ANDALEX
RESOURCES, INC.

P.O. Box 910, East Carbon, Utah 84520
Telephone (435) 888-4000 Fax (435) 888-4002

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

March 15, 2017

Attn: Daron Haddock
Permit Supervisor

Re: Andalex Resources, Inc. C/007/019
T17-001 2016 Annual Report

Dear Mr. Haddock,

Attached you will find the completed 2016 Annual Report for the Tower Mine.

If you have any questions, please feel free to contact me directly at 435.888.4000

Sincerely,

Karin Madsen
Engineering Tech
UtahAmerican energy, Inc.

TOWER RESOURCES, INC.

2016 RTK GPS SUBSIDENCE SURVEY

11/11/2016

STATION	NORTHING (FEET)	EASTING (FEET)	2003 ELEVATION	2007 ELEVATION	2008 ELEVATION	2009 ELEVATION	2010 ELEVATION	2011 ELEVATION	2012 ELEVATION	2013 ELEVATION	2014 ELEVATION	2015 ELEVATION	2016 ELEVATION	2015-2016	NOTES
Rebar on ridge	505,141.92	2,217,261.07	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	8,241.62	0.00	CONTROL
Yellow Rebar	507,073.59	2,223,128.18	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	8,534.90	0.00	CONTROL
S-10	507,824.28	2,217,196.61	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	8,594.59	0.00	CONTROL
S16	508,650.48	2,210,725.70	8,809.53	8,809.64	8,809.75	8,809.71	8,809.72	8,809.70	8,809.68	8,809.69	8,809.68	8,809.70	8,809.73	-0.03	---
S17	508,190.63	2,213,802.51	8,624.48	8,624.43	8,624.43	8,624.44	8,624.43	8,624.45	8,624.46	8,624.44	8,624.46	8,624.48	8,624.45	0.03	---
99-1	508,942.12	2,215,063.90	8,572.35	8,572.13	8,572.14	8,572.12	8,572.14	8,572.13	8,572.13	8,572.12	8,572.13	8,572.14	8,572.13	0.01	---
99-2	509,023.29	2,218,624.20	8,551.12	8,551.01	8,550.98	8,550.96	8,551.00	8,550.98	8,550.97	8,550.99	8,550.97	8,550.97	8,550.99	-0.02	---
S20	510,331.29	2,217,642.56	8,574.26	8,573.87	8,573.78	8,573.77	8,573.78	8,573.82	8,573.79	8,573.80	8,573.79	8,573.81	8,573.81	0.00	---
S21	510,581.75	2,214,956.87	8,489.90	8,489.22	8,489.35	8,489.39	8,489.48	8,489.45	8,489.41	8,489.42	8,489.41	8,489.44	8,489.40	0.04	---
S32	509,739.02	2,218,933.12	8,548.93	8,548.80	8,548.81	8,548.79	8,548.77	8,548.80	8,548.81	8,548.80	8,548.81	8,548.82	8,548.83	-0.01	---
G-17	513,692.46	2,210,938.01	---	8,488.24	8,488.23	8,488.22	8,488.24	8,488.25	8,488.23	8,488.23	8,488.23	8,488.26	8,488.24	0.02	---
G-12	513,184.13	2,216,526.83	---	8,311.00	8,311.02	8,311.00	8,311.01	8,311.02	8,311.03	8,311.01	8,311.03	8,311.03	8,311.01	0.02	---
E1/4 36	513,118.57	2,214,340.00	---	8,280.66	8,280.65	8,280.61	8,280.61	8,280.64	8,280.60	8,280.62	8,280.60	8,280.59	8,280.60	-0.01	Section cor.
S1/4 36	510,454.70	2,211,696.79	---	8,606.46	8,606.43	8,606.44	8,606.43	8,606.43	8,606.43	8,606.44	8,606.43	8,606.40	8,606.38	0.02	Section cor.
West Side Subsidence Line, Set in 2007															
1	509,702.03	2,211,401.87	---	8,702.64	8,702.59	8,702.60	8,702.61	8,702.62	8,702.63	8,702.61	8,702.63	8,702.64	8,702.60	0.04	W. side line
2	509,802.00	2,211,401.17	---	8,693.70	8,693.69	8,693.69	8,693.69	8,693.67	8,693.68	8,693.70	8,693.68	8,693.68	8,693.66	0.02	W. side line
3	509,905.87	2,211,391.89	---	8,684.35	8,684.35	8,684.36	8,684.34	8,684.35	8,684.37	8,684.37	8,684.37	8,684.35	8,684.36	-0.01	W. side line
4	510,003.89	2,211,387.55	---	8,673.73	8,673.77	8,673.77	8,673.75	8,673.75	8,673.78	8,673.75	8,673.78	8,673.77	8,673.74	0.03	W. side line
5	510,100.53	2,211,381.55	---	8,663.92	8,663.94	8,663.94	8,663.92	8,663.94	8,663.92	8,663.91	8,663.92	8,663.90	8,663.93	-0.03	W. side line
6	510,205.72	2,211,424.42	---	8,646.43	8,646.50	8,646.49	8,646.51	8,646.53	8,646.54	8,646.52	8,646.54	8,646.56	8,646.55	0.01	W. side line
7	510,305.04	2,211,417.01	---	8,635.74	8,635.70	8,635.68	8,635.70	8,635.69	8,635.70	8,635.72	8,635.70	8,635.73	8,635.71	0.02	W. side line
8	510,401.40	2,211,415.19	---	8,625.82	8,625.81	8,625.80	8,625.81	8,625.80	8,625.83	8,625.81	8,625.83	8,625.77	8,625.79	-0.02	W. side line
9	510,505.66	2,211,402.20	---	8,614.38	8,614.39	8,614.39	8,614.38	8,614.38	8,614.39	8,614.37	8,614.39	8,614.39	8,614.40	-0.01	W. side line
10	510,608.91	2,211,401.63	---	8,603.45	8,603.45	8,603.46	8,603.45	8,603.47	8,603.46	8,603.47	8,603.46	8,603.48	8,603.51	-0.03	W. side line
11	510,709.16	2,211,393.00	---	8,596.31	8,596.29	8,596.29	8,596.30	8,596.28	8,596.30	8,596.30	8,596.30	8,596.31	8,596.26	0.05	W. side line
12	510,798.94	2,211,380.99	---	8,588.76	8,588.74	8,588.72	8,588.72	8,588.75	8,588.73	8,588.74	8,588.73	8,588.75	8,588.72	0.03	W. side line
13	510,898.92	2,211,375.38	---	8,576.09	8,576.10	8,576.09	8,576.09	8,576.11	8,576.09	8,576.12	8,576.09	8,576.07	8,576.07	0.00	W. side line
14	511,010.59	2,211,370.03	---	8,561.49	8,561.50	8,561.47	8,561.49	8,561.47	8,561.48	8,561.50	8,561.48	8,561.50	8,561.47	0.03	W. side line
15	511,112.19	2,211,366.93	---	8,548.90	8,548.83	8,548.81	8,548.81	8,548.82	8,548.80	8,548.83	8,548.80	8,548.80	8,548.81	-0.01	W. side line
16	511,228.34	2,211,359.45	---	8,543.69	8,543.65	8,543.61	8,543.63	8,543.63	8,543.63	8,543.62	8,543.63	8,543.66	8,543.62	0.04	W. side line
17	511,338.04	2,211,366.01	---	8,542.64	8,542.59	8,542.57	8,542.60	8,542.59	8,542.58	8,542.57	8,542.58	8,542.59	8,542.57	0.02	W. side line
18	511,437.15	2,211,398.56	---	8,535.12	8,535.08	8,535.06	8,535.10	8,535.08	8,535.09	8,535.07	8,535.09	8,535.08	8,535.05	0.03	W. side line
19	511,553.98	2,211,419.93	---	8,526.12	8,526.05	8,526.02	8,526.04	8,526.05	8,526.03	8,526.06	8,526.03	8,526.06	8,526.07	-0.01	W. side line
20	511,693.22	2,211,455.79	---	8,517.15	8,517.08	8,517.07	8,517.06	8,517.11	8,517.12	8,517.10	8,517.12	8,517.07	8,517.09	-0.02	W. side line
21	511,807.12	2,211,469.85	---	8,512.56	8,512.50	8,512.49	8,512.47	8,512.52	8,512.50	8,512.50	8,512.50	8,512.53	8,512.52	0.01	W. side line
22	511,915.39	2,211,476.19	---	8,510.95	8,510.89	8,510.90	8,510.87	8,510.90	8,510.91	8,510.89	8,510.91	8,510.94	8,510.88	0.06	W. side line
23	512,092.42	2,211,408.58	---	8,505.00	8,504.98	8,504.98	8,504.93	8,504.95	8,504.98	8,504.95	8,504.98	8,504.96	8,504.99	-0.03	W. side line
24	512,192.21	2,211,384.74	---	8,495.80	8,495.72	8,495.71	8,495.71	8,495.73	8,495.71	8,495.72	8,495.71	8,495.73	8,495.66	0.07	W. side line
25	512,292.93	2,211,375.13	---	8,483.93	8,483.94	8,483.94	8,483.94	8,483.92	8,483.92	8,483.95	8,483.92	8,483.92	8,483.96	-0.04	W. side line
26	512,408.97	2,211,358.60	---	8,471.08	8,471.04	8,471.05	8,471.04	8,471.06	8,471.07	8,471.05	8,471.07	8,471.07	8,471.06	0.01	W. side line
27	512,515.37	2,211,308.35	---	8,462.95	8,462.90	8,462.89	8,462.91	8,462.92	8,462.90	8,462.91	8,462.90	8,462.93	8,462.88	0.05	W. side line
28	512,650.10	2,211,333.27	---	8,449.75	8,449.72	8,449.72	8,449.73	8,449.73	8,449.74	8,449.72	8,449.74	8,449.71	8,449.77	-0.06	W. side line
29	512,873.07	2,211,295.54	---	8,430.09	8,430.05	8,430.03	8,430.06	8,430.04	8,430.04	8,430.06	8,430.04	8,430.05	8,430.07	-0.02	W. side line
30	512,993.25	2,211,287.69	---	8,428.71	8,428.68	8,428.69	8,428.74	8,428.76	8,428.75	8,428.71	8,428.75	8,428.74	8,428.73	0.01	W. side line
31	513,091.16	2,211,285.96	---	8,427.18	8,427.16	8,427.15	8,427.18	8,427.20	8,427.20	8,427.19	8,427.20	8,427.21	8,427.20	0.01	W. side line
32	513,217.13	2,211,297.36	---	8,423.25	8,423.21	8,423.20	8,423.24	8,423.23	8,423.21	8,423.22	8,423.21	8,423.22	8,423.24	-0.02	W. side line
33	513,353.03	2,211,313.87	---	8,425.43	8,425.38	8,425.38	8,425.40	8,425.39	8,425.40	8,425.41	8,425.40	8,425.40	8,425.38	0.02	W. side line
34	513,491.93	2,211,317.92	---	8,407.84	8,407.78	8,407.79	8,407.80	8,407.79	8,407.79	8,407.78	8,407.79	8,407.81	8,407.81	0.00	W. side line
35	513,607.49	2,211,335.06	---	8,406.22	8,406.17	8,406.17	8,406.18	8,406.18	8,406.16	8,406.16	8,406.16	8,406.22	8,406.17	0.05	W. side line
36	513,719.38	2,211,366.06	---	8,403.71	8,403.68	8,403.66	8,403.69	8,403.66	8,403.68	8,403.69	8,403.68	8,403.69	8,403.70	-0.01	W. side line
37	513,810.83	2,211,402.93	---	8,400.29	8,400.24	8,400.26	8,400.26	8,400.25	8,400.27	8,400.30	8,400.27	8,400.28	8,400.30	-0.02	W. side line
38	513,932.97	2,211,450.36	---	8,396.17	8,396.14	8,396.14	8,396.15	8,396.13	8,396.15	8,396.14	8,396.15	8,396.13	8,396.11	0.02	W. side line
39	514,038.94	2,211,462.97	---	8,394.29	8,394.25	8,394.24	8,394.26	8,394.25	8,394.25	8,394.26	8,394.25	8,394.24	8,394.20	0.04	W. side line

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT			Page 1 of
Permit Number	C/007/0019	Report Date	12-8-16
Mine Name	Tower Mine		
Company Name	UtahAmerican Energy, Inc.		
Impoundment Identification	Impoundment Name	B, C & E	
	Impoundment Number	None	
	UPDES Permit Number	UTG040029	
	MSHA ID Number	NA	

IMPOUNDMENT INSPECTION

Inspection Date	12-7-16
Inspected By	Karin Madsen
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	4th Quarter

1. **Describe any appearance of any instability, structural weakness, or any other hazardous condition.**

Ponds B, C & E

No instability, structural weaknesses, or visible hazards were observed at time of inspection.

Required for an impoundment which functions as a SEDIMENTATION POND.

2. **Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.**

Sediment Elevations (Per Approved MRP):

Cell B1 (South Cell)	Cell B2	Cell B3
Max Water Level 7077'	60% 7081'	Max Water and Sed. Level 7087'

Cell B4 (North Cell)	Pond C	Pond E
Max Water and Sed Level 7091'	60% 7046.9'	60% 6947.5'
	100% 7048.7'	100% 6949.3'

Cleaning of all B Cells must take place when sediment level reaches 7081' in Cell B2.

See section 5 for current sediment levels.

3. **Principle and emergency spillway elevations.**

Pond (B2 Cell 3)		Pond (C)		Pond (E)	
Principle	7081.0'	Principle	7053.1'	Principle	6957.6'
(Bottom of the culvert)		Emergency	7056.05'	Emergency	6958.6'

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

Sediment markers visible in ponds E And C.

Pond E contains approximately 1 foot of ice and some water on top from culvert cleaning actively taking place. Pond C has no water accumulated.
No Thistle is growing in the ponds.

B ponds were dry at time of inspection.
No discharge has occurred from the pond UPDES, therefore no samples were taken.
No observable problems exist at the inlets or outlets.
No observable conditions were apparent that could affect the stability or function of the structure.
Vegetation on out-slopes of pond embankments growing well.
Decant visible and operational.

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

No changes in geometry have occurred. No change has occurred to the structure that would affect its stability or function.

There is no water within the ponds, except pond E which has little, therefore no discharging is anticipated within the near future.

Current Sediment Levels (approximate): at time of survey (November 2016 by Ware Surveying)

Pond (B2 Cell 3)	Pond (C)	Pond (E)
7083.9	7046.3'	6944.7

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: _____ **Date:** 12-8-16

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 3 of

CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)	YES	NO
1. Is impoundment designed and constructed in accordance with the approved plan?	XXXXX	
2. Is impoundment free of instability, structural weakness, or any other hazardous condition?	XXXXX	
3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?	XXXXX	

COMMENTS AND OTHER INFORMATION

Pond as built drawings were reviewed in 2/2014 to confirm clean-out elevations and spillway elevations by RJM

Certification Statement:

[PE Cert. Stamp]

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: David Hibbs, President
(Full Name and Title)

Signature: Dan Hibbs Date: 12/8/16

P.E. Number & State: 6449561

Gob Vent Hole Status

2016 Annual Report

GVH #1

Drilled in 2005. Because GVH #1 was never included in the OSO agreement, and this hole was not considered necessary for future ventilation of the mine operation, it was plugged and the surface pad was reclaimed in 2009. In 2017 the vegetation inventory will be conducted and the GVH hole will enter into year five of the ten year reclamation clock.

GVH #2

Never drilled, not permitted, no disturbance, eliminated from consideration.

GVH #3

Drilled in 2005. Currently in production, or capable of production by OSO/Blue Tip/ Liberty Pioneer Energy. Hole has drill collar with valves, telemetry tower, three solar cells with controller box, telephone pole, vertical CMP drain and condenser-cooper structure. Site has been top-soiled, pocked, and seeded.

GVH #4

Drilled in 2005. Hole has drill collar with valves, telemetry tower, three solar cells with controller box. Telephone pole, some fencing structure, and condenser-cooler structure. Site has been top-soiled, pocked, and seeded.

GVH #5

Drilled in 2005. Because GVH #5 was never included in the OSO agreement, and this hole was not considered necessary for future ventilation of the mine operation, it was plugged and the surface pad was reclaimed in 2009. In 2017 the vegetation inventory will be conducted and the hole will enter into year five of the ten year reclamation clock.

GVH #5A

Drilled in 2006. Has a drill collar with valve. Site has been top-soiled, pocked, and seeded.

GVH #5B

Permitted but never drilled, no pad preparation. Eliminated from consideration. However was considered in the bonding.

GVH #6

Drilled in 2005. Hole has drill collar with valves, telemetry tower, three solar cells with controller box, telephone pole, vertical CPM drain, and condenser-cooler structure. Site has been top-soiled, pocked, and seeded. Site was sprayed for cheat grass in early 2014 and re-seeded.

GVH #7

Drilled in 2006. Currently in production or capable of production by OSO/Blue Tip/LPE. Hole has drill collar with valves, telemetry tower, three solar cells with controller box, vertical CMP drain, and condenser-cooler structures. Site has been top-soiled, pocked, and seeded.

GVH #7A

Drilled in 2006 from GVH pad #7. On same pad as 7. Has drill collar with valves, surrounded by cattle fencing. Site has been top-soiled, pocked, and seeded.

GVH #8

Drilled in 2006. Hole has drill collar with valves, telemetry tower, three solar cells with controller box and condenser-cooler structure. Site has been top-soiled, pocked, and seeded.

GVH #8A

Drilled in 2006. Currently in production or cabable of production by OSO/Blue Tip/LPE. Hole has drill collar with valves, telemetry tower, three solar cells with controller box and vertical CMP drain. Site has been top-soiled, pocked, and seeded.

GVH #9

Drilled in 2006. Currently in production or capable of production by OSO/Blue Tip/LPE. Hole has drill collar with valves, telemetry tower, three solar cells with controller box, vertical CMP drain, and condenser-cooler structures. Site has been top-soiled, pocked, and seeded.

GVH #10

Permitted but never drilled, no pad preparation. Eliminated from consideration, however was considered in the bonding.

GVH 10A

Permitted by never drilled, no pad preparation. Eliminated from consideration.

GVH #11

Drilled in 2008. Was considered in the bonding. Currently in production or capable of production by OSO/Blue Tip/LPE. Hole has drill collar with valves, telemetry tower, three solar cells with controller box, and vertical CMP drain. Site has been top-soiled, pocked, and seeded.

GVH #11A

Proposed, conditionally approved but never drilled. No bonding.

GVH #12

Drilled in 2008. This GVH is no longer needed for future ventilation and was never tied into the ventilation network, was plugged in July of 2014, as per the approved BLM plugging plan. The collar and all valves were removed and the pipe cut off at 18" below ground level. This GVH was fenced and re-seeded to augment existing vegetation in September of 2014. This site is eligible for Phase I Reclamation. The 10 year clock was not started in order to keep GVHs 12-17 on the same reclamation clock, however was considered in the bonding.

GVH #12A

Proposed, conditionally approved but never drilled. No bonding.

GVH #13

Drilled in 2008. This GVH is no longer needed for future ventilation and was never tied into the ventilation network, was plugged in July of 2014, as per the approved BLM plugging plan. The collar and all valves were removed and the pipe cut off at 18" below ground level. This GBH was fenced and re-seeded to augment existing vegetation in September of 2014. Before this site is eligible for Phase I Reclamation, the vertical culvert (water drain) needs to be removed. Once removed the 10 year reclamation clock can start. Was considered in bonding.

GVH #13A

Proposed, conditionally approved but never drilled. No bonding.

GVH #14

Drilled in 2008. This GVH is no longer needed for future ventilation and was never tied into the ventilation network, was plugged in July of 2014, as per the approved BLM plugging plan. The collar and all valves were removed and the pipe cut off at 18" below ground level. This GBH was fenced and re-seeded to augment existing vegetation in September of 2014. This site is eligible for Phase I Reclamation. The 10 year clock was not started in order to keep GVHs 12-17 on the same reclamation clock, however was considered in the bonding.

GVH #14A

Proposed, conditionally approved but never drilled. No bonding.

GVH #15

The drilling pad was prepared but the hole was never drilled. This GVH was fenced and re-seeded to augment existing vegetation in September of 2014. Before it is eligible for Phase I reclamation, the vertical culvert (water drain) needs to be removed. Once removed, the 10 year reclamation clock can start. Was considered in bonding.

GVH #15A

Proposed, conditionally approved but never drilled. No bonding.

GVH #16

The drilling pad was prepared but the hole was never drilled. This GVH was fenced and re-seeded to augment existing vegetation in September of 2014. Before it is eligible for Phase I reclamation, the vertical culvert (water drain) needs to be removed. Once removed, the 10 year reclamation clock can start. Was considered in bonding.

GVH #16A

Proposed, conditionally approved but never drilled. No bonding.

GVH #17

The drilling pad was prepared but the hole was never drilled. This GVH was fenced and re-seeded to augment existing vegetation in September of 2014. Before it is eligible for Phase I reclamation, the vertical culvert (water drain) needs to be removed. Once removed, the 10 year reclamation clock can start. Was considered in bonding.

PANEL 10
PANEL 7
PANEL 6
PANEL 5
PANEL 4
PANEL 3
PANEL 2
PANEL 1
PANEL 9
PANEL 8

MINE DID NOT PRODUCE COAL IN 2015

750 0 1500 3000 FEET

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MINE MAP

ABERDEEN MINE
TOWER DIVISION
6750 AIRPORT ROAD
PRICE, UTAH 84501

MSHA MINE ID #42-02028

DRAWN BY PJ	SCALE 1" = 1500'
APPROVED BY DH	DATE 1 MARCH 2016
SHEET	1 of 1

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