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EVENT VIOLATION INSPECTOR'S STATEMENT

Company/Mine: Andalex Resources, Inc/Centennial Project
Genwal Resources, Inc/Crandall Canyon Mine
Permit #: C/007/019

NOV # 10024
Violation # 1 of 1

A. SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation.** Mark and explain each event.

- a. Activity outside the approved permit area.
- b. Injury to the public (public safety).
- c. Damage to property.
- d. Conducting activities without appropriate approvals.
- e. Environmental harm.
- f. Water pollution.
- g. Loss of reclamation/revegetation potential.
- h. Reduced establishment, diverse and effective vegetative cover.
- i. No event occurred as a result of the violation.
- j. Other.

Explanation: Failure to control and contain noncoal waste in a controlled manner in the designated control structure.

2. Has the even occurred? Yes

If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? (None, Unlikely, Likely).

Explanation: The problem was first indentified on 05/28/2008 during a complete inspection. Surface personnel (Steve Richens) was apprised of the problem and he assured myself and Dave Shaver (Company Environmental Manager) that the problem would be addressed immediately. During the partial inspection on 06/18/2008 it was observed that no work had been done to correct the problem. Citation 10024 was issued to bring the problem into compliance.

3. Did any damage occur as a result of the violation? No

If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not bee discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: _____

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: The result was indifference to DOGM regulations. The problem was first indentified on 05/28/2008 during a complete inspection. Surface personnel (Steve Richens) was apprised of the problem and he assured myself and Dave Shaver (Company Environmental Manager) that the problem would be addressed immediately. During the partial inspection on 06/18/2008 it was observed that no work had been done to correct the problem.

- If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

- Was the operator in violation of a specific permit condition?

Explanation: Failure to control and contain noncoal waste in a controlled manner in the designated control structure.

- Has DOGM or OSM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: Citation #10003, Februar 7, 2007

C. GOOD FAITH

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: The abatement time is set for June 26, 2008, however the operator has already allowed the problem to exist for over a month. No good faith points should be awarded.

2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

Explanation: Surface personnel are still at the site, their efforts have been focused on trying to put the mine into temporary cessation and not on environmental compliance.

3. Was the submission of plans prior to physical activity required by this NOV / CO? No If yes, explain.

Explanation: _____

Karl R. Houskeeper
Authorized Representative

Karl R. Houskeeper
Signature

June 20, 2008
Date

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