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**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: |                                       |
|--|---------------------------------------|
| Company  | Scott Dimick Superintendent           |
| OGM  | Pete Hess Environmental Scientist III |

**Inspection Report**

|                  |                             |
|------------------|-----------------------------|
| Permit Number:   | C0070033                    |
| Inspection Type: | PARTIAL                     |
| Inspection Date: | Friday, November 17, 2006   |
| Start Date/Time: | 11/17/2006 1:30:00 PM       |
| End Date/Time:   | 11/21/2006 3:30:00 PM       |
| Last Inspection: | Wednesday, October 04, 2006 |

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, warm: 40's F.

InspectionID Report Number: 1141

Accepted by: whedberg

11/28/2006

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 | <b>Total Permitted</b> |
| 63.70  | <b>Total Disturbed</b> |
|        | <b>Phase I</b>         |
|        | <b>Phase II</b>        |
|        | <b>Phase III</b>       |

**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:**

The Permittee notified the Division on November 13, 2006 that the third quarter of 2006 surface water monitoring information for the Wildcat permit area was in the pipeline and acceptable for uploading to the Division web site. Thus, the Permittee continues to meet the Special Permit condition contained in Attachmebnt "A" of the current State permit.

The Permittee has requested a time extension to address the issues identified in Division Order DO-04, Design Drawings and Specifications (Task ID #2410) on November 7, 2006. The required due date for the submittal of information is January 5, 2007.

A review of the Permittee's records was conducted on November 21, 2006.

Inspector's Signature: \_\_\_\_\_

*Pete Hess*

Date Friday, November 24, 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 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 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 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 type="checkbox"/>            | <input checked="" type="checkbox"/> | <input 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 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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| 22. Other  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**1. Permits, Change, Transfer, Renewal, Sale**

The Division initiated a midterm review of the sites DOGM permit on November 9, 2006 (Task ID #2691).

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

Mr. Dan Guy, P.E., of Blackhawk Engineering conducted the Permittee's fourth quarter of 2006 impoundment inspections for the site's six sediment ponds, the depression area, and the permanent impoundment on November 20, 2006. There were no hazards noted for any of the ponds by that inspection. All ponds were cleaned in 2006. There were no compliance issues noted on November 17, 2006 by the Division.

**4.d Hydrologic Balance: Water Monitoring**

There was no flow observed in Wild Cat Wash this day.

**7. Coal Mine Waste, Refuse Piles, Impoundments**

The fourth quarter waste rock pile inspection was also conducted on November 20, 2006 by Mr. Guy. There were no problems noted by that inspection. The report was P.E. certified on the day of that inspection. The DOGM's November 17 inspection noted recently placed piles on the active lift. Noncoal waste was not evident in the piles. There was no indication of combustion at this disposal area. The MSHA identification sign is in place and in good condition.

**19. AVS Check**

The Permittee, Andalex Resources, Inc. has submitted an application to the DOGM (Task ID #2683) to update the ownership and control information for the Wildcat Loadout. This facility changed ownership to Utah American Energy, Inc./ Murray Energy Corporation on August 9, 2006. The Permittee (Andalex Resources, Inc.) is listed as a subsidiary of Utah American on the site's Permittee identification signs.

**20. Air Quality Permit**

The site's primary coal haul roads showed evidence of having been recently watered. Repairs have recently been made to the coal fines control fence located between the eastern edge of the main stockpile area and sediment pond "B".

**21. Bonding and Insurance**

The Permittee has replaced the irrevocable letter of credit issued by PNC Bank (#S262710PGH) with Bond #ISM 2290 posted by Rockwood Casualty Insurance Company in a matching amount of \$651,000. The Division notified the Permittee on August 28, 2006 that replacement of the letter of credit was necessary due to its expiration on December 1, 2006. The Division notified the Permittee on November 17, 2006 that the bond replacement had been approved by the State agency.

Permit Number: C0070033  
Inspection Type: PARTIAL  
Inspection Date: Friday, November 17, 2006

**Inspection Continuation Sheet**

*Page 4 of 4*

**22. Other**

Additional reclamation activities have occurred on the CBM well pad identified as Ritzakis 33-516. This is the pad located east of and partially within the Wildcat permit area. A spike tooth harrow has been utilized to cultivate the surface of the reclaimed pad.