



GARY R. HERBERT  
Governor

GREGORY S. BELL  
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  
#3789  
R

June 8, 2011

Dave Shaver, Manager  
Andalex Resources  
P.O. Box 910  
East Carbon, Utah 84520-091

Subject: 2010 Annual Report Review Completion, Centennial Mine, C/007/019, Task ID 3789

Dear Mr. Shaver:

The Division staff has completed the review of the 2010 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 8, 2011.

- The Division would like to conduct a field visit to observe the activities occurring at the GVH well sites and meet with a representative from Andalex as well as a representative from OSO Energy. Please contact the Division to arrange a date and time for a site visit.

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

Sincerely,

Daron R. Haddock  
Coal Program Manager

DRH/sqs  
Enclosure  
cc: Price Field Office  
O:\007019.CEN\WG3789\3789ReviewCompletionLetter.doc

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# Annual Report

Date

6/9/11

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 31, 2011**. During a complete inspection an inspector will check and verify the information.

## GENERAL INFORMATION

Company Name	<input type="text" value="Andalex Resources Inc"/>	Mine Name	<input type="text" value="Centennial Mine"/>
Permit Number	<input type="text" value="C/007/0019"/>	Permit expiration Date	<input type="text" value="2012-01-04"/>
Operator Name	<input type="text" value="Andalex Resources, Inc."/>	Phone Number	<input type="text" value="+1 (435) 888-4017"/>
Mailing Address	<input type="text" value="P.O. Box 910"/>	Email	<input type="text" value="dshaver@coalsource.com"/>
City	<input type="text" value="East Carbon"/>	State	<input type="text" value="UT"/>
		Zip Code	<input type="text" value="84520"/>

## CERTIFIED REPORTS

### DOGM File Location or Annual Report Location

Excess Spoil Piles	<input type="checkbox"/> Required	<input type="text"/>
	<input type="checkbox"/> Not Required	
Refuse Piles	<input type="checkbox"/> Required	<input type="text"/>
	<input type="checkbox"/> Not Required	
Impoundments	<input checked="" type="checkbox"/> Required	<input type="text" value="Sediment Pond Certification (included)"/>
	<input type="checkbox"/> Not Required	
Other: <input type="text"/>		<input type="text"/>

## OPERATOR COMMENTS

The Centennial Mine Operation was inactive during the year 2010

Sediment Pond E was clean out in June, 2010

## REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

Note: Indicated in the 2009 annual report, sediment pond E must be cleaned out by summer 2010

Sediment Pond E was clean out in June, 2010.

A certified report by a Utah P.E. is included with the 2010 annual report.

## COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

### Title: FIRE SUPPRESSION

**Objective:** Andalex will commit to prevent, control and suppress range forest and coal fires within the permit area.

**Frequency:** To the extent possible

**Status:** Ongoing

**Reports:** Report if range fires have occurred on the permit area during the year.

**Citation:** Volume 1 chapter 3 page 3-10 paragraph 5.

### OPERATOR COMMENTS

There were no range fires or coal fires within the permit area during 2010

### REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

### Title: SUBSIDENCE MONITORING

**Objective:** Determine subsidence effects.

**Frequency:** Annually

**Status:** On going.

**Reports:** Provide annual subsidence monitoring data and report of impacts in Annual Report.

**Citation:** Vol. 1, Chapter 5, Pg. 5-150a, pg. 5-151

### OPERATOR COMMENTS

Subsidence monitoring information is included

### REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

A table listing all of the subsidence points is included in the 2010 annual report. The table shows 2010 elevations compared to previous years and delineates the difference in elevation change. No map is provided to show the subsidence point location in conjunction with the topography or the mine workings. The Division has never set a standard for or how the subsidence information should be submitted (tables, maps mine workings exc.). The standard just indicates that subsidence information needs to be submitted which has

occurred. Subsidence information was gathered using GPS conventional surveying.

**Title: Gas Vent Hole Status Update**

**Objective:** To keep the Division apprised of the status of all wells drilled above the Aberdeen mine including any future venting of existing wells and / or development of non GVH pads and to ensure that reclamation of each disturbance is accomplished in a timely manner once the wells are no longer in use.

**Frequency:** Annually beginning in 2010

**Status:** Ongoing

**Reports:** Annual report item

**Citation:** Appendix X, page 1-2

**OPERATOR COMMENTS**

Even though the Tower Mine is inactive, all active GVH holes are under contract with Oso Energy for commercial methane capture. GVH site 1 and 5 have been reclaimed.

**REVIEWER COMMENTS**

Met Requirements

Did Not meet Requirements

The Division would like to conduct a field visit and meet with a representative from Andalex and a representative from OSO Energy in order to make this assessment. Please contact the Division to arrange a date and time for a site visit.

**Title: SUBSIDENCE MITIGATION**

**Objective:** Andalex has committed to compensation of livestock lost as a result of subsidence from underground mining activities. Andalex commits to mitigate all subsidence related damage to renewable resources including, but not limited to water, grazing and wildlife habitat including raptor nests.

**Frequency:** Annual Review

**Status:** Ongoing

**Reports:** Identify if any compensation was paid out or if mitigation was completed in annual report.

**Citation:** Volume 1 chapter 3 page 3-11, paragraph 2, pg 3-19 paragraph 1.

**OPERATOR COMMENTS**

There was no loss of livestock from subsidence, hence no compensation or mitigation.

**REVIEWER COMMENTS**

Met Requirements

Did Not meet Requirements

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the Status item. These commitments are included for information only, and do not currently require action.

**Title: CULTURAL RESOURCES**

**Objective:** If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.

**Frequency:** As needed

**Status:** Not required while mine is in cessation. Will be required during operations or reclamation activities.

**Reports:** NA

**Citation:** Permit Condition Sec. 16

**OPERATOR COMMENTS (Optional)**

**Title: TAKE PERMITS**

**Objective:** Andalex is committed to acquiring take permits prior to longwall mining in areas where golden eagle nests have been identified

**Frequency:** As needed

**Status:** None required to date

**Reports:** NA

**Citation:** Volume 1 chapter 3 page 3-11 paragraph 1

**OPERATOR COMMENTS (Optional)**

**Title: SAGE GROUSE NEST SITE EVALUATION**

**Objective:** Prior to development of the well site a Sage Grouse nest site evaluation will be conducted by a knowledgeable wildlife biologist. If nests are located an alternative drill site location will be determined

**Frequency:** Based on the need to drill additional de-gas wells

**Status:** Required in future if new de-gas wells are proposed.

**Reports:** Send with new application.

**Citation:** Appendix X, chapter 3, page 3-5, paragraph 1.

**OPERATOR COMMENTS (Optional)**

**Title: RECLAMATION SUCCESS**

**Objective:** Determine reclamation success

**Frequency:** Reclaimed areas will be monitored monthly for the first two growing seasons following reclamation.

**Status:** Check at reclamation.

**Reports:** When monitoring commences.

**Citation:** Volume 1 chapter 3 page 3-17 paragraph 5.

**OPERATOR COMMENTS (Optional)**

**Title: RECLAMATION ENHANCEMENT MEASURES**

**Objective:** Andalex will consult with the Division of Wildlife Resources, at the time of final reclamation, to determine exactly what reclamation designs, planting arrangements, and artificial structures would best enhance wildlife habitat.

**Frequency:** once

**Status:** Will be required prior to reclamation

**Reports:** Report reclamation plans to division for incorporation into MRP

**Citation:** Volume 1 chapter 3 page 3-23 paragraph 1.

**OPERATOR COMMENTS (Optional)**

**REPORTING OF OTHER TECHNICAL DATA**

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as an attachment to this report or currently on file with the Division.

**Please List Attachments:**

**REVIEWER COMMENTS**    Met Requirements    Did Not meet Requirements

**LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION**

The Division is Requesting that each Permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as an attachment to the report.

**LEGAL/ FINANCIAL UPDATE**

Included

DOGM File Location or Annual Report Location

**REVIEWER COMMENTS**

Met Requirements

Did Not meet Requirements

**MAPS**

Copies of mine maps, current and up-to-date through at least December 31, 2010, are to be provided to the Division as an attachment to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual subsidence map		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**REVIEWER COMMENTS**     Met Requirements     Did Not meet Requirements

The mine is idled. No mining occurred in 2010. No projections are provided as no indication has been given of a start up of this mine.

**OTHER INFORMATION**

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as an attachment to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

**Please List Attachments:**

**REVIEWER COMMENTS**