

**ANDALEX**  
RESOURCES, INC.

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

October 19, 2007

Attn: Pamela Grubaugh-Littig  
Permit Supervisor

*J. L. Smith*  
C/007/0033

Re: Andalex Resources, Inc.  
Wildcat Loadout, C/007/033  
Expansion Plan, Task #2822

Dear Ms. Grubaugh-Littig:

On June 23, 2007 Andalex Resources, Inc. made an application to expand the Wildcat Loadout facility. This application was referred to as the "2007 Modification Plan". Part of this expansion plan was to address the Division Order DO-04 concerning the wind-blown fines issue. On August 23, 2007, we received a letter from your office stating that the application had been determined administratively incomplete.

Since the time of the application the Crandall Canyon Mine has been closed due to the tragic events of August 6, 2007. The closing of the mine has affected our plans for Wildcat since most of the coal production from Crandall Canyon was stored and loaded through the Wildcat facility. Without production from the Crandall Canyon Mine there is no need to expand the Wildcat Loadout at this time. As a result, we hereby withdraw the application.

Please note that I have discussed the Wildcat situation with Priscilla Burton, team lead, and Pete Hess, Wildcat inspector. While we have dropped the plans to expand the loadout, we will continue to work toward addressing the Division Order. We have formulated a scaled-down plan which, in concept, should be adequate to remedy the Order, based on discussions with Ms. Burton and Mr. Hess. We are now preparing a revised plan change toward this end. It should also be noted that all the recent preliminary work we did with the BLM to expand the Right-of-Way at Wildcat (including the NEPA compliance work) will play favorably in our on-going efforts to address the Order.

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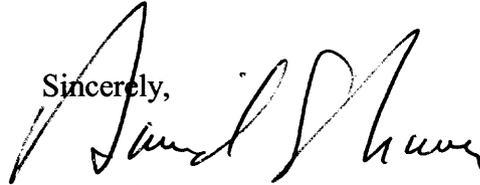
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**DIV. OF OIL, GAS & MINING**

Pam Grubaugh-Littig  
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Your consideration of this request is very much appreciated. If you have questions, please contact me at (435) 888-4017.

Sincerely,

A handwritten signature in black ink, appearing to read "David Shaver". The signature is written in a cursive style with a large initial "D" and "S".

David Shaver  
Resident Agent

cc: Priscilla Burton, DOGM PFO