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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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January 15, 2015

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

Subject: Determination of Administrative Completeness for Kenilworth Lease Addition, Andalex Resources Inc., Centennial Mine, C/007/0019

Dear Mr. Marshall:

The Division has completed a review of the information you submitted on December 15, 2014. This application is considered to be administratively complete. A copy of our review worksheet is enclosed for your information and records.

A technical review of your plan has been initiated. Technical deficiencies will be forwarded to you as reviews are completed. The Division will also coordinate with other agencies and incorporate their comments into our review process. Issues raised will need to be resolved prior to permit issuance.

At this time you should publish a Notice of Complete Application for the Kenilworth Lease Addition to the Centennial Mine as required by R645-300-121. A copy of the publication should be sent to the Division as soon as it is available. You should also insure that a copy of the application is on file at the appropriate County Courthouse. The Division will complete a technical analysis, which must find that your application is technically complete. We anticipate additional information may be necessary to make your application technically complete and look forward to working with you throughout the permitting process. Please call if you have any questions.

Thank you for your help in the permitting process.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
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**ADMINISTRATIVE COMPLETENESS REVIEW WORKSHEET
(R645-100)**

DATE: 1/8/15

REVIEWER(S): Lisa Reinhart, Cheryl Parker, Keenan Storrar, Daron Haddock

APPLICANT: Andalex Resources, Inc.

MINE NAME: Centennial Project **FILE NO.:** 4763

"Administratively Complete Application" means an application for permit approval or approval for coal exploration, where required, which the Division determines to contain information addressing each application requirement of the State Program and to contain all information necessary to initiate processing and public review.

Directions: The categories listed below correspond to the minimum requirements for information necessary to initiate processing and public review. If a category is checked the Applicant has met the Completeness requirement for that category. If a category is not checked, the Completeness requirements have not been met. If a category is Not Applicable, enter NA in check box. The comments column will identify the deficiency and what is necessary to correct it.

Comments

			Comments
301-112	Identification of Interests	<u>NA</u>	
100	Applicant's Business Structure	<u>NA</u>	
210	Applicant's Name/Address/Phone	<u>X</u>	
220	Resident Agent's Name/Address/Phone	<u>X</u>	
230	Name/Address/Phone of AML Fees Payer	<u>X</u>	
300	Corporate Structure & Ownership	<u>X</u>	Update contained in Midterm Completion response, Task ID # 4723, approved 12/15/2014.
400	Identify Other Mining Operations in US	<u>X</u>	
500	Surface & Mineral Ownership	<u>X</u>	
600	Ownership Contiguous to Permit	<u>X</u>	
700	MSHA Numbers	<u>X</u>	
800	Interest in Contiguous Lands	<u>X</u>	

301-113	Violation Information	<u>X</u>	AVS evaluation completed 12/17/2014. Indicates 18 violations all of which are under the Island Creek settlement.
100	Suspension or Revocation Information	<u>X</u>	
300	List of Violations - 3 Previous Years	<u>X</u>	Update contained in midterm completion response.
301-114	Right of Entry	<u>X</u>	The Permittee is applying to add the 1,760 acres contained in the Kenilworth lease addition to the Centennial Project permit area. This lease is Federal (UTU-81893). A fee coal lease (the Mathis lease) sits within the Kenilworth, and that lease area has not been leased for coal recovery purposes to date.
301-115	Status of Unsuitability Claims	<u>X</u>	
301-116	Permit Term	<u>X</u>	The current permit issued by the State of Utah was approved on January 4, 2012, with an expiration of January 4, 2017.
301-117	Insurance	<u>X</u>	<p>The Permittee's current insurance is with Federal Insurance Company valid from 4/4/14-6/1/15</p> <p>A copy of the proposed legal notice was included with the application. Upon approval the Permittee is ready to advertise in the Sun Advocate.</p> <p>There are no coal mining facilities constructed within the proposed Kenilworth lease addition. All processing and loading activities will take place in the area disturbed by the Centennial Project (Aberdeen, Pinnacle and Apex Mines) located in Deadman Canyon.</p>
	Proof of Publication	<u>X</u>	
	Facilities and Structures Used in Common	<u>X</u>	
301-118	Filing Fee	<u>X</u>	NA
301-123	Notarized Signature of Responsible Official	<u>X</u>	Mr. R. J. Marshall, P.E., is the Resident Agent and Project Manager.

301-130	Information Collection: Technical Data Accompanied by Names of Persons or Organizations that Collected and Analyzed the Data - Dates of Collections - and Analysis of the Data and Description of the Methodology Used to Collect and Analyze Data	
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301-200	Soils	<u>X</u>	There is no soil removal or other information submitted relative to soil storage with the Kenilworth lease addition per Priscilla Burton / November 10, 2014) / per PHH (1/14/2015)
211	Description of Pre-mining Soil Resources	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.
221	Prime Farmland Investigation	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.
222	Soil Survey	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.
224	Substitute Topsoil Info (When Proposed)	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.
230	Operation Plan Topsoil Handling/Removal/Storage	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.
240	Reclamation Plan Soil Redistribution/Stabilization	<u>NA</u>	No additional surface disturbance is planned for the Kenilworth lease.

301-300	Biology	<u>X</u>	Biology starts on page 3-1
320	Vegetation Information	<u>X</u>	Vegetation information is available on page 3-1 and 3-2. EarthFax did the vegetation mapping for the Kenilworth Lease. Plate 19 is a vegetation map for the permit area. Table III-10 is a list of local vegetation.
322	Fish and Wildlife Information	<u>X</u>	T&E Species are discussed starting on page 3-3. through 3-12. Table III-II is a list of animals possibly occurring in the lease area. As of 1977 (Boner) there were no known t&E species on or near the lease area.
323	Maps/Photos Vegetation-Fish-Wildlife Areas	<u>X</u>	Plate 19 is a Vegetation Map, Plate 34A-D covers raptors, Deer, Elk, Sagegrouse. Subsidence monitoring points on Plate 25 and in Ch7.

330	Operation Plan Vegetation-Fish-Wildlife Protection	<u>X</u>	Construction of all roads, powerlines, and surface facilities are complete. The only potential impact to wildlife as a result of construction (golden eagle nests) has been addressed.3-21 states "specific facilities are not used to portect or enhance wildlife with the exception of the powerline which was built according to strict guidelines issued by the DWR and USFS regarding raptor protection. Speed limits are posted.
341	Reclamation Plan for Revegetation	<u>X</u>	Revegetation plan starts on page 3-23 and includes interim vegetation, schedule, soil testing & prep, seeding, mulching, management, success measures, and reference areas.
342	Fish & Wildlife Plan for Reclamation Phase	<u>x</u>	Page 3-15 covers Page 3-25 states Vegetation will be protected from both wildlife and livestock by drift-fences until the reclaimed areas have been adequately reestablished. Upon approval, the fences will be removed. Pesticides and herbicides will be used as necessary. Should any persistent pesticides be needed, the Division's approval will be obtained prior to their use.References Appendix A

301-400	Land Use and Air Quality	<u>X</u>	Present land use is described on page 4-1
411	Pre-Mining Land Use Information (Includes Cultural Resources)	<u>X</u>	Discussed in pages 4-1 through 4-2 and in the confidential binder
412	Post-Mining Land Use Information	<u>X</u>	The post-mining land use will consist of livestock grazing with wildlife habitat and some recreation. Page 4-6

301-500	Engineering	<u>X</u>	Chapter 5 was rewritten and reformatted in the current application which removed much of the duplicated information. Some sections were removed that were more appropriate in the Hydrology and Geology sections. New subsidence control maps were also added to show the expected subsidence points over the Kenilworth lease.
510 520	General Description of Operation Plan (Maps, Locations, Cross-Sections, Narrative, Descriptions & Calculations)	<u>X</u>	Various text was added to the introduction to this section to reflect the increase in the total permit area to 4,034.77 with the addition of the Kenilworth Lease. Information added is covered in pages 5-1 through 5-161
522	Coal Recovery Description	<u>X</u>	Text was removed from this section to reflect the singual pannel-barrier-panel mine design that is approved by BLM and MSHA.

523	Mining Methods	<u>X</u>	NA text was added to this section in the MRP showing that surface mining operations requirements do not apply.
524	Blasting and Explosives Plan	<u>X</u>	None of the blasting locations have changed and text describing where the current blasting information can be found on pages 5-164 through 5-177
525	Subsidence Control Plan	<u>X</u>	The same mining method that has been used on the existing mining areas will be utilized in the new lease. The subsidence is expect to be similar to subsidence experience in adjacent areas. Text in this section was updated to reference the updated Mine Layout in Plate 29.
526	Mine Facilities Description (Narrative, Plans, Maps) Including Existing Structures & Support Facilities	<u>X</u>	No new sturctures will be required on the surface of the Kenilworth Lease.
527	Transportation Facilities (Including Plans & Maps)	<u>X</u>	New roads associated with the Kenilworth Lease were added to this section. Each road has a paragraph detailing the purpose, maintenance, and dimensional characteristics. In total 14 new roads will be added.
528	Coal Mine Waste Plans (Description & Designs)	<u>X</u>	No new text was added to this section as the only coal processing waste is rock material manually separated at Wildcat Loadout. Any waste generated from the new lease will also be processed there. Appendix Q references the plan for reclamation of the waste rock pile at the Wildcat Loadout.
529	Management of Mine Openings (Design)	<u>X</u>	Text was added to this section stating that each permanent seal of the mine portals will be equipped with a drainage pipe as described on page 5-206. No drainage has been discharged out of the portals to date.
531	General Plans for Structures	<u>X</u>	Original text was included and no changes were made in reference to the Kenliworth Lease.
532	Sediment Control	<u>X</u>	Disturbance acres were updated to reflect the disturbance within the Kenliworth Lease from 34.2 to 47.19 acres.
533	Impoundments	<u>X</u>	Text was updated in this section to reference R645-301-733 in the Hydrology Section.

301-534	Roads (Plans, Drawings, Designs, & Specifications)	<u>X</u>	Section references R645-301-512.250 in the MRP or are not applicable.
535	Spoil	<u>X</u>	Section references R645-301-512.300 in the MRP or are not applicable.

536	Coal Mine Waste	<u>X</u>	Section references R645-301-528.300 in the MRP or are not applicable.
537	Regraded Slopes	<u>X</u>	Section references R645-301-532.200 or are not applicable.
540 541-542	Reclamation Narrative, Maps and Plans	<u>X</u>	Text sections that applied to the Hydrology section were moved.
551	Casing and Sealing Underground Openings	X	Text in this section references how exploratory drill holes, water wells and monitoring wells will be sealed.
553	Backfilling and Grading Description	<u>X</u>	Section references R645-301-532.200 along with various plates included in the MRP or are not applicable.

301-600	Geology	<u>X</u>	Geological information has been revised and provided in Chapter 6 of the Application
621	Description of Geology (Permit & Adjacent Area)	<u>X</u>	Plate 21 shows the surface geology of the area. There is revised text in Chapter 6 what describes the geology of the Kenilworth lease area. Maps have been PE certified.
622	Geologic Cross-Sections, Maps, and Plans	<u>X</u>	The application contains an updated version of Plate 22 which is a drill hole reference map. Plate 22A provides the fence diagram through the drill holes showing the stratigraphic cross section through the Kenilworth lease.
630	Plans for Casing and Sealing Holes	<u>X</u>	A statement is found under section R645-301-551.

301-700	Hydrology	<u>X</u>	The text has been revised to include water monitoring locations for the Kenilworth lease.
721	Description of Hydrologic Resources (Permit and Adjacent Area)	<u>X</u>	The supplemental report 'Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area; Recommended Monitoring Plan at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah' has been attached at the end of Appendix L. This report outlines the premining hydrologic resources within and adjacent to the permit area.
722	Cross-Sections and Maps Subsurface Water - Surface Water - Monitoring Stations - Wells	<u>X</u>	The application includes Figure 7-1--Operational water monitoring locations, Figure 7-2--Seeps/Springs, and in the PHC: Figure 2--Baseline hydrologic monitoring locations, and Figure 6--Proposed monitoring locations.

723	Sampling and Analysis	<u>X</u>	Sampling and Analysis methodology for water samples is found in the approved Appendix L of the Centennial MRP.
724	Baseline Information Ground Water - Surface Water - Geology - Climatological & Supplemental; If Needed	<u>X</u>	The supplemental report 'Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area; Recommended Monitoring Plan at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah' has been attached at the end of Appendix L. This report covers the hydrology, geology, and climate information regarding the Kenilworth lease.
728	PHC Determination	<u>X</u>	The supplemental report 'Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area; Recommended Monitoring Plan at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah' has been attached at the end of Appendix L. This report discusses the probably hydrologic consequences within and adjacent to the permit area.
730	General Operation Plan Minimize Disturbance to Hydrologic Balance & Compliance with Clean Water Act	<u>X</u>	
731	Ground and Surface Water Protection	<u>X</u>	Ground and surface water protection is outlined in Appendix L, Appendix Y, and in the approved Centennial MRP. The water monitoring plan is outlined in the 'Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area; Recommended Monitoring Plan at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah' report. Monitoring points are shown in Figure 6--Proposed monitoring locations for the Kenilworth Addition area.
732	Sediment Control Measures	<u>X</u>	Sediment control measures are outlined in Chapter 7 R645-301-733.

301-740	Plans and Designs Operation and Reclamation Plan Sediment Control Measures	<u>X</u>	The Design Criteria and Plans for the Kenilworth lease are covered within the currently approved MRP given no surface disturbance for the lease is planned.
	Siltation Structures	<u>X</u>	
	Sediment Ponds	<u>X</u>	
	Other Treatment Facilities	<u>X</u>	
	Diversions	<u>X</u>	
	Road Drainage	<u>X</u>	
	Impoundments	<u>X</u>	
	Discharge Structures	<u>X</u>	
	Disposal of Excess Spoil	<u>X</u>	
	Coal Mine Waste	<u>X</u>	
	Disposal of Non-Coal Mine Waste	<u>X</u>	
	Casing and Sealing of Wells	<u>X</u>	

301-800	Bonding and Insurance	<u>X</u>	Chapter 8 text was cleaned up during this revision but no bond increase is required.
820	Applicant Have Adequate Bond at Permit Issuance	<u>X</u>	The current surety bond of \$1,520,000 was posted on 4/19/07.
830	Bond Estimate and Calculations Provided	<u>X</u>	The relinquishments and adding Kenilworth do not involve a reduction or an increase in disturbed areas. Calculations are found in Appendix B.
890	Certificate of Insurance Provided	<u>X</u>	Insurance is held by Federal Insurance Company valid from 4/4/14 to 6/1/15 and includes coverage on explosives and made per occurrence.

302-200	Special Categories of Mining	<u>X</u>	
210	Experimental Practices Mining	<u>X</u>	
220	Mountaintop Removal Mining	<u>X</u>	NA / PHH

230	Steep Slope Mining	<u>X</u>	NA / PHH
240	Auger Mining	<u>X</u>	NA / PHH
250	In Situ Processing Activities	<u>X</u>	NA / PHH

302-260	Coal Processing Plants (Not Located Within Permit Area of Mine)	—	NA / PHH
270	Variances From Approximate Original Contour Restoration Requirements	<u>X</u>	
280	Variances for Delay in Contemporaneous Reclamation Requirement in Combined Surface and Underground Coal Mining Activities	<u>X</u>	
290	Small Operator Assistance Program (SOAP)	<u>X</u>	NA

302-300	Special Areas of Mining	<u>X</u>	
301	Prime Farmland	<u>X</u>	NA
302	Alluvial Valley Floors	<u>X</u>	