

**INTRODUCTION**

The Crandall Canyon coal mine is owned jointly by Intermountain Power Authority (IPA) and Andalex Resources, Inc. (Andalex). The Crandall Canyon coal mine is operated by Genwal Resources, Inc. (applicant and permittee). Genwal Resources, Inc. (Genwal) is jointly owned by IPA and Andalex.

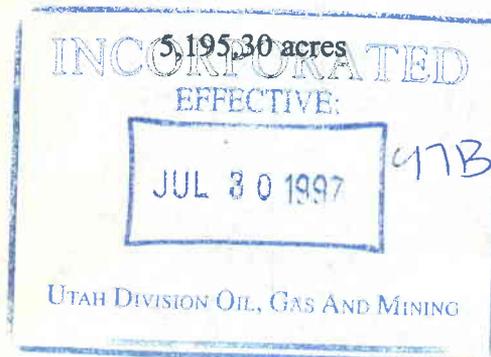
The Crandall Canyon coal mine is located 17 miles west of Huntington, Utah within the boundaries of the Manti-LaSal National Forest. Genwal's Crandall Canyon Mine consists of five (5) leased areas. Three of which are federal lease areas (U-54762, SLO62648, and UTU-68082) and two state lease areas (ML-21568 and ML-21569). One private surface fee area and four (4) Forest Service special use areas are located in Crandall Canyon while one other Forest Service special use area is located at the head of the left fork of Horse Canyon. Both Canyons are located in Emery County, Utah. Crandall Canyon, where Genwal's surface facilities and portals are located, is a westward trending side branch of Huntington Canyon, roughly 6.1 kilometers in length (refer to Figure 1).

The following is a summary of areas included in this permit:

Federal Coal Lease SL-062648	161.17 acres
Federal Coal Lease U-54762	256.49 acres
Federal Coal Lease UTU-68082	2,978.45 acres
USFS special use area (Crandall Cyn)	1.50 acres
State Coal Lease ML-21568	997.69 acres
State Coal Lease ML-21569	640.0 acres
Genwal Fee Lands	160.0 acres

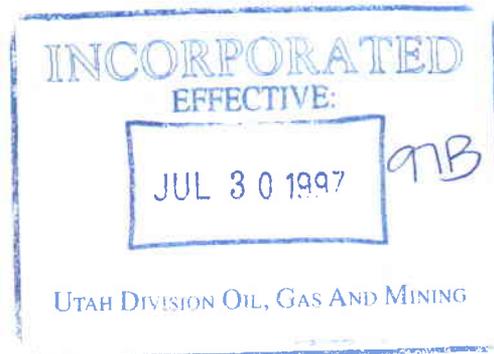
Total

5,195.30 acres



Below is a list of disturbed areas included in the mine permit:

Surface Facilities Area	12.78 acres
Topsoil Stockpile Areas	+0.90 acres
Total Area	13.68 acres
less Unaffected Areas	-3.48 acres
<b>Total Disturbed Area</b>	<b>10.20 acres</b>
less Road to be left in place	-1.20 acres
less Trail Head	-0.27 acres
<b>Total Area to be Reclaimed</b>	<b>8.73 acres</b>





MINE PLAN AREA

Surface Facilities	6.09 acres
Topsoil Stockpile areas	+0.90 acres
less Undisturbed area	-0.48 acres
less Road to be left in place	-1.10 acres
Total to be reclaimed	5.41 acres

Genwal operates the Crandall Canyon Coal mine, and underground mine, with one set of portals in the Hiawatha coal seam, which at this time is the only minable seam on the property. Using a continuous mining machine along with continuous haulage systems and/or shuttle car haulage, thus using a belt conveyor system for removal of product from the mine. Genwal will produce approximately 1.5 million tons per year. Genwal will attempt to acquire more coal through leasing Federal coal contiguous to the existing leases as it is made available under the Federal Coal Leasing Program. Markets for this coal, which is a high volatile bituminous coal, have been secured domestically and foreign markets are being developed.

The Crandall Canyon Mine should not have any adverse effects on surface or ground water in the permit area nor adjacent areas. Genwal will monitor both surface and Ground water as proposed within this permit.

The loss of vertebrate habitat resulting from the mine development will be kept to a minimum by efficient use of space at the mine

site. Human activity in the canyon will pressure the mule deer and elk to use other routes or higher trails to bypass the human presence, although there have been many sightings of mule deer and elk on and around the minesite. Mining activities may impact wintertime moose use of the lower 2 km of the canyon. With better access provided to the canyon, hunting pressure is likely to increase on deer, elk, black bear, and cougar.

The disturbed surface area will be reclaimed after mining and returned to the land use it now has, that being recreation, hunting, and range land for stock. The only disturbed surface acreage will be within the USFS special use area and the Genwal fee area in Crandall Canyon.