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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070019

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December 15, 2008

Dave Shaver, Manager
Andalex Resources
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: 2007 Annual Report Review, Centennial Mine, C/007/0019, Task ID # 3051
Outgoing File

Dear Mr. Shaver:

The Division staff has completed the 2007 Annual Report Review. Enclosed is a copy of the review for Centennial Mine, C/007/0019 completed on December 15, 2008.

Please note the issues identified under the subsidence section. A revised map, Plate 25, should be submitted prior to the completion of the 2008 Annual Report to so that the information can be appropriately analyzed.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron Haddock
Permit Supervisor

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Enclosure
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2007 Annual Report Review

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

Date Completed
July 14, 2008
December 15, 2008

Assigned Reviewer: Karl R. Houskeeper
April Abate

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			FINDINGS
	YES	NO	NA	

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	YES	NO	NA	
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. The cover sheet was returned to the Permittee on November 20, 2008 in order to correctly fill out the required information. The Permittee returned the completed document on December 12, 2008. – aaa 12/12/08.
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. No provisions were found in the MRP stipulating that the operator is required to provide a full year of climatological data. No further action-aaa 11/20/08.

2007 Annual Report Review

Subsidence	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>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).</p> <p>The map listed as Plate 25 – Subsidence Monitoring was last incorporated into the MRP in August 2005. Several of the monitoring stations listed in the 2007 GPS Subsidence Survey contained in the 2007 Annual Report document were not labeled in the same manner on the map. For example, Station S-10 is listed on the table but no S-10 station is shown on the map. In another example, the table listed two stations: S17 and G17, but the map shows only a Station 17. Several stations on the table were reported as abandoned. The map needs to show an updated legend depicting which stations have been abandoned. Recommended action: The Permittee should provide the Division with an updated Plate 25 – Subsidence Monitoring Map – aaa 12/15/08.</p>
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"/>	Three commitments pertaining to water monitoring were outlined on the cover sheet. The operator response indicated that the commitments pertaining to water monitoring have been met for 2008 – No further action - aaa 12/12/08.
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"/>	
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"/>	<p>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.</p> <p>The map included in my 2007 Annual Report binding that I reviewed was titled: Plate 29 Isopachs Current Mining Projections Cover. This map contained a legend with highlighted areas showing the future yearly projections through 2010. There were no readability issues with this map. No further action –aaa 12/15/08.</p>
Other Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	