

May 2, 2006

Gary Gray, Resident Agent
Genwal Resources, Inc.
P. O. Box 1077
Price, Utah 84501

Subject: Midterm Review, Genwal Resources, Inc., Crandall Canyon Mine,
C/015/0032, Task ID #2431, Outgoing File

Dear Mr. Gray:

The above-referenced midterm permitting action has been reviewed. There are deficiencies that must be adequately addressed prior to approval. In order for us to continue processing the Midterm Review, please respond to these deficiencies by June 5, 2006.

A list of deficiencies is attached with the initials of the reviewer to aid you in your review and response. The reviewers are as follows:

Joe Helfrich	JCH
Priscilla Burton	PWB
Wayne Western	WHW
Steve Fluke	SMF

If you have any questions, please call me at (801) 538-5286 or Karl R. Houskeeper at (435) 613-1146 Ext 201.

Sincerely,

D. Wayne Hedberg
Permit Supervisor

KRH/sd
Enclosure
cc: Price Field Office
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DEFICENCY LIST
Task ID #2431

- R645-301-112.300**, Changes to the principal shareholders of Andalex Resources, Inc. listed in MRP Section 1.12.3 must be updated. The following information must be provided for Andalex Resources, Inc.'s multiple parent companies: ownership or control relationship to the applicant, percentage ownership, location in the organizational structure, addresses of the corporations within organizational structure, principal shareholders of all the above corporations, and ownership and control information must include officers and directors. **PWB**
- R645-301-112.400**, Appendix 1-12 lists DOGM permits for the Horse Canyon Mine, and Wellington Loadout, sites not currently affiliated with either IPA or Andalex Resources, Inc. Appendix 1-12 must be updated. **PWB**
- R645-301-113.300**, Information on file with the Division indicates that a September 2005 NOV #05-49-2-1 should be added to Appendix 1-11. **PWB**
- R645-301-114**, •Right of Entry, MRP Section 1.12 must indicate that SL-050655 was relinquished on March 1, 1984. •In exchange for the relinquishment of lease SL-050655, lease SL-062648 was adjusted to include Lot 4 Sec 5, and Lot 1 Sec 6 of T 16 S, R 7 E in 1984 (Appendix 1-1). Please correct the legal description provided on page 1-12 in Section 1.14 or the MRP to include Lot 4 Sec 5 of T 16 S, R 7 E. •Please provide clarification of the following: The 1981 BLM modified lease document SL-062648 was adjusted to include Lot 4 Sec 5, but Lot 4 was not conveyed by Genwal Resources Inc. in the 1991 Assignment of Federal Coal Lease SL-062648 to Nevada Electric Investment Company (NEICO). The acreage of SL-062648 increased from 155.23 to 161.17 in the reassignment of the lease. •The plan indicates on page 1-10 that the re-assignment of federal and state leases in 1991 to NEICO was contingent upon BLM approval. Not only are these statements outdated, but also since these statements were written, Andalex Resources Inc. bought out NEICO's ownership. Therefore, the outdated statements on page 1-10 must be edited. •The sediment pond special use permit FSM 2714 and the snow storage special use permit and the topsoil stockpile special use permits expired in 1992, please provide the current updates in Appendix 1-3. •Topsoil stockpile special use permit FSM 2710 expired in 1987, please provide the current update in Appendix 1-3. **PWB**
- R645-301-115**, U.S. F.S. Special Use permit 7731.44 expired on September 31, 2004 and according to the terms of the permit may have been renewed annually subsequent to that date. Please provide a current update to U.S.F.S. Special Use Permit 7731.44 in Appendix 1-2. **PWB**
- R645-301-121.200**, Please provide current information as follows: •Page 2-6a, 1st paragraph. The last sentence in this paragraph indicates that the quantity of fill used to construct the access ramp/fan pad would be verified with as-built plans.

Was this as-built provided? If so, please cite the location of the information. •Page 2-6b, 1st paragraph. The last sentence of this paragraph states that Appendix 2-5 Part III would be forthcoming. •Page 2-6c. The option of tunneling from the mine yard to the coal seam to create the portal intake and fan portals is described. Tunneling would generate approximately 1,900 cu yds of material during construction. Was this option selected? If so, provide a statement of the volume of additional material added to the pad and provide the required acid/toxic analysis of the tunnel material (as noted in last paragraph). •Page 2-8, 2nd paragraph. Provide as-built configurations of Plates 2-5, 2-5A, and 2-5B. •Page 2-14, last paragraph. Provide a statement of the impact of salting the road after two decades of monitoring; include observations of the vegetation, the amount of salt applied and the chemical formula of the salt. **PWB**

R645-301-525.400 and R645-301-121.100, The Permittee must include the beginning part of the subsidence section in the MRP. Page 5-20 of the MRP deals with blasting and page 5-21 is missing the beginning section of the subsidence control plan. **WHW**

R645-301-731.520, -751, The current UPDES permit, effective December 1, 2005, needs to replace the old UPDES permit in Appendix 5-14 of the MRP. **SMF**

R645-301-731.720, -732.300, the locations of cross-sections on Plates 7-5A and 7-5B are not indicated on Plates 7-5 or 5-3 as needed. The plates need to be updated to show the cross-section locations. In addition, the cross-sections on Plates 7-5A and 7-5B, and text in Section 7.42.30 need to be updated with the current design for the culvert expansion area and Dullenbach portals. **SMF**

R645-301-731.600, Text in Section 7.31.6 of the MRP, Stream Buffer Zones, needs to be updated with the correct reference to pages in Section 3. **SMF**

R645-301-742.120, The MRP should be updated to correct the following inaccuracies and incomplete information in the ASCA descriptions in Section 7.42.21: 1) the ASCAs are not shown on Plates 2.3 or 7.5 as indicated; 2) for ASCA-2, Plates 7-16 and 7-5C do not appear to be relevant to the ASCA description as indicated; and 3) the size of the disturbed area associated with ASCAs 9 and 10 is not described. **SMF**

R645-301-830.110 and R645-301-830.300, The Permittee must include an updated reclamation cost estimate based on 2006-year unit costs and escalated 2011 costs. The Division will give the Permittee a copy of the revised reclamation cost estimate in either hard copy or electronic format. **WHW**