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UtahAmerican Energy, Inc.



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P. O. Box 1077, Price, Utah 84501  
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**FACSIMILE TRANSMITTAL SHEET**

Date: 10/31/06

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Pamela Grubbaugh-Litig

COMPANY: UOOGM

FAX NUMBER: 801-359-3940

FROM: M. Glasson

TOTAL # OF PAGES INCLUDING COVER: 3

COMMENTS:

Thanks Pam,

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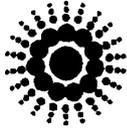
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DIV. OF OIL, GAS & MINING



**ANDALEX**  
RESOURCES, INC.

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

October 30, 2006

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

Attn: Pamela Grubaugh-Littig  
Permit Supervisor

Re: Wildcat Loadout, C/007/0033, Division Order, Task #2410

Dear Ms.  Littig,

The purpose of this letter is two-fold: 1) to bring you up to date on progress being made towards an acceptable end to the above-referenced Division Order and 2) to request another extension to the response required by ANDALEX in this matter.

First, ANDALEX has taken steps towards the expansion of the Right of Way at the Wildcat Loadout. By doing this, it will be insured that the permit area for the Wildcat Loadout can be expanded to the east in the direction required to bring ANDALEX into compliance with respect to coal fines leaving the permit area. In order to complete this plan, the Right of Way expansion requires an Environmental Assessment (EA), which is part of the NEPA work required by the Bureau of Land Management (BLM) for such an action. ANDALEX has met with the BLM, has had on-site scoping meetings and has initiated the writing of the EA, completed by a third party contractor at ANDALEX expense. This EA draft has recently been completed and submitted to the BLM as of October 25. We are now awaiting review, comment and finalization of the EA in order to proceed. We have been told that this step can take up to 45 days.

ANDALEX does not expect the Division to issue it an unlimited extension, however, as the Division is well aware, this process can sometimes take longer than expected. And while the expansion of the permit area will bring ANDALEX into compliance, ANDALEX is well aware that there are other issues which have been brought to light in this Division Order which need to be addressed. ANDALEX proposes, in the mean time therefore to arrange a meeting with Division staff to discuss acceptable responses to these concerns. For instance, even though ANDALEX has proposed vacuuming of coal fines as the most effective and least impact alternative for this process, the Division has rejected this method but has not suggested any alternatives so far. We seek the

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Division's expert advice in this decision as well as others. We are confident that with the Division's help for example, we can provide plans for an adequate and yet cost effective monitoring plan for determining how much and where the coal fines have become a problem. Existing, in place water sprays on transfers and conveyors and roadways can also be further defined, however it is important to point out that putting water on coal is an unsafe as well as uneconomical practice which ANDALEX avoids except as necessary for dust control. Regardless, ANDALEX is agreeable that monitoring information accumulated through studies agreed to by the parties can certainly be submitted with the annual reports.

Again, during this transition into the new company, we thank the Division for its patience in addressing this issue and respectfully request that ANDALEX be given an extension until January 1<sup>st</sup> to completely respond to the technical issues as well as have the time to move the Right of Way application further along.

Thank you very much.

Sincerely,



Michael W. Glasson  
Resident Agent

cc: Pete Hess  
Dave Shaver

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