

JK

0042



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 5, 2007

Dave Shaver, Manager
Andalex Resources Inc
P.O. Box 1077
Price, Utah 84501

Subject: Clarification of Lease Acreage and Air Quality Approval, Task ID #2826, Andalex Resources Inc, Centennial Mine, C/007/0019

Dear Mr. Shaver:

The Division has completed its review of the information provided to us on July 7, 2007. We regret having to delay the review, due to the reviewer's more pressing assignment as Team Lead on the Emergency Drill Hole reclamation for Crandall Canyon. There were several deficiencies noted with the amendment. The reviewer's technical memo is attached.

If you have any questions, please call Priscilla Burton at (435) 613-3733 or me at (801) 538-5268.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

PWB:an
attachment
cc: Price Field Office
O:\007019.CEN\FINAL\WG2826\Tran2826.doc



TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

December 4, 2007

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

FROM: Priscilla Burton, CPSSc, Environmental Scientist III *PWB by an*

RE: Clarification of Lease Acreage and Air Quality Approval, Andalex Resources, Inc., Centennial Project, C/007/0019, Task ID #2826

SUMMARY:

This information to update the lease and air quality information included in the MRP is provided as a consequence of the review of Task 2766 (Gob Vent Holes).

R645-301-112.200, Provide the employer ID number of Andalex Resources, Inc. and provide the telephone number of the resident agent.

R645-301-112.300, Clarify the position in the organizational tree for Andalex Resources Management, Inc and AMCA Coal Leasing, Inc., which are both listed as wholly owned by UEI in App. 1 Part 1, yet are positioned under Andalex Resources Inc in the tree. • Include Murray Energy Holdings in the organizational tree and include the company address and employer identification number in App. 1 Part 1 information, since this company owns 100% of Murray Energy Corp. • Provide organizational information for The Tower Division in App. 1 Part 1.

R645-301-112.310, Provide the employer ID number of AMCA Coal Leasing, Inc., a company that has ownership and control over the federal and fee leases.

R645-301-112.600, Provide current addresses for owners of record, i.e. BLM State office is listed incorrectly on page 1-4, others may also be outdated. • Update Plate 3 and Plate 4 to provide all surface and subsurface owners contiguous to the permit area. • Ensure that owners listed for surface and subsurface in the text also appear in Plate 3 or Plate 4.

R645-301-114, The Sunedco fee lease acreage is given as 240 acres in the text, page 1-16, but listed as 200 acres on Figure 1-2 and in the Overview and Summary of Project, page 1-2. The resulting sum for the fee lease acreage and total lease acreage provided in the text and on Figure 1-2 may be incorrect. Please check the accuracy of the figures provided in the text and on Figure 1-2.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

Andalex Resources, Inc. is a Delaware corporation, which is a wholly owned subsidiary of UtahAmerican Energy Inc. (UEI), which in turn is a wholly owned subsidiary of Murray Energy Corp. After UEI assumed ownership of Andalex Resources, Inc. in the late summer 2006, ownership and control information was revised with Task 2726 and incorporated on December 28, 2006. [04192007]

This amendment provides the same information as Part 1 of Appendix 1 of Chapter 1 to the MRP. Several questions have arisen with the review of App.1 Part 1. These are listed below as deficiencies.

Thirty-seven affiliated companies are listed for Murray Energy. All have ID numbers; a few listings provide the percent ownership. Since these companies have no direct ownership or control over the Centennial Mine, no further information is requested.

Five Utah mining companies and 14 others across the nation, with fifty-three different permits are listed in App 1, Part2.

As stated in Volume 1, Section 112.700, page 14, The U.S. Department of Labor, Mine Safety and Health Administration has issued three identification numbers relative to the Centennial Project; these are:

1. MSHA No. 42-01474 for the Pinnacle Mine,
2. MSHA No. 42-01750 for the Apex Mine, and
3. MSHA No. 42-02028 for the Aberdeen Mine.

Findings:

TECHNICAL MEMO

The information provided does not meet the requirements of the Coal Rules for ownership and control information. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-112.200, Provide the employer ID number of Andalex Resources, Inc. and provide the telephone number of the resident agent.

R645-301-112.300, Clarify the position in the organizational tree for Andalex Resources Management, Inc and AMCA Coal Leasing, Inc., which are both listed as wholly owned by UEI in App. 1 Part 1, yet are positioned under Andalex Resources Inc in the tree. • Include Murray Energy Holdings in the organizational tree and include the company address and employer identification number in App. 1 Part 1 information, since this company owns 100% of Murray Energy Corp. • Provide organizational information for The Tower Division in App. 1 Part 1.

R645-301-112.310, Provide the employer ID number of AMCA Coal Leasing, Inc., a company that has ownership and control over the federal and fee leases.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Appendix 1 Part 3 of the MRP provides a listing of violation information that was current as of July 2007 (the date of the submittal).

Findings:

The information provided meets the requirements of the Regulations.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

Figure 1-2 and Section R645-301-111 provide a description of the total permit lease acreage and a break down of the lease acreage by federal, state and fee ownership. As of December 2007, there is 6,568.83 acres within the permit area, of which 5,435.88 are federal

TECHNICAL MEMO

leases and 11.45 acres are BLM R.O.W. The total federal acreage then amounts to 5,447.33 acres.

According to information provided under R645-301-114, Andalex Resources, Inc., in a sublease agreement with AMCA Coal Leasing, Inc., currently holds 6,568.83 acres of private and federal coal leases in the permit area.

Permit Acreage by Coal Lease

	Fee	Federal	Grand Total Acreage
Mathis Tract	640		
Zion Lease	200		
Sunedco Lease	240		
Andalex	40		
David Cave	1.5		
UTU - 66060		1,093.32	
SL-63058		400	
U-010581		1,842.39	
UTU-69600		801.48	
U-05067		360	
SL-027304		235.96	
Summit Creek Lease UTU 799975		702.73	
BLM ROW 62045 and 64158		11.45	
TOTAL Acreage	1121.5	5,447.33	6,568.83

Appendix J of the MRP contains approvals of lease agreements that provide right of entry to the permit area shown on Figure 1-2 and Plate 4 Centennial Project Leases. The surface disturbed area shown on Plate 5 is located in T 13 S, R 11 E Section 18 and T 13 S, R 12 E, Section 7 on surface owned by Zion Securities Corp, the United States, administered by the Bureau of Land Management and by David Cave (Plates 1 & 2).

Names and addresses of each surface and subsurface owner of property contiguous to the permit area is incomplete as shown on Plates 2 and 3.

The degasification wells are described in Appendix X of the MRP. The wells are located in T 12 S R 11 E Section 31 and in T 13 S, R 10 E Section 1 and in T 12 S, R 10 E Section 36 along the lengths of longwall panels #6, #7, and #8. Figure 1-1 of Appendix X indicates surface ownership of the well sites. Mineral rights (gas) are held by the surface owners. [04192007]

Surface landowner agreements in Appendix X-4-2 show landowner notification and agreement to surface drilling of the gob vent holes.

Findings:

The Permittee has not met the Right of Entry requirements of the regulations. Prior to approval, the Permittee will provide the following in accordance with:

R645-301-112.600, Provide current addresses for owners of record, i.e. BLM State office is listed incorrectly on page 1-4, others may also be outdated. • Update Plate 3 and Plate 4 to provide all surface and subsurface owners contiguous to the permit area. • Ensure that owners listed for surface and subsurface in the text also appear in Plate 3 or Plate 4.

R645-301-114, The Sunedco fee lease acreage is given as 240 acres in the text, page 1-16, but listed as 200 acres on Figure 1-2 and in the Overview and Summary of Project, page 1-2. The resulting sum for the fee lease acreage and total lease acreage provided in the text and on Figure 1-2 may be incorrect. Please check the accuracy of the figures provided in the text and on Figure 1-2.

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

OPERATION PLAN

AIR POLLUTION CONTROL PLAN

Regulatory Reference: 30 CFR 784.26, 817.95; R645-301-244, -301-420.

Analysis:

Appendix 1 Part 4 contains the 1996 Air Quality Approval Order (AO) DAQE-997-96 and subsequent communication with the Utah Division of Air Quality on November 18, 1993, describing a decrease in emissions from the site.

The Gob Vent Amendment X to watering of the access roads (both the private surface roads as well as the portions to be constructed). See Chapter 4, page 4-3, section 424, Fugitive

TECHNICAL MEMO

Dust Control Plan, Task ID #2161. The application of water will be of sufficient frequency and quantity to maintain the surface material in a damp/moist condition unless the weather is below freezing.

Findings:

The submitted information meets the minimum regulatory requirements of this section.

RECOMMENDATIONS:

Approval is not recommended until the Permittee has adequately responded to the deficiencies.