

0002

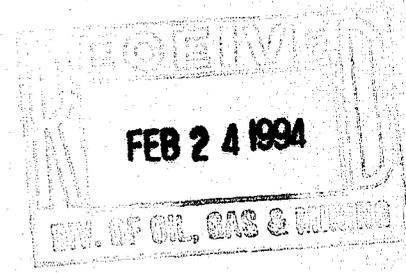


CONSULTANTS GROUP

GEOLOGY ENGINEERING ENVIRONMENT HYDROLOGY

007/001 #4

February 23, 1994



Mr. Daron Haddock
Permit Supervisor
Division of Oil, Gas, and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Meeting Minutes - Valley Camp/White Oak MRP Reclamation Cost Estimate
Belina Mine, ACT/007/001, Carbon County

Dear Daron:

On February 16, 1994, at the Price office of the Division of Oil, Gas, and Mining (DOGM), we met to discuss the above subject. In attendance were Wayne Western, Joe Helfrich, Steve Demczak, and you, DOGM; Steve Tanner, White Oak Mining; and me, Tim Thompson, JBR Consultants. Your letter to Denise Dragoo, Fabian and Clendenin, (2/1/94), served as both the catalyst and agenda for this meeting.

Background

The Belina Mine Complex MRP was approved in Fall 1993, by DOGM with a reclamation bond in the amount of \$ 5,891,000. In several meetings and telephone conversations since then, White Oak, the new operator of the Belina Mine Complex, has expressed a desire to revise the MRP and bond amount. In a meeting on 12/21/93, I asked you and your staff to comment on my draft revision of proposed reclamation techniques and unit costs. Wayne Western thus provided a thorough technical review which you then forwarded to Denise Dragoo, as mentioned above.

All parties clearly understand that the MRP must first be amended in order to reduce the reclamation bond estimate. Therefore, the permittee, Valley Camp of Utah, should amend the permit. In addition, in early February 1994, a revision to the MRP was submitted to DOGM to name White Oak as Operator of the mine pending approval of an application to transfer the mine permit.

Meeting

Discussions in this meeting can generally be categorized as a) technical issues - unit costs, construction standards, productivity rates and b) DOGM policy issues - use of sources other than

Principal Office:
8160 South Highland Drive, Suite A-4
Sandy, Utah 84093
(801) 943-4144
Fax: (801) 942-1852

Reno Office:
1575 Delucchi Lane, Suite 220
Reno, Nevada 89502
(702) 828-4558
Fax (702) 828-4651

Cedar City Office:
865 South Cedar Knolls West
Cedar City, Utah 84720
(801) 586-8793

Means to reference estimated costs. Often an issue, eg. railroad track reclamation, could be considered as both a technical and policy issue. Since final decisions cannot be made until a formal amendment is submitted, it was decided that a plan amendment will be forwarded to DOGM to trigger resolution of such issues.

Technical issues that were agreed upon by DOGM were listed in your 2/1/94 letter and need not be listed here. Valley Camp's formal submittal will incorporate these changes. Some issues which were rejected by the Division because of incomplete calculations or reference data will be revised in accordance with DOGM recommendations.

Issues that relate to policy occur when DOGM, in an effort to be consistent, uses Means as the only cost estimating reference (when Blue Book and The Cat Handbook do not apply). White Oak has been told by various DOGM personnel at this and previous meetings that other estimating methods are acceptable as long as they are "reasonable and prudent". In some cases an engineered solution to a task is more realistic than Means because the Means data does not reflect the type of equipment that would be used by any reputable contractor on this project. Daron Haddock stated that DOGM will then need to make a policy determination to resolve the issue fairly.

Summary

The technical review letter of 2/1/94 and this meeting served to qualify the modifications that are acceptable. When Valley Camp submits a formal amendment to the MRP, the bond estimate can be quantified as well. It is the desire of White Oak to work with your staff on a technical level so that engineering principles can determine an appropriate MRP bond estimate.

Sincerely,



Tim Thompson, P.E.

cc: Wayne Western
Joe Helfrich
Steve Demczak
Steve Tanner
Lowell Braxton, DOGM
Denise Dragoo
Todd Kiscaden, White Oak
Marilyn Halbert, " "