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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*

June 17, 2014

David Hibbs, Resident Agent  
Andalex Resources, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: 2013 Annual Report Review Completion, Centennial Mine, C/007/0019, Task ID#4567

Dear Mr. Hibbs:

The Division staff has completed the review of the 2013 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 17, 2014.

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  
O:\007019.CEN\WG4567\ReviewCompletionLetter.doc

Print Form

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# Annual Report

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 the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

| GENERAL INFORMATION |                       |                        |                       |
|---------------------|-----------------------|------------------------|-----------------------|
| Company Name        | Andalex Resources INC | Mine Name              | Centennial Mine       |
| Permit Number       | C/007/0019            | Permit expiration Date | 2014-04-01            |
| Operator Name       | Utah American Energy  | Phone Number           | +1 (435) 888-4000     |
| Mailing Address     | PO Box 910            | Email                  | dhibbs@coalsource.com |
| City                | East Carbon           |                        |                       |
| State               | UT                    | Zip Code               | 84520                 |

### DOGM File Location or Annual Report Location

|                    |   |  |
|--------------------|---|--|
| Excess Spoil Piles | <input type="checkbox"/> Required<br><input checked="" type="checkbox"/> Not Required |  |
| Refuse Piles       | <input type="checkbox"/> Required<br><input checked="" type="checkbox"/> Not Required |  |
| Impoundments       | <input checked="" type="checkbox"/> Required<br><input type="checkbox"/> Not Required |  |
| Other:             |   |  |

### OPERATOR COMMENTS

The Centennial Mine operation was inactive during 2013.

### REVIEWER COMMENTS

Met Requirements  Did Not meet Requirements

The sediment ponds at the Centennial Mine Site were inspected during 2013 on a quarterly basis. In addition the sediment ponds were inspected for (Annual 2013) on December 12, 2013 and were submitted as part of the 2013 Annual Report. This inspection was certified by a Utah P.E. This meets the requirements. (KRH)

## COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan 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

No range fires have occurred on the permit area during 2013.

Reviewer Comments  Met Requirements  Did Not Meet Requirements

### Title: SUBSIDENCE MONITORING

**Objective:** Determine subsidence effects from mining.

**Frequency:** Annually

**Status:** Ongoing

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

**Citation:** Volume 1, Chapter 5, Page 5-150a, 5-151.

Operator Comments

Subsidence monitoring information is included.

Reviewer Comments  Met Requirements  Did Not Meet Requirements

Subsidence data was provided with the annual report. The submitted data includes an easting, northing, and elevation for each subsidence monitoring location. The subsidence observed consistently ranged from 0 to less than 0.2 ft from 2007 to 2013 on the west boundary, with upheaval in some instances. The east boundary has a maximum subsidence of 0.4 feet from 2003 to 2013. These variances are within the expected subsidence range and can potentially be attributed to the margin of error for the subsidence survey method (JCO).

### **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. "Provide a spreadsheet showing the progress of reclamation at each drill pad, indicating the date of interim or final grading; the date of seeding and mulching; stating whether the well is still producing; stating whether there is Blue Tip equipment (solar arrays, valves) still on site.

**Please comment on the status of plugging wells and removal of Blue Tip Energy equipment from these sites.**

**The landowner requested that final reclamation include construction of water bars on the road down to GVH 13. Please comment on the status of water bar construction.**

**App. X Section 341.200 states that wood fiber mulch is to be applied on top of the seed with hydroseeding equipment at the rate of 2,000 lbs/ac and anchored with a tackifier. Where work differed from this plan, please comment on the type and rate of mulch applied to each site.**

**Roads constructed to GVH 4, GVH 5A, GVH 6, GVH 8, GVH 8A, GVH 11, GVH 12, GVH 16, and GVH 17 will be reclaimed as shown on Figure 1-1. Please comment on the status of road reclamation.**

**Frequency:** Annually

**Status:** Ongoing

**Reports:** Annual report item

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

### Operator Comments

GVH Update included. Water bar construction and all road reclamation will be completed upon plugging and final reclamation of the GVH pads. No road reclamation was done in 2013.

Reviewer Comments  Met Requirements  Did Not Meet Requirements

During the Division's review of the status update sheet, it was noted that GVH's 12, 13, and 14 had not been mined past in Panel 10 of the Aberdeen Mine and therefore, no circuit had been completed into the mine workings to allow for the venting of methane for commercial purposes. Also, the Federal coal lease has been relinquished; UtahAmerican Energy still has surface property rights to the three wells. Knowing that no commercial sale or collection of methane from the wells is possible, representatives from UtahAmerican met with the Division on May 21, 2014. UtahAmerican requested three weeks to develop an acceptable plan. UAE responded via E-mail on June 11, 2014; at this time it is their intent to plug the three wells, beginning no later than the end of third quarter 2014, with completion of plugging by the second quarter of 2015. The Permittee is preparing a plugging plan for review / approval by the BLM (mineral estate is Federal coal). The wells will be plugged in accordance with 43 CFR 3484.1(a)3. The DOGM agrees with this time frame for plugging.

## FUTURE COMMITMENTS AND CONDITIONS

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" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

**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 application

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

**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.

**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 final reclamation

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

**Citation:** Volume 1, Chapter 3, page 3-23, paragraph 1

**Title: SEALING OF WELLS**

**Objective:** Permanent closure of wells using measures required by the Division to prevent access and contamination of groundwater.

**Frequency:** When wells are no longer needed.

**Status:** Throughout mining

**Reports:** Report in Annual report the year when wells are completed.

**Citation:** Gob Gas Vent Wells: Appendix X R645-301.542.700 All other exploration and water wells: MRP - 301.529.100 301.755

**OPERATOR COMMENTS (Optional)**

[Empty rectangular box]

**REVIEWER COMMENTS:**

[Empty rectangular box]

## REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

# MAPS

Copies of mine maps, current and up-to-date, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. 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                                  |
| 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"/>            |
|          |            | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

Reviewer Comments    Met Requirements                       Did Not Meet Requirements

There were no maps submitted with the annual report (JCO).