

**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

November 8, 2006

Mike Glasson, Environmental Coordinator
Andalex Resources, Inc.
P.O. Box 1077
Price, Utah 84501

Subject: Installation of Ventilation Shaft/Blowing Fan, Andalex Resources Inc.,
Centennial Project, C/007/0019, Task ID #2679

Dear Mr. Glasson:

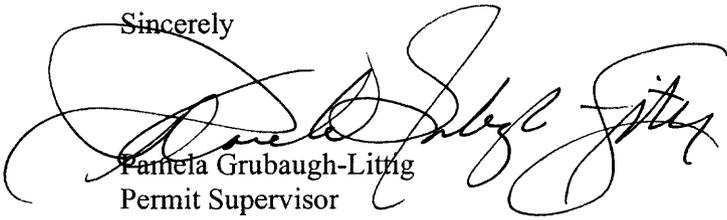
The Division has reviewed your application to install a ventilation shaft and fan. The Division has determined that there are some deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met, and an approval can be granted. Those deficiencies are listed as an attachment to this letter.

Each deficiency identifies its author by that author's initials in parentheses, such that your staff can directly communicate with that individual should any questions arise relative to the preparation of Canyon Fuel Company's response to that particular deficiency.

Please note that there are no deficiencies relative to bond determination or soils.

Please respond to these deficiencies as soon as possible, but by no later than February 8, 2007, such that we may efficiently process your application.

Sincerely



Pamela Grubaugh-Littig
Permit Supervisor

an
Attachment
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Deficiency List
Task ID #2679
Installation of Ventilation Shaft/Blowing Fan

The members of the review team include the following individuals:

| | | |
|--------------------|-------|----------------|
| Steve Christensen | [SC] | (801) 538-5350 |
| Joseph C. Helfrich | [JCH] | (801) 538-5290 |
| Wayne H. Western | [WHW] | (801) 538-5263 |

R645-301-731.110, The Permittee should provide a description of what steps/actions will be taken in the event that ground water is encountered during the advancement of the ventilation shaft. [SC]

R645-301-244, -301-353, -301-354, -301-355, -301-356, -302-280, -302-281, -302-282, -302-283, -302-284, the application needs to include information that addresses the requirements of these sections of the regulations, or a reference to the appropriate sections of the reclamation plan in the MRP that adequately addresses the requirements of these sections of the regulations. The application should also include a contingency plan for any settling that may occur after reclamation. [JCH]

R645-301-244, the application needs to include information that addresses the requirements of these sections of the regulations, or a reference to the appropriate sections of the reclamation plan in the MRP that adequately addresses the requirements of these sections of the regulations. The application should also include a contingency plan for any settling that may occur after reclamation. [JCH]

R645-301-512.120, The Permittee must have all maps that require certification to be properly certified. Each map must have an original certification and the each revision must have an original certification.

R645-301-551, The Permittee must include a plan for monitoring the reclaimed shaft for settling and a monitoring plan for dealing with backfill in the shaft settling.

R645-301-830.140 and R645-301-830.200, The Permittee increase the bond amount to cover the cost to reclaim the shaft and fan. In addition, the Permittee must include updated reclamation cost estimates in the MRP. The Division will supply the Permittee with either electronic or hard copies of the reclamation cost estimate.

R645-301-542.700, The imported material must be analyzed for acid/toxic parameters (particle size analysis, pH, EC, SAR, Se, B, acid/base accounting) prior to placement as backfill in the borehole, as per R645-301-542.700 and according to the Division's Topsoil and Overburden guidelines. [PWB]

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