

ANDALEX
RESOURCES, INC.

P.O. BOX 902
PRICE, UTAH 84501
PHONE (435) 637-5385
FAX (435) 637-8860

January 10, 2004

Utah Division of Oil, Gas and Mining
Coal Program
1595 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

*Jessie
1/07/0033*

Attn: Pamela Grubaugh-Littig
Re: Wildcat Permit Renewal C007/033, Carbon County, Utah

Dear Ms. Littig,

As the authorized representative of ANDALEX Resources, Inc., and in accordance with R645-302-230, I am applying for a renewal of the above-referenced permit for a period of 5 years.

Enclosed are three copies each of the signed and notarized C-1 Form, the current Liability Insurance Acord Form, the current Reclamation Bond (Letter of Credit) and the proposed public notice, which upon your approval, will appear in the local newspaper for four consecutive weeks. Proof of this publication will be submitted to the Division upon receipt by ANDALEX.

ANDALEX Resources, Inc. has received no violations at the Wildcat Loadout (C007/033) over the past three years and there are currently no outstanding compliance issues. The Officers and Directors of ANDALEX Resources, Inc. have not changed in the past five years.

If you have any questions, or if you require any further information, please do not hesitate to contact me.

Sincerely,

Michael W. Glasson
Manager of Operations

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JAN 15 2004

DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT PROCESSING

Permit Change <input type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input checked="" type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/033
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Title of Proposal: PERMIT RENEWAL	Mine: Wildcat Loadout
	Permittee: Andalex Resources, Inc.

Description, include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: PERMIT CONDITION
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

Attach 5 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein

Michelle Helms
 Signed - Name - Position - Date
 Manager of Operations 1/10/04

Subscribed and sworn to before me this 12th day of January, 2004

Linda Kerns
 Notary Public
 My Commission Expires: May 08 2005
 Attest: STATE OF Utah COUNTY OF Carbon

Received by Oil, Gas & Mining
RECEIVED
JAN 15 2004

DIV. OF OIL, GAS & MINING
 ASSIGNED TRACKING NUMBER

NOTARY PUBLIC
 LINDA KERNS
 345 NORTH 700 EAST
 PRICE, UT 84501
 MY COMMISSION EXPIRES
 MAY 08, 2005
 STATE OF UTAH

ACORD CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 06/27/2003
PRODUCER (270)821-3122 FAX (270)825-3844 IDDLE INSURANCE 245 SOUTH MAIN STREET PO BOX 549 MADISONVILLE, KY 42431	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED ANDALEX Resources, Inc. Attn: Wayne Crouch 45 West 10000 South, STE 401 Sandy, UT 84070	INSURERS AFFORDING COVERAGE	NAIC #
	INSURER A: Federal Insurance Company	20281
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	37102594	07/01/2003	07/01/2004	EACH OCCURRENCE \$ 1,000,000	
	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000	
	<input type="checkbox"/>	CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 10,000	
	<input checked="" type="checkbox"/>	Includes XCU				PERSONAL & ADV INJURY \$ 1,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$ 2,000,000	
	<input checked="" type="checkbox"/>	POLICY				PRODUCTS - COMP/OP AGG \$ 2,000,000	
	<input type="checkbox"/>	PRO-JECT					
	<input type="checkbox"/>	LOC					
		AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/>	ANY AUTO					BODILY INJURY (Per person) \$
<input type="checkbox"/>	ALL OWNED AUTOS		BODILY INJURY (Per accident) \$				
<input type="checkbox"/>	SCHEDULED AUTOS		PROPERTY DAMAGE (Per accident) \$				
<input type="checkbox"/>	HIREN AUTOS						
<input type="checkbox"/>	NON-OWNED AUTOS						
	GARAGE LIABILITY		AUTO ONLY - EA ACCIDENT \$				
<input type="checkbox"/>	ANY AUTO		OTHER THAN EA ACC \$				
	EXCESS/UMBRELLA LIABILITY		AGG \$				
<input type="checkbox"/>	OCCUR	<input type="checkbox"/> CLAIMS MADE	EACH OCCURRENCE \$				
<input type="checkbox"/>	DEDUCTIBLE		AGGREGATE \$				
<input type="checkbox"/>	RETENTION \$		\$				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		WC STATU-TORY LIMITS				
ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?			OTHER				
If yes, describe under SPECIAL PROVISIONS below			E.L. EACH ACCIDENT \$				
OTHER			E.L. DISEASE - EA EMPLOYEE \$				
			E.L. DISEASE - POLICY LIMIT \$				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Wildcat ACT 007/033 - Cancellation Clause revised as follows: Should any of the above described policies be changed and/or cancelled before the expiration date thereof, the issuing company will mail (certified) 45 days written notice to the certificate holder named to the left.

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 JAN 15 2004

CERTIFICATE HOLDER State of Utah Dept of Natural Resources Division of Oil, Gas & Mining/STE1210 1594 W N Temple, Box 145801 Salt Lake City, UT 84114-5801	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE James (Jimmy) Riddle/TERRI <i>James Riddle</i>
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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

PNC Bank, National Association

Trade Service Operations

3rd Floor

500 First Avenue

Pittsburgh, PA 15219

Mail Stop: P7-PFSC-03-T

Telex: 866533

Swift: PNCCUS33

Answerback: Firstbank Pgh

Telephone: 1-800-682-4689



DECEMBER 9, 2003

ALDEN WHITEHEAD
ANDALEX RESOURCES INC.

P.O. BOX 902

PRICE UT 84501

RE : OUR REFERENCE: S262710PGH
 BENEFICIARY: STATE OF UTAH

PLEASE FIND ENCLOSED A COPY OF OUR STANDBY LETTER OF CREDIT NUMBER S262710PGH OPENED AS PER YOUR INSTRUCTIONS.

PLEASE REVIEW THIS COPY CAREFULLY AND NOTIFY US IF YOU HAVE ANY CONCERNS RELATED TO THIS LETTER OF CREDIT ISSUED IN FAVOR OF STATE OF UTAH, IN THE AMOUNT OF 651,000.00 USD AND EXPIRING DECEMBER 1, 2004.

PLEASE REMEMBER TO QUOTE OUR REFERENCE NUMBER S262710PGH WHEN REFERRING TO THIS LETTER OF CREDIT IN CORRESPONDENCE.

PNC BANK, NATIONAL ASSOCIATION
TRADE SERVICES OPERATIONS

THIS IS A COMPUTER GENERATED DOCUMENT, A MANUAL SIGNATURE IS NOT REQUIRED.

RECEIVED

JAN 15 2004

DIV. OF OIL, GAS & MINING

PNC Bank, National Association
Trade Service Operations
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500 First Avenue
Pittsburgh, PA 15219
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Telephone: 1-800-682-4689



DATE: DECEMBER 9, 2003

BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL, GAS & MINING
SEE COMPLETE NAME AND ADDRESS BELOW
SALT LAKE CITY UT 84114-5801

APPLICANT:
ANDALEX RESOURCES INC.
P.O. BOX 902
PRICE UT 84501

OUR REFERENCE: S262710PGH

IRREVOCABLE STANDBY LETTER OF CREDIT

STANDBY LETTER OF CREDIT NO.: S262710PGH

CURRENCY/AMOUNT: USD 651,000.00
NOT EXCEEDING USD SIX HUNDRED FIFTY ONE THOUSAND AND
00/100'S

ISSUE DATE: DECEMBER 9, 2003
EXPIRY DATE: DECEMBER 1, 2004
EXPIRY PLACE: PITTSBURGH, PA

BENEFICIARY'S COMPLETE NAME AND ADDRESS:
STATE OF UTAH
DIVISION OF OIL, GAS & MINING
ATTN: PAMELA GRUBAUGH-LITTIG
1504 WEST NORTH TEMPLE, SUITE 1210
PO BOX 145801
SALT LAKE CITY, UT 84114-5801

REF.: PERMIT NO. C/007/019

ON BEHALF OF ANDALEX RESOURCES, INC. (THE "PERMITTEE"), WE HEREBY
ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR, PAYABLE IN
PART OR FULL TO THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING,
AVAILABLE BY YOUR DRAFT(S) AT SIGHT DRAWN ON PNC BANK, NATIONAL
ASSOCIATION IN AN AMOUNT NOT TO EXCEED \$651,000.00, ACCOMPANIED BY A
STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
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THIS IS AN INTEGRAL PART OF L/C NO. S262710PGH

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DIVISION OF OIL, GAS AND MINING ("DOGM") CERTIFYING THAT THE DRAWING IS PURSUANT TO R645-301-880-900, BECAUSE OF ONE OR MORE VIOLATIONS OF THE SURFACE MINING CONTROL AND RECLAMATION ACT, THE REGULATORY PROGRAM, THE PERMIT AND THE RECLAMATION PLAN.

THIS LETTER OF CREDIT WILL AUTOMATICALLY BE EXTENDED FOR PERIODS OF ONE YEAR FROM ANY SCHEDULED EXPIRATION DATE (AS ORIGINALLY SCHEDULED OR AUTOMATICALLY EXTENDED) UNLESS NINETY (90) DAYS PRIOR TO SUCH DATE WE NOTIFY YOU IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR SUCH ADDITIONAL PERIOD.

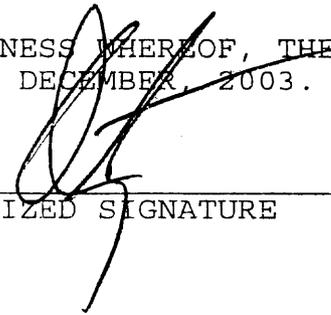
UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW ON US AT SIGHT FOR THE AMOUNT OF THIS LETTER OF CREDIT BEGINNING 30 DAYS OR LESS PRIOR TO THE THEN APPLICABLE EXPIRATION DATE, BY YOUR DRAFT AS DESCRIBED ABOVE ACCOMPANIED BY A STATEMENT SIGNED BY DOGM'S BOND APPROVING OFFICER CERTIFYING THAT THE AMOUNT OF THE DRAWING REPRESENTS FUNDS DUE DOGM BECAUSE THE PERMITTEE HAS FAILED TO REPLACE THIS LETTER OF CREDIT BY OTHER SUITABLE BOND PURSUANT TO R645-301-860.222 AND R645-301-870.

WE CERTIFY THAT THE AMOUNT OF THE CREDIT HEREIN ESTABLISHED WILL NOT BE REDUCED FOR ANY REASON DURING THE PERIOD OF THIS INSTRUMENT WITHOUT THE WRITTEN CONSENT OF DOGM. WE WILL GIVE PROMPT NOTICE TO THE PERMITTEE AND TO DOGM'S BOND APPROVING OFFICER OF ANY NOTICE RECEIVED OR ACTION FIELD ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANKS CHARTER OR LICENSE TO DO BUSINESS.

IN THE EVENT THE BANK BECOMES UNABLE TO FULFILL OUR OBLIGATIONS UNDER THIS LETTER OF CREDIT FOR ANY REASON, NOTICE SHALL BE GIVEN IMMEDIATELY TO THE PERMITTEE AND TO DOGM'S BOND APPROVING OFFICER.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS & PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500.

IN WITNESS WHEREOF, THE BANK HAS HEREUNTO SET ITS SIGNATURE THIS 9TH DAY OF DECEMBER, 2003.



AUTHORIZED SIGNATURE

PNC Bank, National Association
Trade Service Operations
3rd Floor
500 First Avenue
Pittsburgh, PA 15219
Mail Stop: P7-PFSC-03-T

Telex: 866533
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Telephone: 1-800-682-4689



THIS IS AN INTEGRAL PART OF L/C NO. S262710PGH

PAGE... 3

PNC BANK, NATIONAL ASSOCIATION
TRADE SERVICES DEPARTMENT

THIS IS OPERATIVE DOCUMENT.

NOTICE

Andalex Resources, Inc., P.O. Box 902, Price, Utah 84501, has filed application for a five-year permit renewal (ACT/007/033) for its Wildcat Loadout with the Utah Division of Oil, Gas and Mining. The permit area is located within B.L.M. Right-of-Way U-48027 on the "Standardville" U.S. Geological Survey 7.5 minute quadrangle map, and is further described as follows:

Salt Lake Base and Meridian, Utah Township 13 South, Range 9 East, Section 33, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ and portions of N $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$.

In addition, there is a parcel of land 500 feet by 500 feet square whose southeast corner is located 990 feet east of the center of section 33.

Copies of this application and the permit are available for inspection at the Utah Division of Oil, Gas and Mining office, 1594 West North Temple, Suite 1210, Salt Lake City, Utah and at the Division of Oil, Gas and Mining Price field office, College of Eastern Utah, Price, Utah.

Written comments, objections or requests for informal conferences on the application should be addressed to : Utah Coal Program Department of Natural Resources, Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

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JAN 15 2004
DIV. OF OIL, GAS & MINING