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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	David Shaver Manager
Company	Gary E. Gray Resident Agent
Company	Scott Dimick Superintendent

Inspection Report

Permit Number:	C0070033
Inspection Type:	COMPLETE
Inspection Date:	Friday, May 16, 2008
Start Date/Time:	5/16/2008 12:30:00 PM
End Date/Time:	5/16/2008 2:30:00 PM
Last Inspection:	Monday, April 21, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny and clear; hot.

InspectionID Report Number: 1667

Accepted by: jhelfric
6/4/2008

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:

The Permittee is current relative to the required quarterly electronic surface and ground water monitoring submittals. The Division notified the Permittee's water monitoring personnel on March 17, 2008 that the fourth quarter of 2007 surface water monitoring information had been successfully uploaded into the DOGM permanent data base. The Permittee continues to meet this Special Condition of the State issued permit, as contained in Attachment "A". With the exception of the Division Order mentioned below, there are no pending compliance actions at this site.

Inspector's Signature: _____

Date Tuesday, June 03, 2008

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, Division 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 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 type="checkbox"/>	<input checked="" 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 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 checked="" type="checkbox"/>	<input 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 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 Permittee will be filing for publication a public notice for permit change at the Wildcat Loadout within the next few days which, upon approval will add 170 acres to the BLM right-of-way area and increase the surface disturbed area by 20.85 acres. The increase in disturbed area will provide for additional coal storage, relocate and increase the size of one runoff control impoundment, and address Division concerns relative to Division Order DO-04 (design drawings and specifications).

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Dave Shaver conducted the second quarter of 2008 impoundment inspections for the sites six sediment impoundments, the permanent impoundment and the depression area on April 5, 2008. There were no signs of erosion, structural instability or other hazards noted in Mr. Shavers reports. As observed this day, all ponds and their associated inlets and outlet diversions appeared capable of functioning as designed. The permanent impoundment was dry, as was the depression area (coal storage).

4.e Hydrologic Balance: Effluent Limitations

The Permittee received a UPDES permit renewal, effective, May 1, 2008. The expansion of the coal storage acreage mentioned in section (1) will upon approval, relocate the sediment control currently provided by pond "B" farther to the east. An amendment to the new UPDES permit may be required to either relocate the pond "B" outfall in that permit, or permit a new outfall. It is not known which course of action is preferable to the permitting agency, (Utah Division of Water Quality).

5. Explosives

There are no explosive or detonator storage magazines at this permitted site.

7. Coal Mine Waste, Refuse Piles, Impoundments

The coal processing waste disposal area is near maximum capacity (height), based upon its current acreage. Plate 1, as contained in the currently approved Appendix O, shows that the waste rock acreage can be expanded to the west side of the railroad tracks. This area is currently being used for coal storage. The waste rock pile design was approved by MSHA during June of 1989. Plate 2 shows a longitudinal and two latitudinal cross sections depicting a maximum length and width of 1100 feet by 550 feet, while retaining a maximum thickness of 20 feet. Plate 2 was P.E. certified by a Utah registered professional engineer in 1992. 2H to 1V slopes are implemented in the approved design. Mr. David Hibbs, P.E., conducted the second quarter of 2008 waste rock pile inspection on May 2, 2008. Outslopes were reported as stable, with no trash or wood in the placed material. Mr. Hibbs certified that inspection on the same day. There were no compliance issues observed this day.

Permit Number: C0070033
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20. Air Quality Permit

The primary haul roads are well graded and compacted; dust control is implemented on a regular basis. Trucks maintain the posted speed limit.

21. Bonding and Insurance

The general liability insurance for the Wildcat site is due to expire on June 1, 2008.

22. Other

Lump coal had rolled off of the storage pile into the topsoil pile containment ditch west of pond "E". The Permittee was asked to remove the coal from the ASCA control and return it to the pile.