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# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

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Outgoing  
C0070019  
#3276  
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July 16, 2009

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

Subject: Midterm Permit Review, Andalex Resources, Centennial Project, C007/0019,  
Task #3276

Dear Mr. Shaver:

The Division reviewed the Centennial Mining and Reclamation Plan (MRP) as part of the midterm review.

The Division has determined that there are some deficiencies that must be addressed as part of the midterm review in order for the MRP to comply with the R645 Coal Mining Rules. Those deficiencies are listed as an attachment to this letter. Please respond to these deficiencies by no later than August 17, 2009.

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 Centennial Mine's response to that particular deficiency. If you have any questions please call me at (801) 538-5325 or April Abate at (801) 538-5214.

Sincerely,

Daron R. Haddock  
Permit Supervisor

DRH/AAA/sqs  
Attachment  
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**Deficiency List**  
**Task No. 3276**  
**Task Name: Midterm Review**

The members of the review team include the following individuals:

April A. Abate (AAA)  
Ingrid Weiser (IW)  
Peter H. Hess (PHH)  
Priscilla Burton (PB)

**[R645-301-112 & 113]:** Please provide the follow updates to UEI ownership and control. (PWB)

**Item 1**

5th Third Bank of North East Ohio was previously listed as shareholder of Murray Energy Holdings Co. Please provide an end date (with Secretary signature to verify the end date) or if they are still a shareholder, make the correction on the Murray Energy Holdings Co. ownership information in the MRP.

**Item 2**

Previously, Robert D. Moore, Scott Boyle, and Michael D. Loiacono were identified as President and CEO of Murray Energy Holdings Co. and their end dates in these positions were confirmed. The January 2009 information re-confirms their end dates, but provides their former titles as CFO for the Murray Energy Holdings Co. If their titles were previously given in error, then a signed statement from the Secretary of the corporation is required to make changes in the OSM database. If their previous titles of President and CEO were correct, then make the correction on the Murray Energy Holdings Co. ownership information in the MRP.

**Item 3**

The Murray Trust is listed as a new shareholder of Murray Energy Holdings Co. Please provide the employer identification number (EIN) and address of the Murray Trust along with ownership and control information for the Murray Trust and a begin date for the shareholder position, accompanied by Secretary signature of this information.

**Item 4**

Brenda L. Murray is listed in association with the Murray Trust as a shareholder. Is this the same Brenda Murray who previously worked for the American Coal Sales Co. in Pennsylvania? Please provide the last four digits of her social security number, and position for the Murray Trust, along with Secretary signature.

**[R645-301-121.300]:** The Permittee should consolidate legal financial information for this mine with other UEI mines into one legal financial volume. [PWB]

**[R645-301-244.100 and R645-301-352]:** For the purpose of soil stabilization Phase 1 (contemporaneous reclamation) of topsoil replacement must be completed this season, as

described at all sites where gas is still being vented and final reclamation must occur as described at all sites where venting of the gob gas is complete (see App. X, Sec. 242.100, pg. 2-10). [PWB]

**[R645-301-331]:** A weed control program must be immediately initiated to control Musk Thistle (*Carduus nutans*), a Class B noxious weed under the Utah Noxious Weed Act (U.A.C. R68-9) and any other undesirable plant species located on the disturbed area. Revegetation must occur on all sites immediately either as interim stabilization using the interim seed mix or in final reclamation. (IW)

**[R645-301-515.320 thru 322]:** The Division needs clarification as to whether or not the Permittee is in a temporary cessation status or permanent closure. If a mine's status is considered in a temporary cessation for over 30 days, then a notice to the Division is required. This notice shall address all the points outlined in these regulations such as the surface acreage in the permit area prior to cessation and the extent and kind of reclamation that will have been accomplished. (AAA)

**[R645-301.412 thru 414]:** Appendix X, Section 4, Page 4-2 of the MRP designates the post-mining land use for the gob gas vent wells as "livestock and wildlife grazing and other uses indicated by the landowner i.e. hunting". Page 4-3 of Appendix X states that no alternative land use was proposed. The R645 coal rules do allow for an alternative post mining land use option under **R645-301.413.300** after consultation with the landowner and/or the land management agency with jurisdiction. The Division is willing to consider an amendment to add methane venting and collection to the post mining land use. (AAA)

A post mining land use change to the MRP, along with the minimal reclamation required for such a land use change, followed by a bond release application for wells currently being utilized by OSO Energy is requested such that the well sites utilized by OSO would be permitted by the Division's Oil & Gas program. (PWB)

**[R645-301-420]:** As with the temporary cessation in 2003, the Division of Air Quality should be notified of the temporary cessation of the Centennial mine. (PWB)

**[R645-301-551]:** If the Centennial Mine is to be permanently closed, the Division requires that the airshaft in Deadman Canyon be backfilled to the surface with noncombustible material (See R645-301-529.100, Each shaft...permanent closure). (PHH)

The Permittee must provide to the Division information as to whether the installed temporary seals may at some point be considered as permanent seals, *or* if the BLM, in concurrence with MSHA, will require the installation of additional permanent seals having an approved MSHA design. (PHH)

**[R645-301-541.100 & 542.600]:** Andalex must provide the Division with an update of the status of each well and their potential for future venting. If any of the permitted wells are venting gas for commercial use, the Permittee (Andalex Resources, Inc.) is still responsible for the reclamation of those wells and the access roads associated with them at this time. The Division

has bond amounts in place to reclaim the wells. To date, no permit amendment relative to a bond reduction relating to the degasification wells has been received. Clarification of well status must describe whether a well is venting from a sealed or unsealed longwall panel, whether the well intercepts a gob area or bleeder entries, and if the well would have a future potential use to vent methane to assist the secondary extraction of coal from the mining of future leases. (PHH)

**[R645-301.731.400]:** Appendix X, Section 731.400 dealing with the transfer of wells does not specify any particular party or entity to transfer ownership and control over the gob gas vent wells. Any wells remaining in the permit area that are transferred to another entity will require the Permittee to transfer the use and control of the wells over in accordance with the above-cited regulation and state and local laws. Please be aware that even after a transfer is applied for, the Permittee will remain responsible for the proper management of the wells until bond release or until such time that the wells are permitted under the Utah Oil and Gas regulatory program. (AAA)

If it is determined that permanent cessation of mining activities at Centennial Project has occurred, and, as certain wells are being allowed to continue to vent methane gas for commercial purposes, the Permittee must provide documentation of an ownership change to the Division . All well transfers must be done in accordance with BLM and MSHA authorization. Otherwise the wells must be sealed and reclaimed. (PHH)

**[R645-301-731.200;765;800]:** Groundwater monitoring is one component of the water-monitoring plan in the MRP. The Permittee is presently acting to ensure that a groundwater source is monitored and that the water rights of any potential affected user are replaced or restored. If groundwater cannot be found, the Permittee would be required to submit an amendment to abandon the one active monitoring well in accordance with **R645-301-765** along with a proposal to find alternative methods of monitoring groundwater and collecting samples. (AAA)

**Update on baseline climate data:** Although the regulation requires only baseline climate data be submitted during the initial permitting phase (R645-301-724-420), given that these climate data are over 30 years old, the Division *requests* -at the Permittee's option - that updated climate data be provided. (AAA)