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JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

Outgoing  
C0070033  
OK  
#3081

April 27, 2009

CERTIFIED MAIL: 7004 2510 0004 1824 9740

Dave Shaver, Manager  
Andalex Resources, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Five-Year Permit Renewal, Wildcat Loadout Facility, Andalex Resources, Inc., C/007/0033, Outgoing File

Dear Mr. Shaver:

The permit renewal for the Wildcat Loadout Facility is approved effective May 5, 2009. Enclosed are two (2) copies of the renewed permanent program permit for the Wildcat Loadout Facility to be signed by the designated signatory authority for Andalex Resources, Inc. Please return one signed copy to the Division. You should note that the renewal does **not** include the area encompassed in your recent application for expansion. We will issue a revised permit at such time as the expansion is approved.

If you have any questions, please call me.

Sincerely,

John R. Baza  
Director

Enclosures

cc: James Fulton, OSM, WRCC  
PFO

O:\007033.WCL\FINAL\WG3081\Renewal 2009.DOC



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Sent To **Dave Shaver**  
**ANDALEX RESOURCES, INC.**

Street, Apt. No.,  
or PO Box No. **P. O. BOX 910**

City, State, ZIP+4 **EAST CARBON, UT 84520-0910**

UTAH DIVISION OF OIL, GAS AND MINING  
STATE DECISION DOCUMENT

For  
PERMIT RENEWAL

Andalex Resources, Inc.  
Wildcat Loadout Facility  
C/007/0033  
Carbon County, Utah

May 5, 2009

CONTENTS

- \* Administrative Overview
- \* Permitting Chronology
- \* Findings
- \* Permit
- \* Publication Notice
- \* AVS Recommendation, memo dated April 23, 2009

## ADMINISTRATIVE OVERVIEW

Andalex Resources, Inc.  
Wildcat Loadout Facility  
Five Year Permit Renewal  
C/007/0033  
Carbon County, Utah

May 5, 2009

### BACKGROUND

The Wildcat Loadout Facility is a coal loading facility located approximately three miles west of U.S. Highway 6 on the Consumers road near the town of Helper in Carbon County, Utah. This loadout initiated operations in April 1985 and Division jurisdiction over this loadout was established by programmatic changes finalized in January 1986.

The permit area comprises approximately 100 acres, of which 12.5 acres are under a right of way agreement between the Utah Railway and the Bureau of Land Management. The remaining acreage (approximately 87.5 acres) is BLM land utilized under Right of Way agreements U-48027 and U-52810.

The facility crushes, screens, and sorts coal hauled from several mines in the Carbon County area.

Andalex Resources, Inc. was issued a permanent program permit for this site on May 5, 1989, which was successively renewed on May 5, 1994, May 5, 1999 and May 5, 2004.

### PERMIT RENEWAL

Andalex Resources, Inc. made application to the Division of Oil Gas and Mining for a five year permit renewal for the Wildcat Loadout Facility on November 18, 2008. This renewal encompasses the same permit area and disturbance as currently approved in the permit.

The renewal application was determined administratively complete on February 19, 2009. Public notice for this permit renewal was published in the Sun Advocate on February 26, March 5, 12, and 19, 2009.

## ANALYSIS

Requisite information for the permit renewal application was made and all notices were published as required. As result of the publication in the Sun Advocate, no comments were received.

The bond amount was re-evaluated in 2007 and an additional \$493,000 was posted on July 31, 2007 for escalation. Added to the existing amount of \$651,000 this brought the total bond amount to \$1,144,000, which is considered adequate for the renewal.

## RECOMMENDATION

Approval for this permit renewal is recommended.

## PERMITTING CHRONOLOGY

Andalex Resources, Inc.  
Wildcat Loadout Facility  
Permit Renewal  
C/007/0033  
Carbon County, Utah

May 5, 2009

November 18, 2008	Andalex Resources, Inc. submitted a permit renewal application for the Wildcat Loadout Facility.
February 19, 2009	Determination of Administrative Completeness for this permit renewal application. Permit renewal completeness determination sent to applicable state, federal, and county agencies.
February 26 March 5, 12, 19, 2009	Public notice for permit renewal for the Wildcat Loadout Facility was published in the <u>Sun Advocate</u> . No comments were received.
April 27, 2009	Permit Renewal is issued to Wildcat Loadout Facility effective May 5, 2009.

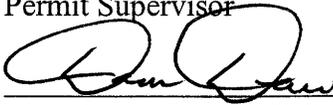
PERMIT RENEWAL FINDINGS

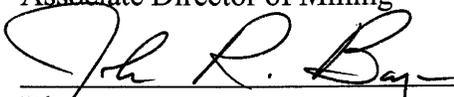
Andalex Resources, Inc.  
Wildcat Loadout Facility  
C/007/0033  
Carbon County, Utah

May 5, 2009

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (Federal Insurance Company - 3710-25-94) (R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect. (One surety (ISM-2290) in the amount of \$615,000 and another surety (ISM-2360) in the amount of \$493,000 for a total of \$1,144,000 is posted with Rockwood Casualty Insurance Company (R645-303-233.150).
7. The operator has submitted all applicable, revised or updated information as required by the Division at this time. (R645-303-233.160).

  
\_\_\_\_\_  
Permit Supervisor

  
\_\_\_\_\_  
Associate Director of Mining

  
\_\_\_\_\_  
Director

**PERMIT  
FEDERAL**

**Permit Number C/007/0033**

**May 5, 2009**

**STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

This permit, C/007/0033, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Andalex Resources Incorporated  
P.O. Box 910  
East Carbon, Utah 84520-0910  
(801) 888-4017**

for the Wildcat Loadout Facility. Andalex Resources, Inc. is the leasee of Bureau of Land Management Rights of Way (ROW) No. U48027 and U52810. A surety bond is filed with the Division in the amount of \$1,144,000, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining, Reclamation and Enforcement (OSMRE). The Division must receive a copy of this permit signed and dated by the permittee.

**Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

**Sec. 2 PERMIT AREA** - The permittee is authorized to conduct coal mining and reclamation operations on the following described lands within the permit area at the Wildcat Loadout Facility situated in the State of Utah, Carbon County, and located in:

Salt Lake Base and Meridian, Utah Township 13 South, Range 9 East, Section 33, NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4.

This legal description is for the permit area of the Wildcat Loadout Facility. The permittee is authorized to conduct coal mining and reclamation operations and related surface activities on the foregoing described property subject to the conditions of the Bureau of Land Management rights-of-way and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This permit becomes effective on May 5, 2009 and expires on May 5, 2014.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13 {e} and R645-303-300.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
  - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) immediate implementation of measures necessary to comply; and
- (c) warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

**Sec. 9 CONDUCT OF OPERATIONS** – The permittee shall conduct its operations:

- (a) in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

**Sec. 10 DISPOSAL OF POLLUTANTS** – The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

**Sec. 11 EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

**Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

**Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

**Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If, during the course of coal mining and reclamation operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 18 SPECIAL CONDITIONS** - There is a special condition associated with this permitting actions as described in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

**THE STATE OF UTAH**

By: \_\_\_\_\_

Date: \_\_\_\_\_

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

\_\_\_\_\_  
**Authorized Representative of  
the Permittee**

Date: \_\_\_\_\_

Attachment A

**SPECIAL CONDITION**

1. Andalex Resources, Inc. must submit water quality data for the Wildcat Loadout Facility in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.

**AFFIDAVIT OF PUBLICATION**

STATE OF UTAH)

SS.

County of Carbon.)

I, Richard Shaw, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and the first publication was on the 26th day of February, 2009, and that the last publication of such notice was in the issue of such newspaper dated the 19th day of March, 2009.

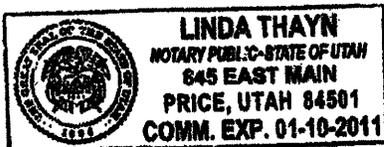
  
Richard Shaw - Publisher

Subscribed and sworn to before me this 19th day of March, 2009.



Notary Public My commission expires January 10, 2011 Residing at Price, Utah

Publication fee, \$ 266.24



**PUBLIC NOTICE FOR PERMIT RENEWAL  
WILDCAT LOADOUT**

Andalex Resources, Inc., P.O. Box 910, East Carbon, Utah, has filed with the Utah Division of Oil, Gas and Mining an application for renewal of the existing Mining and Reclamation Permit C/007/033 for the Wildcat Loadout located at 3 miles west of Hwy 6 on Consumers Road, Helper, Utah. The permit area is located in Carbon County, depicted on the Standardville USGS topographic quadrangle map.

The existing permit area is described as follows:  
T. 13 S., R. 9 E., S13M  
Section 33, NW/4SE/4, N/4SW/4SE/4, E/4E/4NE/4SW/4, E/4NE/4SE/4SW/4, NE/4SE/4SE/4SW/4, NW/4SW/4SW/4SE/4, E/4SE/4SW/4NE/4, and portions of N/4NW/4NE/4SE/4, NE/4SW/4NE/4, SW/4SW/4NE/4, NW/4SE/4SW/4NE/4, W/4NE/4SW/4, W/4E/4NE/4SW/4, containing 100 acres.

A copy of this application is available for inspection at the Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, Salt Lake City, Utah. Comments, objections, or requests for informal conference on the application should be submitted within 30 days to: Utah Coal Program, Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.  
Published in the Sun Advocate February 26, March 5, 12 and 19, 2009.



JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

April 23, 2009

TO: Compliance File

FROM: Daron R. Haddock, Permit Supervisor

RE: Compliance Review for Section 510c Findings, Andalex Resources, Inc., Wildcat Loadout Facility, C/007/0033

As of the writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Andalex Resources, Inc. Andalex Resources, Inc. does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is the findings evaluation from the Applicant Violator System (AVS), dated April 23, 2009. No violations were retrieved from AVS.

Attachment: (OSM-AVS Recommendation)  
O:\007033.WCL\FINAL\WG3081\Renewal 2009.DOC



**Permit Evaluation**

Permit Number ACT007033  
Permitee Name 123355 Andalex Resources Inc / Tower Division  
Date of Evaluation 4/23/2009 5:44:22 PM  
Requested Individual Angela.Nance

CAUTION: The Applicant/Violator System (AVS) is an informational database. Permit eligibility determinations are made by the regulatory authority with jurisdiction over the permit application not by the AVS. Results which display outstanding violations may not include critical information about settlements or other conditions that affect permit eligibility. Consult the AVS Office at 800-643-9748 for verification of information prior to making decisions on these results.

There were no violations retrieved by the system

**Evaluation OFT**

Entities: 6

123355 Andalex Resources Inc / Tower Division - ()  
---106139 Peter B Green - (Chairman of the Board)  
---106139 Peter B Green - (Chief Executive Officer)  
---106139 Peter B Green - (Director)  
---106140 Ronald C Beedic - (Director)  
---114742 John Bradshaw - (Secretary)  
---114742 John Bradshaw - (Vice President)  
---134720 Douglas H Smith - (Director)  
---134720 Douglas H Smith - (President)  
---136400 Samuel C Quigley - (Vice President)

**Narrative**