



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Role, Name. Includes OGM, OSM, and Company representatives.

Inspection Report

Table with 2 columns: Field, Value. Includes Permit Number, Inspection Type, Date, Time, and Last Inspection.

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, Warm, Clear

InspectionID Report Number: 947

Accepted by: whedberg
6/12/2006

Permittee: ANDALEX RESOURCES INC TOWER DIVISION
Operator: ANDALEX RESOURCES INC TOWER DIVISION
Site: WILDCAT LOADOUT
Address: 6750 AIRPORT RD, PO BOX 902 PRICE UT 84501
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Includes Total Permitted (100.00), Total Disturbed (63.70), and Phases I, II, III.

Mineral Ownership

- Checked: Federal
Other: State, County, Fee, Other

Types of Operations

- Checked: Loadout, Processing
Other: Underground, Surface, Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Mr. Mike Glasson informed the DOGM on May 8, 2006 that the first quarter of 2006 surface water monitoring information for the Wildcat Loadout permit area was in the "pipeline" and was acceptable for uploading.

The Division Order DO-04 for the site which is relative to the submittal of design drawings and specifications for the suppression of coal fines from the stock pile areas is pending.

There were no compliance issues noted during today's complete oversight inspection.

Inspector's Signature:

Date: Wednesday, May 10, 2006

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

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

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 Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference 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, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" 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.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

The topsoil storage areas at the site were inspected. There was no evidence of coal fines observed on any of the four piles. All of the berms surrounding the piles are effectively capturing the runoff reporting to them. All storage signs are in place.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Permittee's 2005 Annual report for the Wildcat area was reviewed relative to the annual impoundment inspections and certifications. The 2005 annual ponds certification for the site's six ponds was completed during the fourth quarter of 2005. There were no hazardous conditions or signs of instability reported during Mr. Dan Guy's inspection of 10/25/2005. Several ponds were noted as having sediment levels which were approaching the sixty percent cleanout elevation. As noted in previous inspection reports, the DOGM had noted this, and based upon the annual certifications, and the amount of precipitation received during the winter of 2005 / 2006, the DOGM had recommended that the Permittee clean the impoundments. The Permittee completed the cleanout of ponds A through F during March 2006. Mr. Dan Guy, P.E. re-certified ponds A-F following the cleanout on May 2, 2006. This certification will also serve to meet the 2006 Annual certification requirement. Mr. Dimick and Mr. Guy re-surveyed the sediment markers for each pond. All pond cleanout material was allowed to partially dry before being transported to the waste rock site for final disposal.

4.c Hydrologic Balance: Other Sediment Control Measures

An accumulation of mud and road salt was observed along the south berm of the truck access road which enters the disturbed area from the Consumers road. This material is carried into the area by the trucks, and is washed off the trailers by precipitation. This disturbed area is a narrow corridor and undisturbed vegetation exists immediately outside of this permit area / disturbed area boundary. The Permittee agreed to clean up the material. All areas which utilize other methods of treatment appeared to be functioning as designed.

4.d Hydrologic Balance: Water Monitoring

4th Quarter of 2005 and 1st Quarter of 2006 water monitoring reports prepared by DOGM hydrologist Mr. Jim Smith were reviewed. There was no flow reported in Wildcat Wash for either quarter. None of the site's six UPDES outfalls discharged during either quarter (none of these ponds have ever discharged). Mr. Smith's April 25, 2006 analysis noted that the Permittee needs to sample Wildcat Wash (one sample at low flow, one sample at high flow) during 2008, which is prior to the January 2009 permit renewal application. Collection of samples in Wildcat Wash is difficult because of lack of appreciable precipitation in the watershed reporting to this drainage. There was no flow in Wildcat Wash this day.

5. Explosives

There are no explosive or detonator storage magazines at this site. The current general liability insurance coverage provides coverage for "XCU", which is an acronym generally accepted by the insurance industry as referring to liability coverage for damages incurred from the use of explosives.

7. Coal Mine Waste, Refuse Piles, Impoundments

The 2005 Annual report for the Wildcat site which was reviewed at the onset of today's inspection contained the four quarterly refuse pile inspections conducted for the waste rock disposal area during 2005. All contained the required P.E. certification which was performed by Mr. Dan Guy. The 1st Quarter 2006 waste rock piles inspection / certification was completed by Mr. Guy on March 31, 2006. The second quarter 2006 inspection / certification was completed on May 2, 2006. No hazards or signs of instability were noted during any of the Permittee's inspections. Similarly, there were visible hazards or signs of instability observed. There were no olfactory observations made this day. The pond cleanout material which was deposited on the south end of this disposal area appears to have dried to the point that it can be graded and compacted into the rest of the material. There was no noncoal waste material observed within the pile. A short length of scrap conveyor belt material was observed on the toe of the access. Mr. Dimick agreed to remove this and dispose of it in proper fashion. The MSHA waste pile identification sign was in place.

8. Noncoal Waste

A 10-12 foot length of scrap conveyor belting was observed at the toe of the waste rock pile access road. Mr. Dimick was asked to have this removed and disposed of in proper fashion.

16.a Roads: Construction, Maintenance, Surfacing

The site's primary roads were in a well graded / compacted condition. A water truck was being utilized to wet the roads for the purpose of controlling fugitive dust. The Permittee also applies magnesium chloride at least once a year in order to harden the road surface and aid in controlling road dust. Observations made after the water had dissipated did not appear to exceed the 20% opacity limit established within the Utah DEQ / DAQ approval order.

16.b Roads: Drainage Controls

All road drainage controls appeared to be capable of functioning as designed. Some of the site's culverts did have deformed ends, which could be straightened.

20. Air Quality Permit

Mr. Dan Guy, P.E., of Blackhawk Engineering Company recently completed the 2005 Emission Inventory for the Utah DAQ for the Wildcat site. Same was forwarded to that agency on April 14, 2006. The pending Division Order (DO-04) was also discussed during today's inspection.

21. Bonding and Insurance

The current general liability insurance for this site remains in effect until July 1, 2006. A \$2,000,000 general aggregate coverage amount is in place, which exceeds the requirement in R645-301-890.100. Similarly, adequate coverage is provided for the "each occurrence" category.

22. Other

The CBM well pad for Ritzakis 33-516, which is a trespass onto the Wildcat permit area, was discussed and observed. Since this CBM lease is issued by the USDO I / BLM, and the Wildcat Loadout permit area is also permitted through a BLM ROW, the seriousness of the trespass is questionable. However, the Division requested that Conoco-Phillips commit to reclaiming the area several years ago. This was done through correspondence, and the well development Company committed to a re-evaluation of the well within two to three years. In response to a Division inquiry, Conoco-Phillips notified the DOGM that it is their intent to reclaim the Ritzakis 33-516 pad during the summer of 2006. The USDO I / BLM / PFO and Andalex Resources, Inc. have been notified of this intent to reclaim the area.