



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

Representatives Present During the Inspection:	
Company	David Shaver Manager
OGM	Karl Houskeeper Environmental Scientist III

Inspection Report

Permit Number:	C0070019
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, July 22, 2008
Start Date/Time:	7/22/2008 7:30:00 AM
End Date/Time:	7/22/2008 12:00:00 PM
Last Inspection:	Wednesday, June 18, 2008

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Clear, Temp. 83 Deg. F.

InspectionID Report Number: 1711

OK Accepted by: jhelfric
7/22/2008

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

6,602.02	Total Permitted
35.27	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- 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: _____

Karl R. Houskeeper

Date

Tuesday, July 22, 2008

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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit was issued effective 01/04/2007 and expires on 01/05/2012.

- Certificate of Insurance issued 06/01/2008 and terminates 06/01/2009.
- Reclamation agreement dated and signed February 1990 (amended January 2001).
- UPDES permit UT0025674 effective 12/01/2006 and expires midnight 11/30/2011.
- Air Quality permit DAQE-997-96, issued October 25, 1996.
- SPCC Plan dated 11/15/2006.

2. Signs and Markers

The mine permit ID signs are located at the contact points of public access to the permit area.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

First quarter 2008 sediment pond inspections for pond B, C, and E were done on 01/15/08. Second quarter 2008 sediment pond inspections was done on 04/05/08. No problems were noted.

Thistle was present in sediment basin B. The thistle should be removed and treated to prevent it from spreading through out the mine site.

4.d Hydrologic Balance: Water Monitoring

Second quarter 2008 water monitoring is in the EDI website but has not been uploaded. Water monitoring is current.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports were reviewed for January, February and March 2008. Outfalls 001, 002, & 003 did not discharge. Outfall 004 discharged but did not exceed any parameters.

The discharge reports for April, May and June 2008 were not available for review during the inspection.

14. Subsidence Control

A subsidence table showing historic information from 2003 to the 2007 survey was given in the 2007 annual report. No map was provided to correlate the location of the subsidence points to the underground workings.

15. Cessation of Operations

The mine is scheduled to shut down in about 2-3 weeks. The fans are to be shut down, power disconnected and portals sealed.

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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 most recent insurance form does not show that it has explosion coverage (XCU). Proof of coverage needs to be provided to avoid any compliance action.

The insurance referenced in item #1 above is through Federal Insurance Company, policy #37104410. The insurance meets the minimum coverage requirements, lists the Division as the certificate holder, and has the proper language on the notification policy.

22. Other

The 2007 Annual Report was reviewed as part of this complete inspection and a copy of that review is attached to the scanned inspection report.

2007 Annual Report Review

Permittee: Andalex Resources Inc.
Mine Name: Centennial
Permit Number: C/007/0019
Date Report Received: July 2, 2008

Assigned Reviewer: Karl R. Houskeeper
Date Completed
July 14, 2008

Instructions: The assigned inspector will review the Annual report during the third quarter complete inspection and provide a written determination (finding) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the mine lead notified. A copy of this review will be filed with the Inspection Report. Should any of the sections require additional technical analysis, the inspector will notify the permit supervisor so that it can be scheduled during the 4th quarter.

SECTIONS TO REVIEW

SUBMITTED
 YES NO NA

FINDINGS

SECTIONS TO REVIEW	YES	NO	NA	FINDINGS
Cover Sheet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cover sheet submitted but not filled out. Same form the Division sent to the operator without any information.
General Information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General information is on the cover sheet. Information was included on the cover sheet before the Division sent it to the permittee.
Identification of other Permits	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Information was included on the cover sheet before the Division sent it to the permittee.
Annual Impoundment Certification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Annual sediment pond inspections were done on 08/26/07 by a registered P.E. in the State of Utah. The certification is signed, Stamped and dated. The certification covers sediment basin B, C, and E.
Annual Overburden, Spoil, Refuse, Floor, etc. Certified Report	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Annual Technical Requirements (Commitments)				
Climatological	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Precipitation information on a daily basis from 01/01/2007 through 09/30/2007 was submitted in the annual report. There was no information for October, November or December 2007.
Subsidence	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Subsidence information was submitted in table form showing elevations of the subsidence points from 2003 through 2007. There was no map submitted with the annual report to show the correlation of the points to the underground workings. The control point elevations have remained constant. S16 showed a heave in 2004 and again in 2005 then dropped by .02' in 2006 and remained the same in 2007. All of the remaining data point shows minimal subsidence variations in slumps and heaves (S17, 99-1, 99-2, S20, S21, S32).
Vegetation monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Raptor Survey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Soils Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Water Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Geological/Geophysical	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Engineering	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Non-Coal Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

2007 Annual Report Review

Abandoned Underground Equipment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
AVS; Legal/ Financial Update	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Mine Sequence Map	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A production map for 2007 is included in the annual report. The map has areas highlighted, but no legend is provided to indicate what the highlighted area represents. The scaled of the map is such that the mined areas are not legible even with a magnifying glass. No determination can be made when the areas were mined out. The map did not contain any future projects.
Other Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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