



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0070019
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, December 11, 2012
Start Date/Time:	12/11/2012 10:00:00 AM
End Date/Time:	12/11/2012 1:30:00 PM
Last Inspection:	Tuesday, November 13, 2012

Inspector: Karl Houskeeper

Weather: Overcast Skies, Temp. 24 Deg. F.

InspectionID Report Number: 3322

Accepted by: jhelfric

12/17/2012

Representatives Present During the Inspection:	
Company	JD Leonard
OGM	Karl Houskeeper
OSM	Christine Belka

Permitee: **ANDALEX RESOURCES INC**
 Operator: **ANDALEX RESOURCES INC**
 Site: **CENTENNIAL MINE**
 Address: **PO BOX 910, EAST CARBON UT 84520-0910**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

6,516.91	Total Permitted
47.19	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 Division Inspection was considered a Complete Inspection. OSM representative Christine Belka was also present to conduct an (OSM) Office of Surface Mining Partial Over-Site Inspection in conjunction with the (DOGM) Complete Inspection.

Checked in at the main office located at the West Ridge Mine. JD Leonard, company representative, was present. Paper work was reviewed in the office prior to proceeding to the Centennial Mine.

See Items 3, 4b. and 22 for issues that need resolution and or research.

Karl R. Houskeeper

Inspector's Signature:

Date Tuesday, December 11, 2012

Karl Houskeeper,

Inspector ID Number: 49

Note: This inspection report is an official record of the Division of Oil, Gas and Mining. It is subject to public release. For more information, contact the Division of Oil, Gas and Mining, telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



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 checked="" 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 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 01/04/2012 and expires on 01/04/2017.

- Certificate of Insurance issued 06/01/2012 and terminates 06/01/2013.
- Reclamation agreement dated and signed February 1990 (amended January 2001).
- UPDES permit UTG040029 effective 05/01/2012 and expires midnight 04/30/2017.
- Air Quality permit DAQE-997-96, issued October 25, 1996.
- SPCC Plan dated 11/2/2009.

2. Signs and Markers

The mine identification sign was in place at the entrance into the mine permit area. The identification sign contained the information that is required in the Utah R645 Coal Rules. The mine identification sign is compliant.

3. Topsoil

Observed all of the topsoil piles. Questions need to be addressed about topsoil protection on the topsoil pile located on the embankment above sediment pond C. It appears that there was straw bales around the perimeter of the topsoil pile held down by roof bolts. The straw bales are no longer present, but the roof bolts are still in place. Research needs to be done to determine if the vegetative cover is substantial enough that this topsoil pile does not need the straw bales. Any paper documentation or vegetative studies would be helpful in giving reasons for the present state of the protection for this topsoil pile.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Third quarter 2012 sediment pond inspections were done on September 12, 2012. The report serves as the 3rd quarter report and the 2012 annual report. The report does not show existing sediment elevations for the sediment ponds. This report needs to be revised to show the existing sediment elevations of all of the sediment ponds and then needs to be re-submitted immediately to the Division.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for September and October 2012 were reviewed. No discharge occurred from any outfalls during these periods.

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 insurance policy currently on file at the main office for the Centennial Mine does not show or indicate coverage for explosive liability (XCU). The policy needs to be updated and/or modified to provide and show evidence of explosive liability coverage. The form then needs to be re-submitted to the Division to file and a copy needs to be available at the mine site for review during inspections. Jay Marshall was made aware of the issue and agreed to resolve it.

22. Other

The oil storage area was viewed as part of the complete inspection. The berm in front, back and sides needs to be built up to ensure that the 55 gallon drums with in the storage area have proper containment due to a leak or rupture of these vessels. This berm needs to be high enough to contain the contents of the largest vessel plus any freeboard to make sure that the contents do not escape.