

State Decision Document

**West Ridge Resources, Inc.
SITLA Coal Lease Extension
West Ridge Mine
C/007/0041 – Task No. 2289**

September 23, 2005

Mine # C/007/041
File Outgoing
Record # 0036
Doc. Date 9-23-05
Recd. Date _____

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT AND
TECHNICAL ANALYSIS**

West Ridge Resources, Inc.
State Coal Lease Extension
ML 47711 & ML 49287
West Ridge Mine
C/007/0041
Carbon County, Utah

September 23, 2005

CONTENTS

- * Administrative Overview
- * Location Map
- * Permitting Chronology
- * Findings
- * Permit
- * Technical Analysis
- * Cumulative Hydrologic Impact Assessment
- * Determination of Completeness
- * Affidavit of Publication
- * AVS Recommendation (September 2, 2005)
- * Letters of Concurrence & Consultation
 - USFWS, email correspondence dated September 21, 2005
 - SHPO, letter dated May 25, 2005
 - SITLA, Approval letter dated September 8, 2005

ADMINISTRATIVE OVERVIEW

West Ridge Resources, Inc.
SITLA Coal Lease Extension
ML 47711 & ML 49287
West Ridge Mine
C/007/0041
Carbon County, Utah

September 23, 2005

PROPOSAL:

West Ridge Resources, Inc. (Andalex Resources, Inc. and Intermountain Power Agency) proposes to add two (2) new SITLA coal leases (ML 47711 & ML 49287) to the West Ridge Mine. Mining in these State leases was contemplated in the original permit application, but could not occur until the leases were acquired and a permit issued. These leases will add 1682.34 acres to the existing mine and will add several years to the life of the mine. There are no surface facilities or disturbances planned for the SITLA Coal Lease Extension area. The leases will be accessed via the underground works and mining will be conducted using longwall methods. With the addition of these two SITLA coal leases the permit area will total 6114.89 acres.

Mining will occur in the Lower Sunnyside coal seam. Continuous miners will be used mainly for mine development to support the longwall. It is anticipated that the mine will produce approximately 3 million tons of coal per year. Based on the mine plan developed for the federal lease area, the recoverable reserve for leases SL 068754 and UTU 78562 is estimated at 21,500,000 tons. Assuming the federal leases can be mined as part of a future LMU that includes the state and private coal reserves, the recoverable reserve is estimated at 35,400,000 tons. The total future recoverable reserves could be as much as 50 million tons depending on the ability to mine under deeper cover.

BACKGROUND:

The land surface of the permit area consists of rugged, southwest-facing cliffs that are deeply dissected by steep ephemeral drainages. Pre-mining land use of the West Ridge mine area includes grazing, wildlife habitat, coal mining and recreational activities such as hunting. No agricultural activities have been conducted in or around the proposed permit area.

Previous mining in the area has consisted primarily of small exploration type projects. In the mid-1950's, the road along the bottom of C Canyon was constructed to a drill site (B-6) located in the right fork. The road was improved again in 1985 to facilitate drilling equipment for a water-monitoring drill hole site in the right fork. Another road leads up the left fork to the coal outcrop where the coal seam was exposed and bulk coal samples were collected for testing purposes. Mining has also occurred underground within the lease from the Sunnyside No. 2 mine. During 1959 and 1960 Kaiser Coal mined a two-entry exploration section northwestward into the center of the coal lease (SL-068754), for a total distance of 11,000 feet along the strike of the Lower Sunnyside seam. A section was developed off from this main entry in which mining proceeded in an up-dip direction to the west for approximately 2000 feet before breaking

out in B Canyon. This breakout was utilized as an intake air portal until 1991 when the portal was sealed and backfilled. In the early 1980's Kaiser submitted an application to permit the B Canyon area but failed to pursue the application. BP America Inc. acquired the lease and initiated permitting discussions with the Division, but after starting a water-monitoring program for the area, sold the lease to West Ridge Resources who then pursued the permit.

A permit was issued for the West Ridge mine on April 1, 1999. The original permit area encompassed approximately 2660 acres of which 29 acres were disturbed for the surface facilities area. In addition to the mine site, a substitute topsoil borrow area (9.6 acres) is permitted as backup soil material for reclamation at the proposed mine site. This site is located approximately 1½ miles west of the mine site and would only be used to supplement existing soil resources at the mine site if needed. The permit was reissued on February 15, 2002, when an additional federal lease (UTU-78562) was approved. This approval added another 1646 acres to the mine plan area. On April 15, 2005, the Penta Creek mine plan amendment was approved adding another 50 acres of fee coal to the permit area.

The applicant is approved to use an “experimental practice” at this mine site that involves leaving soil resources in-place during the mining operation rather than salvaging and stockpiling them for later reclamation use. Methods have been proposed to protect the soil in-place and at the conclusion of mining using the in-situ soils to accomplish reclamation.

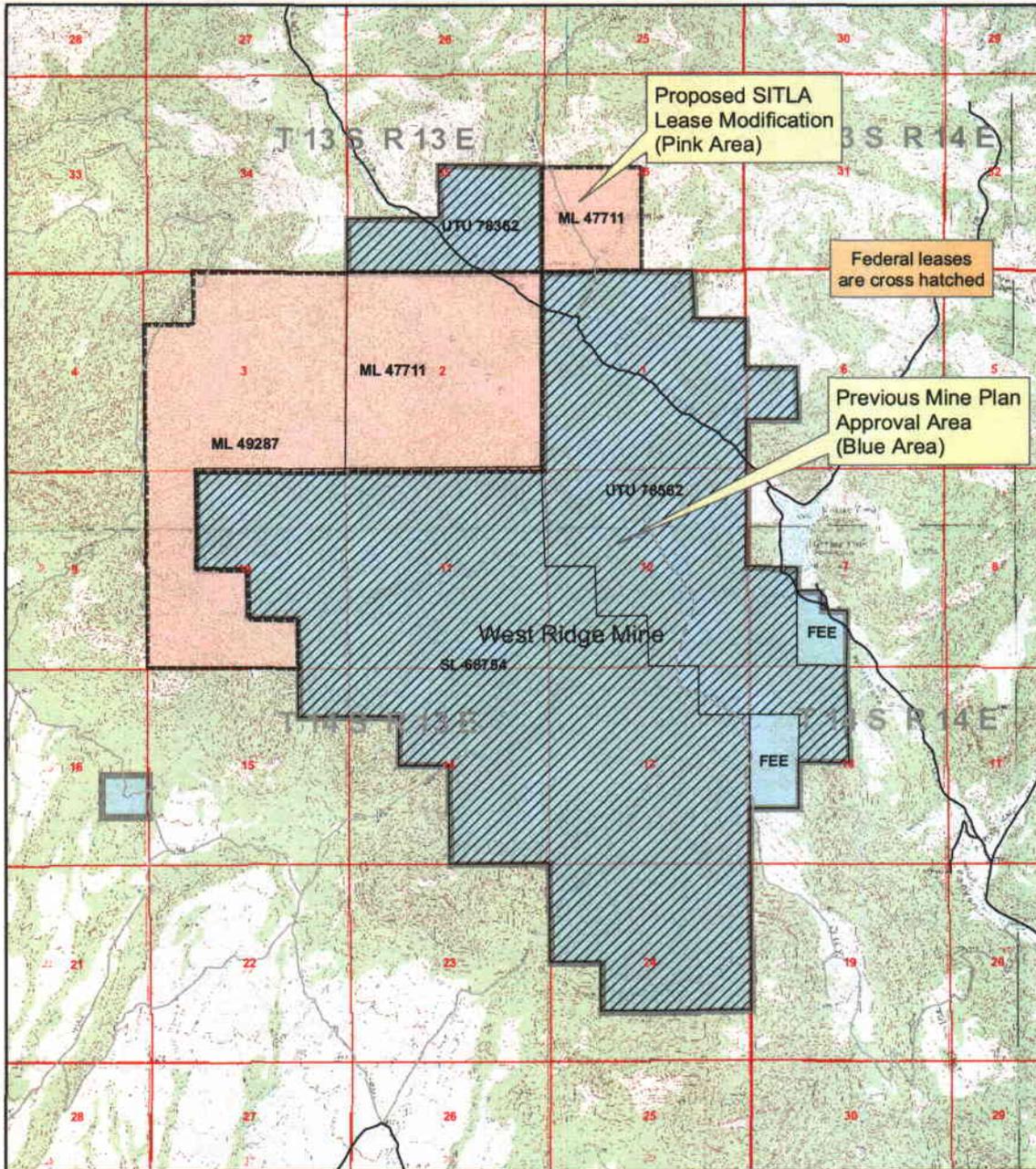
ANALYSIS:

The Division of Oil Gas and Mining has conducted an Administrative and Technical Analysis of the proposed mine Permit Application Package and has produced a written TA. All appropriate State and Federal agencies have been consulted regarding this proposal. It has been determined that the Applicant has the legal right to enter and conduct mining operations in the proposed permit area through acquired leases. The probable hydrologic consequences of the action have been analyzed and a Cumulative Hydrologic Impact Assessment (CHIA) has been prepared. All requirements for public participation have been satisfied. The application meets the requirements of the Utah Coal Regulatory Program.

RECOMMENDATION:

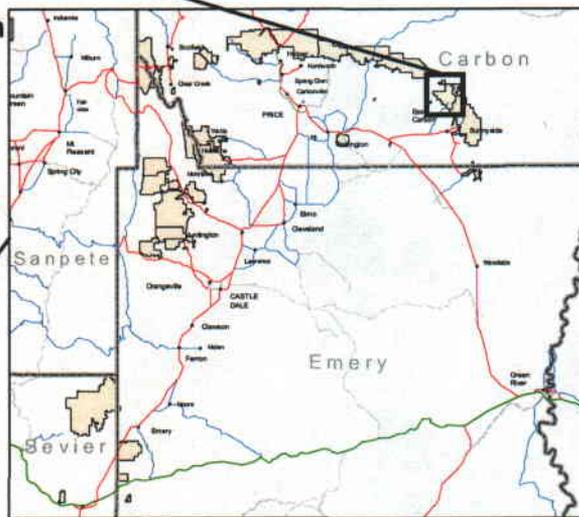
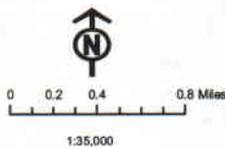
This recommendation is based on the complete permit application package (PAP), the Technical Analysis (TA) conducted by the Division, the Cumulative Hydrologic Impact Assessment CHIA also prepared by the Division, and the administrative record. West Ridge Resources, Inc. LLC has demonstrated that mining within the permit boundary can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510 (c) report on the Applicant Violator System for this mine has an “issue” recommendation.

It is recommended that approval be given for the SITLA Coal Lease Extension (ML 47711 & ML 49287) to the West Ridge Mine with conditions as outlined in the Technical Analysis and summarized as Attachment A to the Permit.



**West Ridge Mine
Proposed SITLA Coal Lease Extension
(ML 47711 and ML 49287)**

ACT0070041
Carbon County, Utah
Sept. 07, 2005
Township 13 South Range 13 & 14 East
Township 14 South Range 13 & 14 East



Locator Map

PERMITTING CHRONOLOGY

West Ridge Resources, Inc.
SITLA Coal Lease Extension
ML 47711 & ML 49287
West Ridge Mine
C/007/0041
Carbon County, Utah

September 23, 2005

- March 22, 2005 West Ridge Resources, Inc. submits the permit application package for adding SITLA Leases ML 4771 & ML 49287 to the West Ridge Mine.
- March 29, 2005 West Ridge Resources, Inc. submits supplemental information in response to a verbal request from the Division.
- April 6, 2005 Copies of the new application transmitted to SITLA and Price Field Office.
- May 4, 2005 SHPO Consultation letter for State Lease Additions ML 4771 & ML 49287 sent to State History by the Division.
- May 11, 2005 The permit application determined administratively complete. West Ridge Resources, Inc. instructed to publish a Notice of Complete Application in the local newspaper and place a copy of the application in the county courthouse.
- May 18, 2005 Formal Notification of Administrative Completeness sent to appropriate agencies advising them of the Division's completeness determination on the SITLA lease extension application.
- May 25, 2005 SHPO concurs with the report's recommendation that No Historic Properties will be impacted with the development of the West Ridge Mine.
- May 5, 12, 19, & 26, 2005 Addition of SITLA Coal Lease Tracts to the West Ridge Mine, published in the Sun Advocate, for four consecutive weeks.
- June 2, 2005 Division receives additional information in response to a June 2, 2005 verbal request.
- June 27, 2005 Division completes technical review of the application and sends a letter to the applicant identifying deficiencies that need to be corrected.

July 26, 2005	Response to the Division's June 27, 2005 technical deficiency letter received from West Ridge Resources, Inc.
August 5, 2005	Copies of applicant's technical deficiency response sent to SITLA and PFO.
August 23, 2005	Division completes second technical review of the application and sends a letter to the applicant identifying deficiencies that need to be corrected.
August 25, 2005	Response to the Division's second Technical Analysis received from West Ridge Resources, Inc.
September 2, 2005	Copies of applicant's technical deficiency response sent to SITLA and PFO.
September 2, 2005	AVS check completed with issue recommendation.
September 8, 2005	Approval letter from SITLA to Andalex adding State leases.
September 19, 2005	TA completed.
September 21, 2005	USFWS email response to Section 7 consultation requirement.
September 22, 2005	CHIA completed.
September 23, 2005	Decision Document completed and Permit issued.

FINDINGS

West Ridge Resources, Inc.
SITLA Coal Lease Extension
ML 47711 & ML 49287
West Ridge Mine
C/007/0041
Carbon County, Utah

September 23, 2005

1. The permit application for the extraction of coal from the SITLA Coal Leases ML 47711 & ML 49287 at the West Ridge Mine is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated September 19, 2005 (R645-300-133.100)
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. The Division has determined that reclamation, as required by the Act can be feasibly accomplished following the approved plan with the attached permit conditions. No new surface disturbance will occur within the SITLA Coal Lease Extension. (R645-300-133.710)
3. The Division has conducted an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance. No significant impacts were identified. See CHIA dated September 22, 2005. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site areas (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
 - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. not within 100 feet of a public road except at the location where the public road accesses the property(R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).

5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973. A condition was added to the permit to survey for Mexican Spotted Owl in accordance with the Fish and Wildlife Service requirements. See Technical Analysis dated February 12, 2002 and letter from U. S. Fish and Wildlife Services dated February 13, 2002 (16 USC 1531 et seq.) (R645-300-133.500). Surveys have been performed on the new SITLA lease areas. Also see September 21, 2005, USFWS email from Dianne Whittington regarding section 7 consultation requirements.
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis dated September 19, 2005. See letter from State Historic Preservation Office, dated May 25, 2005. (R645-300-133.600)
7. The applicant has the legal right to enter and complete mining activities in the permit area through the acquisition of state and federal coal leases issued by the Bureau of Land Management, and the School and Institutional Trust Lands Administration (SITLA). (See verification of leases in Appendix 1-4, 1-9, and 1-10 of PAP. See letter from SITLA, dated September 8, 2005. (R645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither West Ridge Resources, Inc. LLC or any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on September 2, 2005, see memo to file dated September 2, 2005). (R645-300-133.730)
9. Underground mining operations to be performed under the permit will not be inconsistent with other coal mining operations anticipated to be performed in areas adjacent to the proposed permit area. There are no active underground coal mining and reclamation operations adjacent to the proposed permit area. The adjacent Sunnyside Mine to the southeast of the West Ridge Mine was reclaimed in 1999.
10. The applicant has posted a surety bond for the West Ridge Mine in the amount of \$2,117,000 (Surety Number 21-60-38, issued by National Union Fire Insurance Company of Pittsburgh, Pa.) (R645-300-134).
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See September 19, 2005 Technical Analysis (R645-302-313.100 and R645-302-321.100)

12. The proposed postmining land-use (PMLU) of the disturbed area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency, the Bureau of Land Management. The PMLU is wildlife, recreation and grazing.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. The public advertisement was published on May 5, 12, 19, & 26, 2005 in the Sun Advocate. (R645-300-120)
15. No existing structures will be used in conjunction with this mine. This is an underground extension of an existing mine with no new surface facilities being proposed (R645-300-133.720).

Permit Supervisor

Permit Supervisor

Associate Director of Mining

Director