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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 3, 1995

TO: Daron Haddock, Permit Supervisor
FROM: Paul Baker, Reclamation Biologist *PPB* #2
RE: Draft Review, Operator Designation, Crandall Canyon Mine, Genwal Coal Company, ACT/015/032, Working File, Emery County, Utah

SYNOPSIS

Genwal Coal Company is proposing to designate GENWAL Resources, Inc., a subsidiary of Andalex Resources, Inc., as operator of the Crandall Canyon Mine. This action is pending approval of the transfer, assignment and sale of Nevada Electric Investment Company's interest in the mine to Andalex. GENWAL Resources is a new Utah corporation.

The cover letter to the amendment says the text of Chapter 1 of the mining and reclamation plan will be updated upon approval of the designation of operator application. The application is not in a format that it can be inserted into the mining and reclamation plan.

ANALYSIS

IDENTIFICATION OF INTERESTS, VIOLATION INFORMATION, AND RIGHT OF ENTRY INFORMATION

Regulatory Reference: UCA R645-301-112; R645-301-113; R645-301-114

Analysis:

Identification of Interests

Genwal Coal Company, Inc., is proposing to designate GENWAL Resources, Inc. (hereafter GENWAL), a Utah corporation, as operator of the Crandall Canyon Mine. The application says the text of Chapter 1 of Genwal's mining and reclamation plan will be updated to include this information upon the Division's approval of the application.

The resident agent who will accept service of process and will pay the abandoned mine reclamation fee is Jay Marshall. The application does not contain GENWAL's employer identification number.



The application includes the names, titles, and dates positions were assumed for GENWAL's officers and directors. GENWAL is owned and controlled by Andalex Resources, Inc., which, in turn, is owned by Andalex Resources B. V.; Andalex Resources, S. A.; Andalex Holdings, Ltd.; and The Andrew Trust. Appendix A shows these entities and their addresses, telephone numbers, and officers and directors. However, the application does not include the employer identification numbers for Andalex Resources B. V.; Andalex Resources, S. A.; Andalex Holdings, Ltd.; and The Andrew Trust. If any of these does not have an employer identification number, the application should have a statement to that effect.

Appendix B contains the names, addresses, regulatory authorities, SMCRA permit numbers, MSHA numbers including date of issuance, and employer identification numbers for affiliated operations. This information has not been updated since May 15, 1992, but it is assumed to be accurate.

When Genwal submits its changes to the mining and reclamation plan, a few minor errors should be corrected. Appendices A and B have cover pages, then they have second cover pages saying APPENDIX I-6 and APPENDIX I-4. These second cover pages could be eliminated. The page numbering in these appendices corresponds to Appendices I-4 and I-6.

In Appendix B, page A I-4.12, the permit number for the proposed Smoky Hollow Mine is shown as PRO/025/022. It is PRO/025/002.

MSHA numbers, surface and mineral ownership of the land within and adjacent to the permit area, and the statement of interest in lands contiguous to the permit area do not change with the amendment application.

Violation Information

The application says GENWAL is a new entity and has no past history of violations. Appendix C contains a list of all violations received by Andalex and affiliated companies within the three years prior to the date of this application.

According to the application, neither GENWAL nor Andalex Resources, Inc., or affiliates or persons controlled by or under common control with Andalex has had a mining permit suspended or revoked in the last five years. They also have not forfeited a mining bond or similar security in lieu of bond.

R645-301-113 requires the application to include a list of all violations received by the applicant within the three years preceding the date of application and a list of all unabated cessation orders and unabated air and water quality violation notices received prior to the date of the application by any coal mining and reclamation operation owned or controlled by

either the applicant or by any person who owns or controls the applicant. Since GENWAL is a new entity, it does not have violations. Although the application shows numerous violations received by affiliated companies, these appear to be violations of SMCRA and associated regulations. With one exception, they appear to be abated. It is unknown if there are unabated violations of other laws, such as the Clean Air Act or the Clean Water Act.

Right-of-Entry Information

The coal leases were issued to Genwal Coal Company, the permittee. With the designation of operator, the permittee will not change. Therefore, no new right-of-entry information is required.

Findings:

The application is complete and accurate with the following exceptions.

Genwal needs to submit additional ownership and control information for GENWAL and its parent companies. Specifically, the application needs to include employer identification numbers for GENWAL; Andalex Resources B. V.; Andalex Resources, S. A.; Andalex Holdings, Ltd.; and The Andrew Trust.

A few minor changes need to be made to Appendices A and B. These appendices have second cover sheets saying APPENDIX I-6 and APPENDIX I-4. To be consistent with the rest of the application, these cover sheets should be eliminated. Also, the permit number of the proposed Smoky Hollow Mine should be corrected. These corrections could be made when Genwal submits its permit transfer application.

The application should contain a statement indicating whether there are any unabated air and water quality violation notices received prior to the date of the application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant.

Genwal should submit the application in a format where it can be inserted into the current mining and reclamation plan.

UNSUITABILITY CLAIMS

Regulatory Reference: UCA R645-301-115

Analysis:

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The unsuitability status will not change as a result of the designation of a new operator.

Findings:

This section of the application is complete and accurate.

PERMIT TERM, INSURANCE, PROOF OF PUBLICATION, FACILITIES OR STRUCTURES USED IN COMMON, FILING FEE, NOTARIZED SIGNATURE

Regulatory Reference: UCA R645-301-116; R645-301-117; R645-301-118; R645-301-123

Analysis:

The permit term will not change as a result of the operator designation.

The application says a certificate of insurance is attached as Exhibit D. *Appendix D* contains a certificate of liability insurance issued by the Federal insurance Company to Andalex Resources, Inc. The underwriting agent is J. Craig Riddle Company, Inc., and the policy number is 3710-25-94. The policy was signed by the agent December 20, 1994, and it became effective July 1, 1994.

The certificate is the Division's form for liability insurance. It includes 300,000 minimum coverage for bodily injury and property damage for each occurrence and \$500,000 aggregate. It shows the Crandall Canyon Mine permit number, but the mine name is shown as "Tower Division." This needs to be corrected.

The application says N/A under advertisement, shared facilities, filing fee, and permit application format and contents sections. Although no public notice is required for the current change application, a permit transfer requires public notice in accordance with R645-303-322.

The application includes a statement with the notarized signature of Michael W. Glasson saying he is authorized to complete and file the permit change on behalf of GENWAL Resources, inc., and that the information in the application is true and correct to the best of his information and belief. In addition, the Application for Permit Change form accompanying the application includes a statement with the notarized signature of Jay Marshall, the permittee's resident agent, saying he is a responsible official of the applicant and that the information in the application is true and correct to the best of his information and belief.

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Findings:

The application is complete and accurate with the following exceptions.

The application needs to show the proper location of the certificate of liability insurance. It is Appendix D rather than Exhibit D.

The mine name shown on the certificate of liability insurance needs to be changed.

RECOMMENDATIONS

The Division needs to do an AVS check for GENWAL and its affiliated companies before approving this amendment. Additional identification information needs to be included in the application, and the application should contain a statement whether there are affiliated companies that have unabated cessation orders or air and water quality violation notices. A few formatting and other errors also need to be corrected.

Foremost, the amendment needs to be submitted in a format where it can be inserted into the mining and reclamation plan. The appendix numbers in this application do not correspond with appendix numbers in Genwal's current mining and reclamation plan. When Genwal submits these changes for the mining and reclamation plan, the Division will need to review all of Chapter 1.

Genwal, DPL