



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

Representatives Present During the Inspection:	
OGM	Pete Hess Environmental Scientist III
Company	Scott Dimick Superintendent

Inspection Report

Permit Number:	C0070033
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, August 15, 2006
Start Date/Time:	8/15/2006 10:13:00 AM
End Date/Time:	8/15/2006 12:20:00 PM
Last Inspection:	Friday, July 14, 2006

Inspector: Pete Hess, Environmental Scientist III
 Weather: Sunny, hot; thunderstorm event during inspection.
 InspectionID Report Number: 1041

Accepted by: whedberg
 9/11/2006

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

100.00	Total Permitted
63.70	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

Murray Energy Corporation completed the purchase of all shares of Andalex Resources common stock on August 9, 2006, transferring that part of the ownership of the four Utah sites to that entity. The legal representatives of the new owners have notified the Division that new ownership and control information as well as permit transfer applications will be forth coming in the near future.

The Permittee continues to submit surface water monitoring information to the Division electronic data base web site on a quarterly basis, as required by the Special Permit Condition included as Attachment "A" of the current State permit.

The Division Order issued relative to the submittal of design drawings and specifications (for fugitive dust suppression at this site) remains pending. There are no other compliance issues at this time.

Inspector's Signature:

Pete Hess

Date

Tuesday, August 15, 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 checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

As noted above, the Wildcat Loadout is one of the Andalex properties which has been purchased by Murray Energy Corporation. Permit transfer applications, and new ownership information submittals are pending.

2. Signs and Markers

Any reference to Andalex Resources, Inc., has been removed from the site, per instruction from officials of Murray Energy Corporation. Identification signs at points of access from public roads contain the DOGM permit numbers, as well as local contact information. The MSHA identification sign located at the toe of the waste rock pile has been displaced, probably due to high winds. Mr. Dimick made note of this.

4.a Hydrologic Balance: Diversions

Mr. Dimick indicated that the event which occurred on July 30, 2006 dropped 1.3 inches of rain on the Wildcat site. All diversions at the site had recently been redefined, and appeared to be capable of functioning as designed.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Dan Guy, P.E., completed the second quarter and annual impoundment inspections and certifications for the site's six sediment ponds on May 2, 2006. All ponds were cleaned during March, 2006. All ponds were noted as being stable, with no hazardous conditions noted. New sediment markers were installed following the completion of cleaning activities. This inspection meets the requirements of R645-301-514.312. As observed this day, all ponds contained water from the previous recent events. There were no compliance issues noted.

4.c Hydrologic Balance: Other Sediment Control Measures

A berm on the SE corner of the active lift on the waste rock disposal area was observed to have breached. The Permittee should repair this from a safety aspect, and to minimize further erosion of the pile. All runoff from this pile reports to pond "F".

4.d Hydrologic Balance: Water Monitoring

The Permittee notified the DOGM on August 11, 2006 that the second quarter of 2006 surface water monitoring information for the Wildcat Loadout was in the pipeline, and was acceptable for uploading to the DOGM EDI web site. The information was uploaded by OGM personnel on August 15, 2006, meeting the Special Permit Condition included as Attachment "A" of the current State permit. The Permittee has been reminded that the approved surface water monitoring regime for this site requires water sample collection during rainfall events, when possible. The Division must stress that sample collection IS NOT to be performed if there is a chance of endangering personnel due to flash flood events.

4.e Hydrologic Balance: Effluent Limitations

The current UPDES permit remains in effect until April 30, 2008. DMR's for the month of June, 2006 were reviewed; none of the site's six UPDES outfalls reported flows. All reports were submitted in a timely fashion.

5. Explosives

The Permittee's general liability insurance coverage provides for damage incurred from the use of explosives (XCU). There are no detonator or explosive storage magazines at this site.

7. Coal Mine Waste, Refuse Piles, Impoundments

A few pieces of wood (combustible material having a lower ignition temperature than coal) were observed in the most recently placed piles of coal mine waste. The Permittee was asked to remove these and properly dispose of same. The second quarter of 2006 inspection for this waste rock facility was conducted on May 2nd. There were no signs of instability noted during Mr. Guy's inspection. There were no indications of spontaneous combustion or other hazards noted during today's inspection. The required P.E. certification of the Permittee's inspection was conducted on 5/2.

9. Protection of Fish, Wildlife and Related Environmental Issues

The spill prevention control and counter measure plan for this site was last certified by Mr. Dan Guy, Utah registered professional engineer, on August 29, 2003. According to CFR requirements, this recertification should be renewed every three years. The Permittee was asked to follow through with recertification of the plan. No changes have been made at the site relative to bulk fuel and lubricant containment.

19. AVS Check

As noted above, new ownership and control information to reflect Murray Energy Corporation and Utah American is forthcoming.

20. Air Quality Permit

A review of the current Air Quality approval order revealed that the Permittee must notify the Utah DEQ / DAQ agency when ever a change in ownership of the facility occurs. This was mentioned to Mr. Mike Glasson following today's inspection.