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DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Oil, Gas and Mining

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Division Director

April 21, 2020

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

Subject: 2019 Annual Report Review Completion, Andalex Resources, Inc., Centennial Mine, C/007/0019, Task #6092

Dear Ms. Madsen:

The Division staff has completed the review of the 2019 Annual Report. Additional information is required per the commitments in the approved Mining and Reclamation Plan (MRP). Enclosed is a copy of the review where a more detailed discussion of the outstanding information is provided. Enclosed is a copy of the review with each reviewer's comments completed on April 2, 2020.

The annual report states that GVH sites 3, 4, 5A, 6, 7, 7A, & 11 were graded in 2019, but were not seeded. Appendix X, Section 341 of the Centennial MRP states that seeding will follow well plugging (p. 3-10 and 3-11). Table 3-3 lists the seed mix to be used (p. 3-14). Section 354 states that seeding will be completed "*during the first normal period for favorable planting conditions after replacement of the topsoil. In Utah the planting period is usually Fall due to the precipitation events.*" (p. 3-15).

The Division is aware of your intent to seed last fall in conformance with your MRP, but apparently winter weather prevented that seeding. Given that noxious weed control has been a chronic issue at the GVH sites in recent years, seeding this spring is imperative.

To avoid enforcement action, GVH well sites 3, 4, 5A, 6, 7, 7A, & 11 must be seeded as soon as possible, but no later than May 15, 2020. Please provide the Division with the seed tag and photos of the seeding at each site by May 15, 2020.

Seeding is the best management practice to prevent noxious weed growth and stabilize the site, as required by R645-301-244 et seq and by the soil and biology performance standards (R645-301-250 and R645-301-350). Furthermore, this action is supported by MRP Section 341 statement,



“The short-term goal of this revegetation plan is the immediate stabilization of the disturbed sites through erosion control this objective will be achieved through controlled grading practices, proper seedbed preparation to encourage rapid plant establishment, inclusion of rapidly establishing species in the seed mixture to be planted, and mulch application.

The long-term goals are to establish useful and productive range. These goals will be attained through the selection and placement of desirable and productive plant species...” Appendix X, p. 3-11

If spring seeding is not successful, it may be necessary to reseed this fall. Please note that at the Centennial GVH elevation, “Fall” occurs earlier than the calendar date of the equinox and therefore re-seeding in early to mid September is acceptable.

Please submit the additional information to the Division by May 1, 2020. If you have any questions, please feel free to call me at (385) 290-9937.

Sincerely,



Steve Christensen
Coal Program Manager

2019 ANNUAL REPORT

Submit the completed document and any additional information identified to the Division by March 31, 2020.

GENERAL INFORMATION

Company Name	Andalex Resources Inc	Mine Name	Centennial Mine
Permit Number	C/007/0019	Permit Expiration Date	1-4-22
Operator Name	Andalex Resources	Phone Number	+1 (435) 888-4000
Mailing Address	PO Box 910	Email	kmadsen@coalsource.com
City	East Carbon		
State	UT	Zip Code	84520

DOG M File Location or Annual Report Location

Excess Spoil Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Refuse Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Impoundments	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	Annual Pond Certifications included
Other:		

OPERATOR COMMENTS

Tower Mine was inactive during 2019.

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

The fourth quarter and annual 2019 sediment pond inspections were done on 12/26/2019. (KRH) 4/1/2020, PB. The mine has been inactive since Notice of Temporary Cessation was received in April 2008 (Incoming document 0008.pdf).

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: SUBSIDENCE MONITORING

Objective: Determine subsidence effects from mining.

Frequency: Annually

Status: Ongoing

Reports: Provide annual subsidence monitoring data, map and report of impacts in annual report.

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

OPERATOR COMMENTS

Subsidence monitoring was completed by Ware Surveying and the report is included.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

A differential level subsidence survey was completed by Ware Surveying & Engineering on November 15, 2019. The accompanying report documents the subsidence induced displacement for dozens of points located at various different locations within the permit area. Most of the surveyed locations do not display any movement but a few show evidence of having moved very slightly. None of the surveyed points that moved exceeded one inch of vertical displacement. JE

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.

Frequency: Annually

Status: Ongoing

Reports: Annual Report

Citation: Appendix X, page 1-2

OPERATOR COMMENTS

The GVH Report is included.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

PB, 4/1/2020. The GVH report states that removal of vertical culverts is not required for Phase I bond release because removal of the vertical culverts, the report states, is the responsibility of Liberty Pioneer (Operating Agreement Appendix X, Attach 1-1). The State of Utah R645 Rules state that all surface equipment and structures will be removed during reclamation. Therefore the Division does not agree with this statement and it should be removed from this report.

The GVH report states GVH sites 1, 3, 4, 5, 5A, 6, 7, 7A, 12, 13, 14, 15, 16, and 17 are eligible for Phase II bond release. This assertion is incorrect, and should be removed from the report, because the sites graded in 2019 (sites 3, 4, 5A, 6, 7, 7A, & 11) were not seeded. The State of Utah R645 Rules state that the ten year liability period does not begin until seeding is completed (R645-301-357). Furthermore, seeding is required to follow topsoil application (R645-301-244.200) and seeding is performance standard (R645-301-252).

Dates of final grading, seeding and vegetation survey should be provided in a spreadsheet, such as the one received with the 2017 annual report. The Division has put the 2019 into a spreadsheet. Please fill in the missing information.

The report states that the compressor station is separate from the GVH project. Liberty Pioneer's responsibility for the compressor station was reviewed and found deficient with Task 5767 (Outgoing 12/20/2018). There has been no response to date.

The GVH report identifies sites GVH 8, GVH8A, GVH 9 as capable of production and well valves remain at these sites. No wells are currently in production.

All sites were treated for weeds in 2019.

The GVH report states that sites 5B, 10 and were not constructed but were considered in the bonding.

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 qualitatively monitored monthly for the first two growing seasons following reclamation. Quantitative veg analysis will be completed in years 5, 9 and 10. In year 7, a consultation with DOGM will determine if an additional inventory might be necessary.

Status: Check at reclamation.

Reports: When monitoring commences.

Citation: Chapter 3, page 3-17

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

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

Met Requirements

Did Not Meet Requirements

