

INSPECTION REPORT

Partial XXX Complete Exploration
 Inspection Date: 08/07/2003 / Time: 1:15-2:30 PM
 Date of Last Inspection: 07/14/2003

Mine Name: Wildcat Loadout County: Carbon Permit Number: C/007/033
 Permittee and/or Operator's Name: Andalex Resources, Inc.
 Business Address: P.O. Box 902, Price, Utah 84501
 Company Official(s): Mr. Scott Dimick, Superintendent
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Cloudy; 80's Fahrenheit
 Type of Mining Activity: Underground Surface Prep Plant XXX Other
 Existing Acreage: Permitted 100 Disturbed 63.7 Regraded Seeded
 Status: Active

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 N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

3. TOPSOIL

Due to lack of moisture, most of the grass on the topsoil pile adjacent to pond "A" has expired. Weeds appear to be flourishing. The berm surrounding the pile is capable of containing the runoff from the 10 year 24 hour event.

4A. HYDROLOGIC BALANCE: DIVERSIONS

All of the ditches and culverts that were inspected appeared to be capable of functioning as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The permittee has cleaned the following ponds since the last inspection; "B", "C", and "D". Pictures of the ponds can be viewed in the "O" drive, 007033, Images, 080703. Pond "F" is also scheduled; a small trackhoe and front-end loader are parked adjacent to the pond.

The permittee will have the ponds re-certified according to R645-301-514.311 after the cleaning of pond "F" has been completed.

4D. HYDROLOGIC BALANCE: WATER MONITORING

There was no flow observed in Wildcat Wash this day.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The pond cleanout material has been disposed of on the waste rock disposal site. Two roads now provide access over the pile for the dumping of material. No hazardous conditions were observed; no noncoal waste material was observed within the pile.

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

Conoco-Phillips developed a well pad adjacent to the eastern permit boundary of the Wildcat site approximately two years ago. The U.S. Department of the Interior, Bureau of Land Management is the surface management agency for the Wildcat lease area, as well as the area leased for the development of the well. Although the pad was built, no activity has occurred since. A trespass occurred when Conoco-Phillips built the pad, as the construction process went inside the Wildcat permit boundary. It should be noted that the term "trespass" is only being used here by the assigned reclamation specialist. Mr. Mike Glasson, Environmental Coordinator for the permittee, has documentation in place notifying the surface management agency about the overlapped permit areas. According to Mr. Mark Jones, the Oil and Gas Reclamation Specialist assigned in the Price Field Office, the BLM is not concerned about the overlap of the permit areas at this time.

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The Division is concerned about the reclamation of the “trespass” area, relative to who will be responsible for the work, particularly the financial obligation. **As no activity has occurred here for some time, the Division is concerned that the reclamation responsibility for the trespass may become a lost issue, such that the work is not performed.** The Division would like the permittee to either have Conoco-Phillips reclaim the trespass according to the approved Wildcat reclamation plan, or establish a documented agreement that Conoco-Phillips will either reclaim the trespass, or pay to have the reclamation work performed according to the approved Wildcat plan. Once that agreement is in place, the permittee should submit this agreement to the Division for incorporation into the mining and reclamation plan for the site.

A meeting was held with Ms. Jean Semborski, representing Conoco-Phillips on August 11th. Ms. Semborski indicated that, at the present, there is no future activity planned for the well pad. Conoco-Phillips management would like to retain the pad, as it currently exists, for a potential horizontal drilling pad location. However, a time frame for that activity cannot be realistically established at this point. The permittee (Andalex Resources, Inc.) has a verbal agreement with Conoco-Phillips to reclaim the area that was constructed inside the Wildcat permit area.

In light of that verbal agreement, the Division has asked for a letter from Conoco-Phillips confirming that commitment, such that the reclamation of the area inside the Wildcat permit boundary will be reclaimed in accordance with Bureau of Land Management standards. At this point, it is assumed that the BLM reclamation standards and the R645 reclamation standards are coincidental. The Division feels that the documented agreement is necessary to ensure that the work will occur, should personnel or ownership responsibilities change over time. Ms. Semborski agreed to initiate the process for the drafting of that letter to the Division.

Inspector's Signature: _____ Date: August 11, 2003
Peter Hess #46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Mike Glasson, Andalex, via email
Price Field office
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