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JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

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
#3266
OK

September 8, 2009

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

Subject: Final Approval, Centennial Mine, C/007/0019, Annual Raptor Survey Commitment,
Task ID #3266

Dear Mr. Shaver:

The above-referenced amendment was conditionally approved on June 9, 2009 upon receipt of 6 clean copies. We prepared the requested clean copies on September 8, 2009. Enclosed is a stamped incorporated copy for insertion into your copy of the Mining and Reclamation Plan.

Thank you for your help during this process. If you have any questions, please feel free to call me at (801) 538-5262.

Sincerely,

James D. Smith
Permit Supervisor

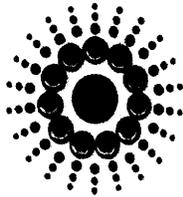
sqz

Enclosure

cc: Richard Holbrook, OSM
Jeff McKenzie, BLM
Larry Crist, USFWS w/o
Marc Stilson, Water Rights w/o
Dave Ariotti, DEQ w/o
Eric Larson, DWR w/o
Price Field Office

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ANDALEX
RESOURCES, INC.

C/007/019 Incoming
cc: Joe H
TASK# 3266

P.O. BOX 910
EAST CARBON, UTAH 84520
PHONE (435) 888-4000
FAX (435) 888-4002

Utah Division of Oil, Gas & Mining
Coal Program
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

April 13, 2009

Attn: Daron Haddock
Permit Supervisor

RE: Andalex Resources, Inc., C/007/019
Tower (Centennial) Mine
Annual Raptor Survey Commitment at GVH Sites

Dear Mr. Haddock:

As you are aware, operations at the Centennial Project (Tower Mine) were terminated in May of 2008. All mining equipment was withdrawn from the mine, the pumps and fans were shut down, and the mine was sealed at the portals. There are no plans to resume any mining operations in the foreseeable future. As a result of shutting down the mine, the longwall panels were also sealed off, and are now gradually filling with water. Therefore, we are no longer operating nor maintaining the GVHs on top of the mountain, since their primary purpose was to help keep the longwall operation going. However, Oso Energy has rights to the gas from the holes through lease agreements with private landowners and the BLM. Oso is presently piping gas from some of the GVH holes into their lines on an intermittent basis, based strictly on their short-term marketing requirements. We no longer control the well operations, and in fact no longer even maintain the access road to the GVH sites from the mine. Oso Energy is solely responsible for operating and maintaining the wells, and have their own access road coming up the backside from the Emma Park through an independent access agreement with the private land owners.

According to our currently approved Mining and Reclamation Plan, specifically Appendix X, Chapter 3, page 3-4, we are committed to performing annual raptor surveys "...each year that the wells are in operation." This commitment was made when the mine was in operation and we had every reason to believe that new wells would continue to be installed to stay ahead of the advancing longwall. Now that the mine is shut down, this situation no longer exists. Therefore we wish to eliminate the language of that commitment, at least until such time as the mine is re-activated, whenever that may be.

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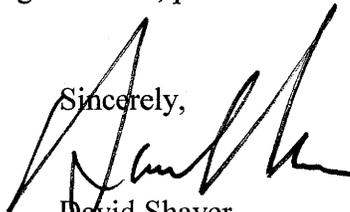
Daron Haddock
March 30, 2009
page 2

It should be noted that the depth of cover at the GVH sites is over 3000', and recent subsidence monitoring surveys have shown that subsidence has stabilized. Also, because of the location which is on the relatively flat-lying parkland back away from the escarpments, there are no raptor nesting areas of high interest, other than a few red-tailed hawks. This has been confirmed by previous DWR raptor surveys conducted recently.

We have discussed this situation with Chris Wood of the Price office of Division of Wildlife Resources. Based on the inactive status of the mine, the depth of cover of the GVH area (plus 3000'), and the general lack of high-interest raptors in the parkland around the GVH sites, DWR is in concurrence with the elimination of the annual survey requirements for this area. I have also discussed this with Joe Helfrich as well.

Because the raptor survey season is rapidly approaching, and because of the high cost of doing the survey with consultants and helicopter costs, we would appreciate a timely response to this change request. Should you have any questions regarding this issue, please feel free to contact me

Sincerely,

A handwritten signature in black ink, appearing to read 'David Shaver', written over the typed name.

David Shaver
Resident Agent

APPLICATION FOR PERMIT PROCESSING

Permit Change <input type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: 007/019
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Title of Proposal: Plan change, to eliminate annual raptor surveys at GVH sites	Mine: Centennial Project
Permittee: Andalex Resources, Inc.	

Description, include reason for application and timing required to implement..

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 4. Does application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 6. Does the application require or include public notice/publication? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? Explain: |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 15. Does application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps, or calculations? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided for? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Attach 3 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations herein. (R645-301-123)

Mary V. Kava
 Signed - Name - Position - Date agent 4/13/09

Subscribed and sworn to before me this 13 day of April, 2009

Mary V. Kava
 Notary Public
 My Commission Expires: May 16, 2012
 Attest: STATE OF Utah
 COUNTY OF Carbon



Received by Oil, Gas & Mining

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APR 20 2009

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Also, ARI has taken photographs of the proposed sites prior to disturbance. These photo locations are identifiable and repeatable. Although the photo locations were not staked, landmarks in the photos provide for identification as well as direction and location. The photos are included in Attachment 3-4.

321.200 Land Productivity Prior to Mining

Land productivity prior to drilling has been estimated at approximately 1800 pounds per acre, based on the range sites of High Mountain Loam. This productivity is assumed for all completed holes GVH-1 through GVH-9, as well as for all proposed holes GVH-10 through GVH-17.

322 Fish and Wildlife Information

Fish and wildlife information associated with the degas wells is provided in this chapter. A summary of the fish and wildlife resource information for the permit and adjacent areas is contained in Section 322.100 through 322.200 of the approved M&RP.

322.100 Level of Detail

The scope and level of detail within the "Gob Gas Vent Holes" amendment are sufficient to design the protection and enhancement plan for wildlife and fish associated with the degas wells. Additional information pertaining to fish and wildlife in the permit area is located in the M&RP.

322.200 Site-Specific Resource Information

Raptors – An aerial raptor nest survey was done of the area by the Utah Division of Wildlife Resource personnel in 2004. The results of the survey are provided in Appendix D of the M&RP. Additional surveys have been done in 2005 and 2006, and are included with this submittal in the Confidential Binder for the Centennial Project.

Bats – No known open mine shafts, caves, adits or other man made structures that might provide habitats for bats are known to exist in the degas project area. The sites are open and the lack of a food source would force the bats to seek habitat and nourishment elsewhere.

Threatened and Endangered Plant and Wildlife Species – There are no known federally or state listed threatened and endangered plant and wildlife species within the sites planned for degasification wells. This is based on research and analysis by Mt. Nebo Scientific of Springville, Utah and EIS of Helper, Utah as well as on-site evaluation by UDOGM specialists. The Bureau of Land Management has also reviewed the access and drill sites and has stated that although this area represents important habitat for both Mule deer and Elk, it is not characterized as crucial or critical.