 6 and include 7-1, 8-1, 17-1, 17-2, 18-3, 18-4, 18-2, 25-2 and 12-1 and new sites AC-1, SC-1, B263 and Stock Pond 31-1. Proposed new sites are discussed further in Appendix L. 25-2 is located in Hoffman Creek and has been monitored since the issuance of the emergency lease permit (no flow to date). This drainage also exclusively serves the new Sunedco leases. A new surface water monitoring location (12-1) will be situated at the mouth of Alrad Canyon in T.13S., R.10E., section 12. The left fork of Deadman Canyon is already monitored at 18-3. These locations assure that all major drainages beneath the permit area are monitored. Also included in the surface monitoring are points 1, 2, 3, and 4 part of UPDES Permit #UTG-040007 also shown on Figure IV-11. New surface water monitoring stations will be set up as needed for all new lease additions.

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Andalex commits to monitoring surface water stations with an emphasis on storm events. These samples are considered a priority and every effort will be made to collect samples during runoff, should runoff occur on a quarterly basis. At least one sample will be taken per quarter unless runoff does not occur. Andalex will state that a sample was not collected due a lack of precipitation events in a given quarter as documented by rain gauge records. These samples will be added to our permit as they are collected to supplement Andalex's baseline data. Also please note that Andalex will maintain a permanent rain gauge at the minesite. It will be a continual recording device. If this device is not functioning then a standard NWS rain gauge is used. Daily records of events or non-occurrence of events will be kept at the minesite and will be available for inspection upon request by Division staff.

Once samples are collected from the various monitoring stations they will be analyzed by a commercial laboratory and results will be submitted to the Division, as well as being kept onsite. The data will be interpreted as needed in order to observe unusual flows or chemical anomalies which might suggest influence from mining activity. To date no such observations have been made and interpretation of the data will continue.

Parameters to be Monitored

The sample reports will contain the following information:

1. Date and time of sample
2. Date of analysis
3. Cation - anion balance
4. Distinction for total or dissolved analysis
5. Field parameters
6. Parameter units
7. Sampler's initials or name

All samples will be collected and preserved in accordance with E.P.A. standards. Analysis of all samples will be done (or performed) within allowable holding times as given in the E.P.A. guidelines. (40 CFR 136 and 434)

The following field parameters will be measured on all samples:

1. Flow
2. Field pH
3. Specific Conductivity
4. Field Temperature

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The following parameters will be measured of samples taken from the monitoring points during operations:

Acidity	Manganese - Total
Alkalinity	Nitrate
Ammonia	Oil & Grease
Bicarbonate	Potassium
Calcium	Sodium
Carbonate	Sulfate
Chloride	TDS
Iron-Dissolved	TSS
Iron-Total	pH
Magnesium	EC
Boron	Arsenic
Selenium	Hardness
Cation-Anion	Settleable Solids

Also, should there ever be a discharge at any UPDES location, field measurements of air and water temperature, pH, and EC will be made, as well as flow.

Further, Andalex will monitor the static water level in Well #1.

In addition to the operational parameters listed above Andalex will include the following parameters for the baseline monitoring described.

Aluminum	Mercury
	Molybdenum
Barium	Nickel
	Nitrogen: Ammonia
Cadmium	Nitrite
Chromium	
Copper	Phosphate
Fluoride	
Lead	Sulfide
	Zinc

Frequency

Each monitoring station will be checked, access permitting on a quarterly basis, and reported to the Division within 45 days of the end of that quarter. Each station will be described as "analysis attached", "no access", or "no flow".

A complete baseline parameter sample will be collected from each monitoring site (if flow exists) during the year preceding each re-permitting action. For surface sites, two samples will be taken (if flow exists), one at high flow and one at low flow. For springs and wells, one sample will be taken at low flow or water table conditions.

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Post-Mining Monitoring

During the reclamation period, Andalex Resources will establish an additional monitoring station at the entrance to the sedimentation pond (Pond E-PM). This station will be monitored on the same frequency and for the same parameters as the NPDES point to be maintained at the pond outlet. All other water monitoring sites will be maintained and monitored during the reclamation period. The sites will be monitored bi-annually for the parameters listed in the Division guidelines (1986), and reported to the Division bi-annually.

There are no acid or toxic-forming materials brought to the surface. No mine development waste is brought to the surface.

R645-301-711.400. APPLICABLE HYDROLOGIC PERFORMANCE STANDARDS

All applicable hydrologic performance standards will be met.

R645-301-711.500. RECLAMATION ACTIVITIES

Post Mining Hydrology

Upon completion of mining activities, and following removal of surface structures, the earthwork portion of the reclamation plan will begin as described. The hydrologic portion of reclamation will take place in two phases:

1. The main and side drainage channels will be restored as shown in the Sedimentation and Drainage Control Plan, and on Plate 16. Loose rock check dams will be placed at each side drainage entrance onto the reclaimed area, and at approximately 500' intervals along the restored main channel RC-1. (Typical sections of the loose rock check dams are shown in the Sedimentation and Drainage Control Plan).

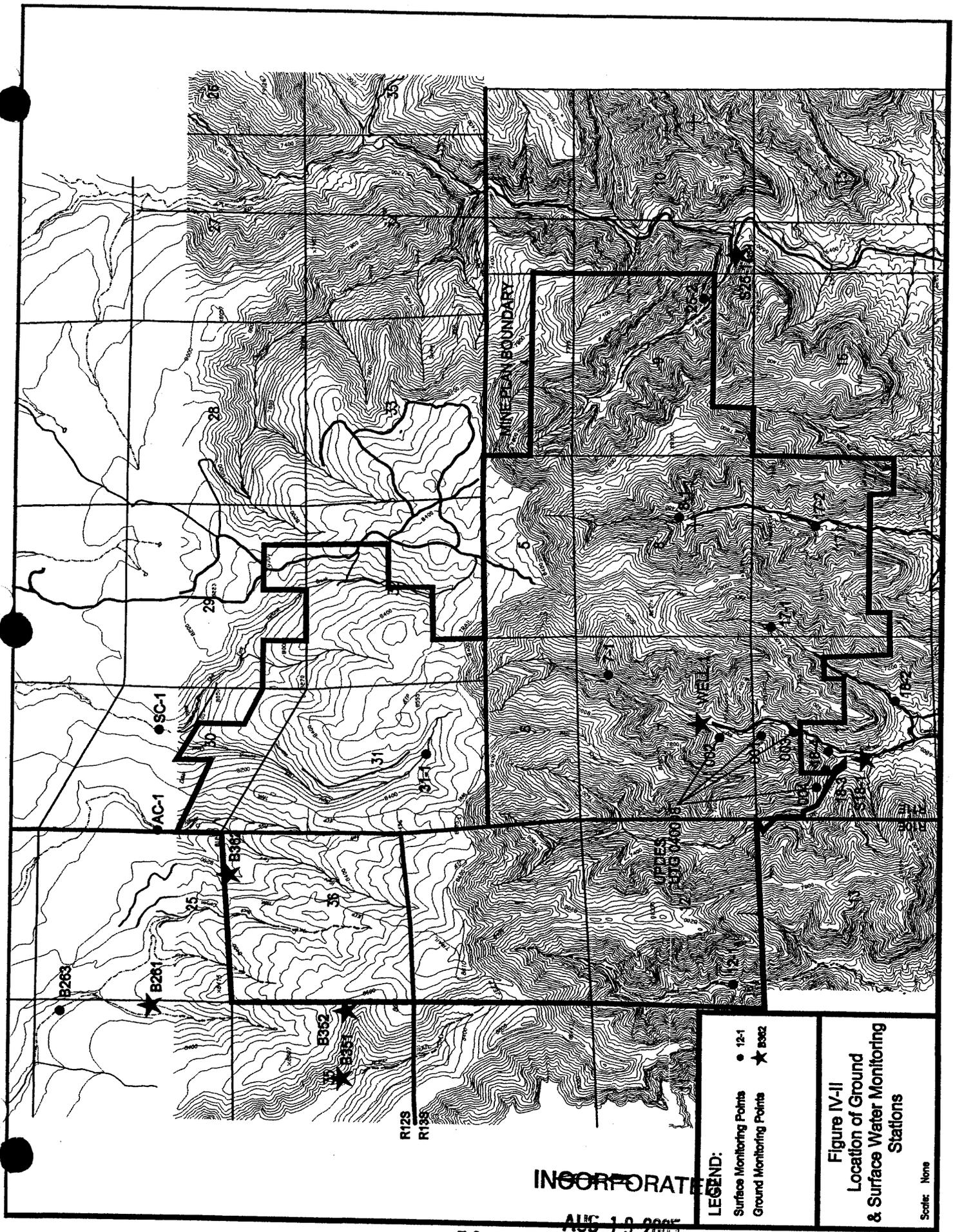
All disturbed diversions and sediment ponds "B" and "C" will also be removed at this time. Sediment Pond "E" will be enlarged, and the entire drainage above will flow into Pond "E-PM" through the restored channel RC-1.

2. Once REVEGETATION and water quality standards are met, Pond "E-PM" will be removed, and the area reclaimed.

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LEGEND:
 Surface Monitoring Points ● 12-1
 Ground Monitoring Points ★ B302

Figure IV-11
 Location of Ground
 & Surface Water Monitoring
 Stations

Scale: None

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AUG 19 2005

Table 2. Water Quality analytical schedule.

Field Measurements	Laboratory Measurements	
Discharge	Acidity	Manganese, Total
pH	Alkalinity	Nitrate (NO ₃ as N)
Specific Conductance	Ammonia	Oil & Grease (as appropriate)
Temperature, Air	Bicarbonate	Potassium
Temperature, Water	Calcium	Sodium
	Carbonate	Sulfate
	Chloride	Total Dissolved Solids
	Iron, Dissolved	Total Suspended Solids*
	Iron, Total	
	Magnesium	

* Surface waters only

important impact indicator for surface waters. Ammonia and phosphate are included because of the high background concentrations found previously. Total dissolved solids, specific conductance, temperature, and the major cations and anions are included as indexes of major change. Total iron, dissolved iron, total manganese, nitrate, oil and grease, and pH determinations are required by OSM regulations and/or DOGM regulations.

Groundwater monitoring will continue on a quarterly basis during post mining operations until the reclamation effort is approved by the regulatory agency.

Table 4 Recommended Monitoring Plan for springs, streams, and stock ponds.

<i>Spring</i>	<i>Protocol</i>	<i>Comments</i>
B362	A, 1	Flagstaff Limestone spring in Antone Creek drainage
B261	A, 1	Flagstaff Limestone spring in Deep Canyon (Pace Spring)

<i>Stream</i>	<i>Protocol</i>	<i>Comments</i>
AC-1	B, 2	Antone Creek located downstream of tract boundary
SC-1	B, 2	Summit Creek located below confluence of Left and Right Forks below tract boundary
B263	B, 2	Deep Creek downstream of tract boundary

<i>Stock Pond</i>	<i>Protocol</i>	<i>Comments</i>
31-1	C	Surface-water-fed stock-watering pond in the Right Fork of Summit Creek drainage

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 JUL 28 2004
 DIV OF OIL GAS & MINING

Table 5 Monitoring protocols for springs, streams and stock-watering ponds in the Summit Creek and North Mathis tract areas.

Water level and flow measurements

- A Spring: quarterly discharge measurements when accessible
- B Stream: quarterly discharge measurements when accessible
- C Stock Pond: quarterly observations of the presence or lack of water in pond when accessible. This will include an estimate of the quantity of water in pond (dry, puddle, quarter-full, half-full, three-quarters-full, or full) and measurements of the rate of inflow to the pond and the rate of outflow from the pond.

Water Quality

- 1 Spring: quarterly operational water quality measurements (Table 6 list) when accessible
- 2 Stream: quarterly operational water quality measurements (Table 7 list) when accessible

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Table 6 Recommended groundwater operational water quality parameters.

<u>Field Measurements</u>	<u>Reported as</u>
pH	pH units
Specific Conductivity	$\mu\text{S}/\text{cm}$ @ 25°C
Temperature	°C
Discharge	gpm
<u>Laboratory Measurements</u>	
Total Dissolved Solids	mg/L
Carbonate	mg/L
Bicarbonate	mg/L
Calcium (dissolved)	mg/L
Chloride	mg/L
Iron (total)	mg/L
Iron (dissolved)	mg/L
Magnesium (dissolved)	mg/L
Manganese (total)	mg/L
Manganese (dissolved)	mg/L
Potassium (dissolved)	mg/L
Sodium (dissolved)	mg/L
Sulfate	mg/L

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OCT 28 2004

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Table 7 Recommended surface-water operational water quality parameters.

<u>Field Measurements</u>	<u>Reported as</u>
pH	pH units
Specific Conductivity	$\mu\text{S}/\text{cm}$ @ 25°C
Temperature	°C
Discharge	gpm
Dissolved oxygen	mg/L
 <u>Laboratory Measurements</u>	
Total Dissolved Solids	mg/L
Total Suspended Solids	mg/L
Carbonate	mg/L
Bicarbonate	mg/L
Calcium (dissolved)	mg/L
Chloride	mg/L
Iron (total)	mg/L
Iron (dissolved)	mg/L
Magnesium (dissolved)	mg/L
Manganese (total)	mg/L
Manganese (dissolved)	mg/L
Potassium (dissolved)	mg/L
Sodium (dissolved)	mg/L
Sulfate	mg/L

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OCT 28 2004

DIV OF OIL GAS & MINING

Violation

NO. NOG-49-1-1

notice of violation

To the following Permittee or Operator:

Name Andalex Resources Inc.
 Mine Centennial Mine Surface Underground Other
 County Carbon State Utah Telephone (435) 637-5385
 Mailing Address P.O. Box 902, Price, Utah 84501
 State Permit No. C/007/0019
 Ownership Category State Federal Fee Mixed
 Date of Inspection 01/18/06
 Time of Inspection 9:30 a.m. p.m. to 11:30 a.m. p.m.
 Operator Name (other than Permittee) Same as above
 Mailing Address Same as above

Under authority of the Utah Coal Mining and Reclamation Act, Section 40-10-1 et seq., *Utah Code Annotated, 1953*, the undersigned authorized representative of the Division of Oil, Gas & Mining has conducted an inspection of above mine on above date and has found violation(s) of the act, regulations or required permit condition(s) listed in attachment(s). This notice constitutes a separate Notice of Violation for each violation listed.

You must abate each of these violations within the designated abatement time. You are responsible for doing all work in a safe and workmanlike manner.

The undersigned representative finds that cessation of mining is is not expressly or in practical effect required by this notice. For this purpose, "mining" means extracting coal from the earth or a waste pile, and transporting it within or from the mine site.

This notice shall remain in effect until it expires as provided on reverse side of this form, or is modified, terminated or vacated by written notice of an authorized representative of the director of the Division of Oil, Gas & Mining. Time for abatement may be extended by authorized representative for good cause, if a request is made within a reasonable time before the end of abatement period.

Date of service/mailling 01/18/2006

Time of service/mailling 9:40 a.m. p.m.

Mike Glasson
Permittee/Operator representative
Michael W. Glasson
Signature

Environmental Coordinator
Title

Karl R. Houskeeper
Division of Oil, Gas & Mining representative
Karl R. Houskeeper
Signature

Environmental Scientist III
Title
49
Identification Number

SEE REVERSE SIDE

WHITE-DOG M YELLOW-OPERATOR PINK-OSM GOLDENROD-NOV FILE

NOTICE OF VIOLATION NO. NO6-49-1-1

Violation No. 1 of 1

Nature of violation

- #1 Failure to monitor Springs B261 & B362 for 3rd & 4th quarter 2005.
- #2 Failure to analyze and/or submit TSS, Total Alkalinity, Ammonia, settleable solids, Lab pH, Oil & Grease, Total Hardness, Arsenic, Selenium, acidity, Barium, Nitrate, and Lab specific conductivity, for 2nd, 3rd & 4th quarter 2005 for AC-1, SC-1 and B263.

Provisions of act, regulations or permit violated

RC45-301-731.223.

Portion of operation to which notice applies

Surface Water Monitoring.

Remedial action required (including any interim steps)

In the future analyze, monitor and submit water monitoring information for B261, B362, AC-1, SC-1 and B263.

Abatement time (including interim steps)

NONE, violation occurred. Monitor sites, analyze for all required parameters and submit water quality information in the future as required by schedule in Mining & Reclamation Plan (MRP).



VACATION/TERMINATION OF NOTICE OF VIOLATION/CESSATION ORDER

To the following Permittee or Operator:

Name Andalex Resources Inc. Centennial mine

Mailing Address P.O. Box 902, Price, Utah 84501

State Permit No. C1007/0019

Utah Coal Mining & Reclamation Act, Section 40-10-1 et seq., Utah Code Annotated (1953):

Notice of Violation No. N 06-49-1-1 dated 01/18/2006

Cessation Order No. C _____ dated _____, 19__

Part 1 of 1 is vacated terminated because the violation occurred.
The operator has an approved monitoring schedule.

Part _____ of _____ is vacated terminated because _____

Part _____ of _____ is vacated terminated because _____

Date of service/ mailing 01/18/2006

Time of service/ mailing 9:45 a.m. p.m.

Mike Glassen
Permittee/Operator representative

Environmental Coordinator
Title

Michael W. Blam
Signature

Karl R. Houskeeper
Division of Oil, Gas & Mining

Environmental Scientist III
Title

Karl R. Houskeeper
Signature

H49



notice of violation

NO. N 05-49-1-1

To the following Permittee or Operator:

Name Andalex Resources Inc.

Mine Centennial Mine

Surface

Underground

Other

County Carbon

State Utah

Telephone (435) 637-5385

Mailing Address P.O. Box 902, Price, Utah 84501

State Permit No. C/007/0019

Ownership Category

State

Federal

Fee

Mixed

Date of Inspection 4/22/05

Time of Inspection 10:00 a.m.

p.m. to

12:00

a.m.

p.m.

Operator Name (other than Permittee) Same

Mailing Address same

Under authority of the Utah Coal Mining and Reclamation Act, Section 40-10-1 et seq., *Utah Code Annotated*, 1953, the undersigned authorized representative of the Division of Oil, Gas & Mining has conducted an inspection of above mine on above date and has found violation(s) of the act, regulations or required permit condition(s) listed in attachment(s). This notice constitutes a separate Notice of Violation for each violation listed.

You must abate each of these violations within the designated abatement time. You are responsible for doing all work in a safe and workmanlike manner.

The undersigned representative finds that cessation of mining is is not expressly or in practical effect required by this notice. For this purpose, "mining" means extracting coal from the earth or a waste pile, and transporting it within or from the mine site.

This notice shall remain in effect until it expires as provided on reverse side of this form, or is modified, terminated or vacated by written notice of an authorized representative of the director of the Division of Oil, Gas & Mining. Time for abatement may be extended by authorized representative for good cause, if a request is made within a reasonable time before the end of abatement period.

Date of service/ mailing 4/22/05

Time of service/ mailing 10:00 a.m. p.m.

Mike Glasson
Permittee/Operator representative

Environmental Coordinator
Title

Signature

Karl R. Houskeeper
Division of Oil, Gas & Mining representative

Environmental Scientist III
Title

Signature

#49
Identification Number

SEE REVERSE SIDE

WHITE-DOG M YELLOW-OPERATOR PINK-OSM GOLDENROD-NOV FILE

DOG M/NOV-1

an equal opportunity employer

Rev. 5/92



NOTICE OF VIOLATION NO. N 05-49-1-1

Violation No. 1 of 1

Nature of violation

Failure to monitor and submit water monitoring information
for Stock Pond 31-1, AC-1, and B263 For Fourth
Quarter 2004.

Provisions of act, regulations or permit violated

RG45-301-731.223

Portion of operation to which notice applies

Surface water monitoring

Remedial action required (including any interim steps)

In the future monitor and submit water monitoring information
for stock Pond 31-1, AC-1 and B263.

Abatement time (including interim steps)

NONE. Violation occurred. Monitor sites and
submit water information in future as required by
schedule.



VACATION/TERMINATION OF NOTICE OF VIOLATION/CESSATION ORDER

To the following Permittee or Operator:

Name Andalex Resources Inc., Centennial mine

Mailing Address P.O. Box 902, Price, Utah 84501

State Permit No. C1007/0019

Utah Coal Mining & Reclamation Act, Section 40-10-1 et seq., Utah Code Annotated (1953):

Notice of Violation No. N 05-49-1-1 dated 4/22/05, 1905

Cessation Order No. C _____ dated _____, 19 _____

Part 1 of 1 is vacated terminated because the violation occurred and the operator is has committed to following the approved schedule for future monitoring.

Part _____ of _____ is vacated terminated because _____

Part _____ of _____ is vacated terminated because _____

Date of service/mailling 4/22/05

Time of service/mailling 10:05 a.m. p.m.

Mike Glasson
Permittee/Operator/representative

Environmental Coordinator
Title

[Signature]
Signature

Karl R. Houskeeper
Division of Oil, Gas & Mining

Environmental Scientist III
Title

Karl R. Houskeeper
Signature

#49

Assessment



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

February 3, 2006

CERTIFIED RETURN RECEIPT
7099 3400 0016 8895 6696

Michael Glasson, Environmental Coordinator
Andalex Resources, Inc.
6750 Airport Road
P.O. Box 902
Price, Utah 84501

RECEIVED

FEB - 8 2006

OGM PRICE FIELD OFFICE

Subject: Proposed Assessment for State Violation No. N06-49-1-1, Andalex Resources, Inc., Centennial Mine, C/007/0019, Outgoing File

Dear Mr. Glasson:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Karl R. Houskeeper, on January 18, 2006. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information that was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

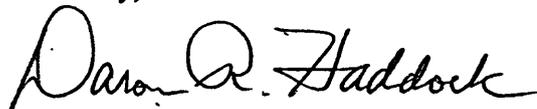
1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.
2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact

Page 2
Mike Glasson
N06-49-1-1
C/007/019
February 3, 2006

of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of violation will stand, the proposed penalty will become final, and the penalty will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Vickie Southwick.

Sincerely,



Daron R. Haddock
Assessment Officer

DRH/vs
Enclosure
cc: OSM Compliance Report
Vickie Southwick, DOGM
Price Field Office
O:\007019.CEN\Compliance\ASSESMNT\N05-49-1-1proltr.doc

to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 16

PROVIDE AN EXPLANATION OF POINTS:

****The Permittee should have been aware that these sites were part of their monitoring program. The water monitoring plan found in the approved MRP describes the parameters to be analyzed. A violation was issued on April 22, 2005 for failing to monitor 3 different sites. It should have been evident after this last violation that the water monitoring plan needed to be strictly adhered to. Because this is the second violation of this nature within a year, I view this as lack of diligence to the point that it is a greater degree of fault. Thus 16 points are assigned.*

IV. GOOD FAITH (Max 20 pts.)

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

- Immediate Compliance -11 to -20*
(Immediately following the issuance of the NOV)
- Rapid Compliance -1 to -10
(Permittee used diligence to abate the violation)
- Normal Compliance 0
(Operator complied within the abatement period required)
(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- Rapid Compliance -11 to -20*
(Permittee used diligence to abate the violation)
- Normal Compliance -1 to -10*
(Operator complied within the abatement period required)
- Extended Compliance 0
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? Not Applicable

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

****There was no abatement period assigned under this NOV. The operator could not go back and collect the water samples after the fact. The Permittee is required to monitor and sample the sites in the future as required under their approved water-monitoring plan.*

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # <u>N 06-49-1-1</u>	
I. TOTAL HISTORY POINTS	<u>1</u>
II. TOTAL SERIOUSNESS POINTS	<u>15</u>
III. TOTAL NEGLIGENCE POINTS	<u>16</u>
IV. TOTAL GOOD FAITH POINTS	<u>0</u>
TOTAL ASSESSED POINTS	<u>32</u>
TOTAL ASSESSED FINE	<u>\$ 1320</u>

Regulations

conditions, then the operator will promptly notify the Division and immediately take the actions provided for in R645-300-145 and R645-301-731;

- 731.213. If an applicant can demonstrate by the use of the PHC determination and other available information that a particular water-bearing stratum in the proposed permit and adjacent areas is not one which serves as an aquifer which significantly ensures the hydrologic balance within the cumulative impact area, then monitoring of that stratum may be waived by the Division;
- 731.214. Ground-water monitoring will proceed through mining and continue during reclamation until bond release. Consistent with the procedures of R645-303-220 through R645-303-228, the Division may modify the monitoring requirements including the parameters covered and the sampling frequency if the operator demonstrates, using the monitoring data obtained under R645-301-731.214 that:
- 731.214.1. The coal mining and reclamation operation has minimized disturbance to the prevailing hydrologic balance in the permit and adjacent areas and prevented material damage to the hydrologic balance outside the permit area; water quantity and quality are suitable to support approved postmining land uses and the SURFACE COAL MINING AND RECLAMATION ACTIVITY has protected or replaced the water rights of other users; or
- 731.214.2. Monitoring is no longer necessary to achieve the purposes set forth in the monitoring plan approved under R645-301-731.211.
- 731.215. Equipment, structures and other devices used in conjunction with monitoring the quality and quantity of ground water on-site and off-site will be properly installed, maintained and operated and will be removed by the operator when no longer needed.
- 731.220. Surface-Water Monitoring. Surface-water monitoring will be conducted according to the plan approved under R645-301-731.220 and the following:
- 731.221. The permit application will include a surface-water monitoring plan based upon the PHC determination required under R645-301-728 and the analysis of all baseline hydrologic, geologic and other information in the permit application. The plan will provide for the monitoring of parameters that relate to the suitability of the surface water for current and approved postmining land uses and to the objectives for protection of the hydrologic balance as set forth in R645-301-731 as well as the effluent limitations found in R645-301-751;
- 731.222. The plan will identify the surface water quantity and quality parameters to be monitored, sampling frequency and site locations. It will describe how these data may be used to determine the impacts of the operation upon the hydrologic balance:
- 731.222.1. At all monitoring locations in streams, lakes and impoundments, that are potentially impacted or into which water will be discharged and at upstream monitoring locations, the total dissolved solids or specific conductance corrected to 25 degrees C, total suspended solids, pH, total iron, total manganese and flow will be monitored; and
- 731.222.2. For point-source discharges, monitoring will be conducted in accordance with 40 CFR Parts 122 and 123, R645-301-751 and as required by the Utah Division of Environmental Health for National Pollutant Discharge Elimination System (NPDES) permits;
- 731.223. Surface-water monitoring data will be submitted at least every three months for each monitoring location. Monitoring submittals will include analytical results from each sample taken during the approved reporting period. When the analysis of any surface water sample indicates noncompliance with the permit conditions, the operator will promptly notify the Division and immediately take the actions provided for in R645-300-145 and R645-301-731. The reporting requirements of this paragraph do not exempt the operator from meeting any National Pollutant Discharge Elimination System (NPDES) reporting requirements;
- 731.224. Surface-water monitoring will proceed through mining and continue during reclamation until bond release. Consistent with R645-303-220 through R645-303-228, the Division may modify the monitoring requirements, except those required by the Utah Division of Environmental Health, including the parameters covered and sampling frequency if the operator demonstrates, using the monitoring data obtained under R645-301-731.224 that:
- 731.224.1. The operator has minimized disturbance to the hydrologic balance in the permit and adjacent areas and prevented material damage to the hydrologic balance outside the permit area; water quantity and quality are suitable to support approved postmining land uses and the SURFACE COAL MINING AND RECLAMATION ACTIVITY has protected or replaced the water rights of other users; or
- 731.224.2. Monitoring is no longer necessary to achieve the purposes set forth in the monitoring plan approved under R645-301-731.221.
- 731.225. Equipment, structures and other devices used in conjunction with monitoring the quality and quantity of surface water on-site and off-site will be properly installed, maintained and operated and will be removed by the operator when no longer needed.
- 731.300. Acid- and Toxic-Forming Materials.
- 731.310. Drainage from acid- and toxic-forming materials and underground development waste into surface water and ground water will be avoided by:
- 731.311. Identifying and burying and/or treating, when necessary, materials which may adversely affect water quality, or be detrimental to vegetation or to public health and safety if not buried and/or treated; and
- 731.312. Storing materials in a manner that will protect surface water and ground water by preventing erosion, the formation of polluted runoff and the infiltration of polluted water. Storage will be limited to the period until burial and/or treatment first become feasible, and so long as storage will not result in any risk of water pollution or other environmental damage.
- 731.320. Storage, burial or treatment practices will be consistent

- 133.200. The proposed permit area is:
- 133.210. Not within an area under study or administrative proceedings under a petition, filed pursuant to R645-103-400 or 30 CFR 769, to have an area designated as unsuitable for coal mining and reclamation operations, unless the applicant demonstrates that before January 4, 1977, substantial legal and financial commitments were made in relation to the operation covered by the permit application; or
- 133.220. Not within an area designated as unsuitable for mining pursuant to R645-103-300 and R645-103-400 or 30 CFR 769 or subject to the prohibitions or limitations of R645-103-230;
- 133.300. For coal mining and reclamation operations where the private mineral estate to be mined has been severed from the private surface estate, the applicant has submitted to the Division the documentation required under R645-301-114.200;
- 133.400. The Division has made an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation operations on the hydrologic balance in the cumulative impact area and has determined that the proposed operation has been designed to prevent material damage to the hydrologic balance outside the permit area;
- 133.500. The operation would not affect the continued existence of endangered or threatened species or result in destruction or adverse modification of their critical habitats, as determined under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);
- 133.600. The Division has taken into account the effect of the proposed permitting action on properties listed on and eligible for listing on the National Register of Historic Places. This finding may be supported in part by inclusion of appropriate permit conditions or changes in the operation plan protecting historic resources, or a documented decision that the Division has determined that no additional protection measures are necessary; and
- 133.700. The applicant has:
- 133.710. Demonstrated that reclamation as required by the State Program can be accomplished according to information given in the permit application.
- 133.720. Demonstrated that any existing structure will comply with the applicable performance standards of R645-301 and R645-302.
- 133.730. Paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870.
- 133.740. Satisfied the applicable requirements of R645-302.
- 133.750. If applicable, satisfied the requirements for approval of a long-term, intensive agricultural postmining land use, in accordance with the requirements of R645-301-353.400.
- 133.800. For a proposed remaining operation where the applicant intends to reclaim in accordance with the requirements of R645-301-553.500, the site of the operation is a previously mined area as defined in R645-100-200.
134. Performance Bond Submittal. If the Division decides to approve the application, it will require that the applicant file the performance bond or provide other equivalent guarantee before the permit is issued, in accordance with the provisions of R645-301-800.
140. Permit Conditions. Each permit issued by the Division will be subject to the following conditions:
141. The permittee will conduct coal mining and reclamation operations only on those lands that are specifically designated as the permit area on the maps submitted with the application and authorized for the term of the permit and that are subject to the performance bond or other equivalent guarantee in effect pursuant to R645-301-800.
142. The permittee will conduct all coal mining and reclamation operations only as described in the approved application, except to the extent that the Division otherwise directs in the permit.
143. The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
144. Without advance notice, delay, or a search warrant, upon presentation of appropriate credentials, the permittee will allow the authorized representatives of the Division to:
- 144.100. Have the right of entry provided for in R645-400-110 and R645-400-220.
- 144.200. Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by the private person.
145. The permittee will take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:
- 145.100. Any accelerated or additional monitoring necessary to determine the nature and extent of noncompliance and the results of the noncompliance;
- 145.200. Immediate implementation of measures necessary to comply; and
- 145.300. Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
146. As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
147. The operator will pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
148. Within 30 days after a cessation order is issued under R645-400-310, except where a stay of the cessation order is granted and remains in effect, the permittee will either submit the following information current to when the order was issued or inform the Division in writing that there has been no change since the immediately preceding submittal of such information:

Centennial Supplemental Information Submitted

(The yellowed areas were submitted after the due date and are still in Violation) (4th Quarter missing information is currently not a Violation)

AC-1	B263	SC-1	AC-1	B263	SC-1
3rd Qtr. 2005 Submitted Jan. 23, 2005	3rd Qtr. 2005 Submitted Jan. 23, 2005	3rd Qtr. 2005 No New Information (Due Dec 31, 2005)	4th Qtr. 2005 Submitted Feb. 3, 2006	4th Qtr. 2005 Submitted Feb. 3, 2006	4th Qtr. 2005 Submitted Feb. 3, 2006

Missing Parameters in
NOV NO. N06-49-1-1
(Issued 01/18/2006)

Total Alkalinity	
Total Hardness	
Lab pH	
Arsenic	
Boron	
Selenium	
Total Suspended Solids	
Ammonia	
Settable Solids	
Oil & Grease	
Acidity	
Nitrate	
Lab Specific Conductivity	

*** No samples or information submitted for B261 & B362