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Outgoing

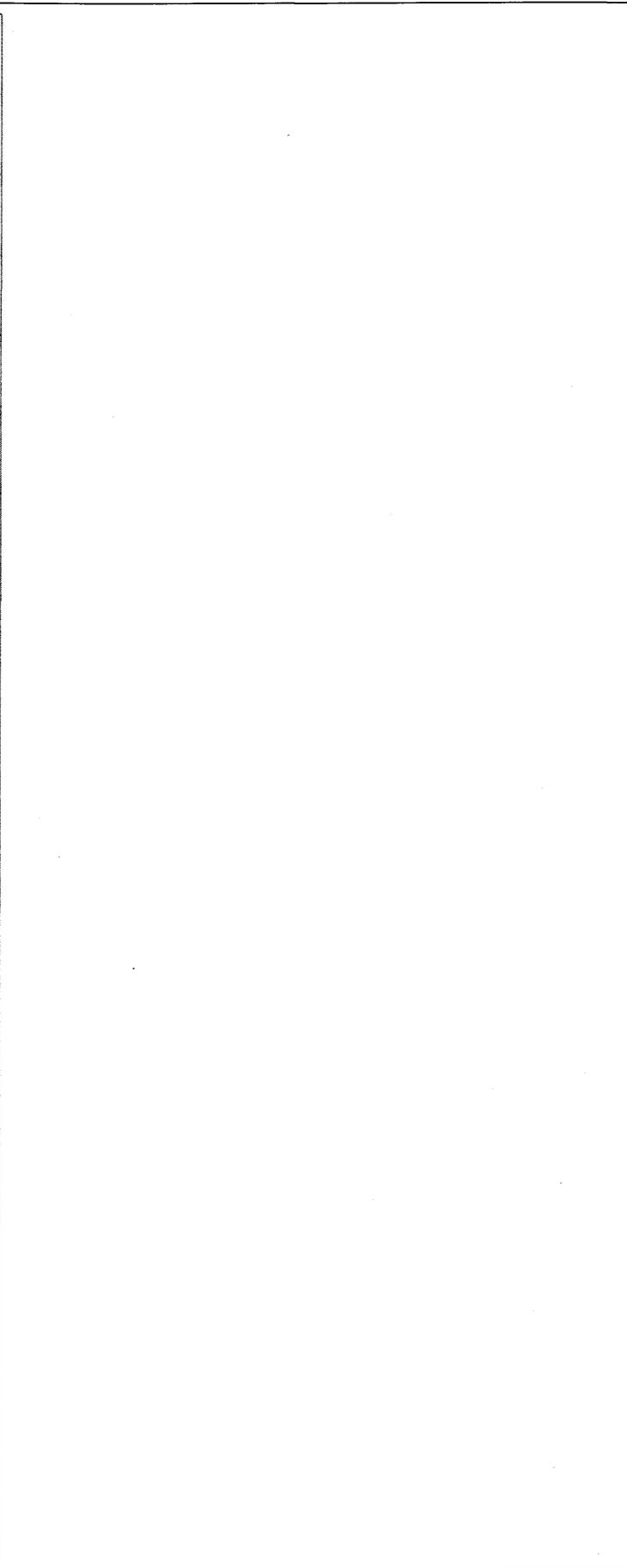
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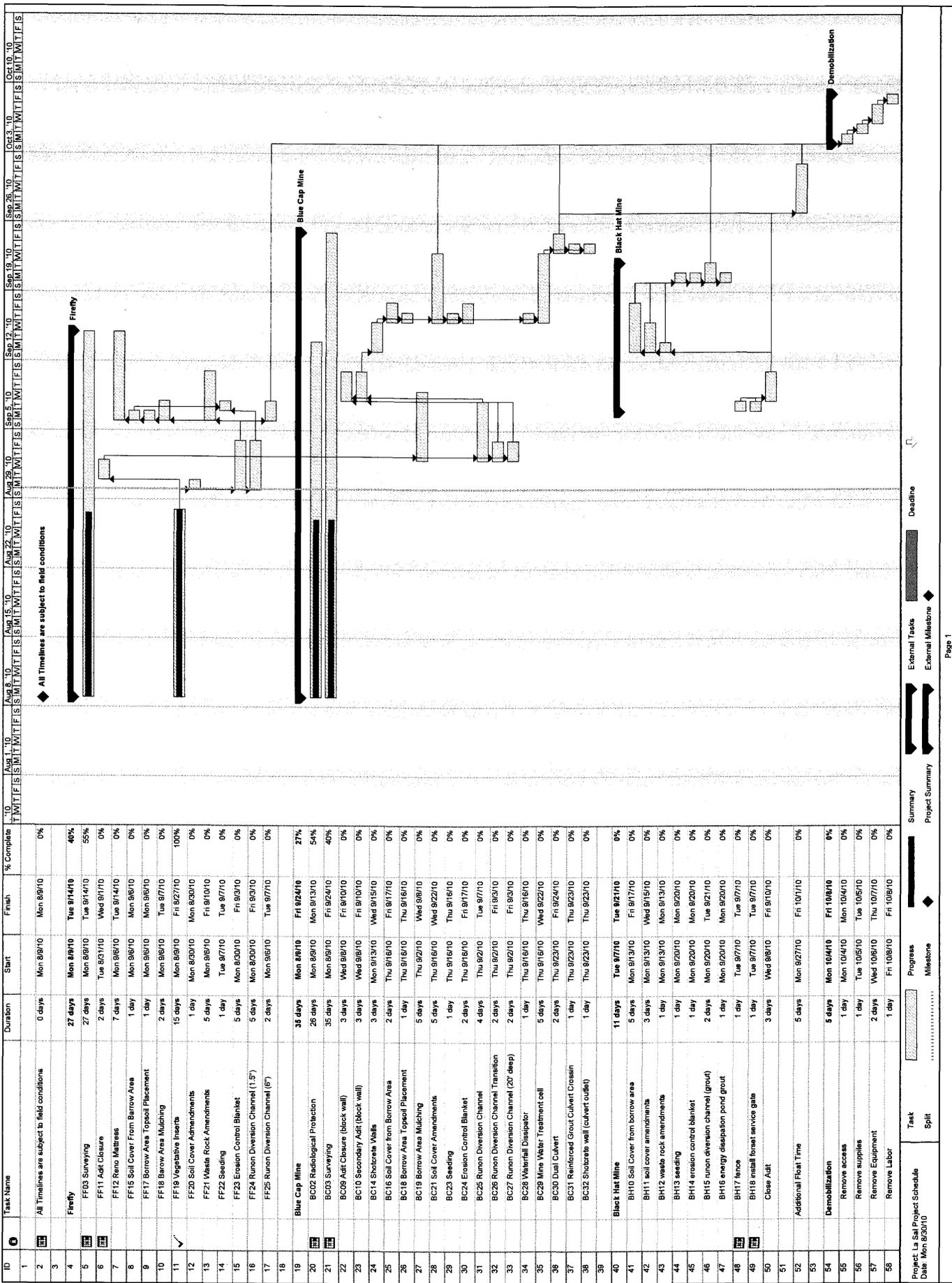
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**From:** Priscilla Burton  
**To:** OGMCOAL; Ruger, Adrian  
**Date:** 9/8/2010 3:16 PM  
**Subject:** White Oak AR11035  
**Attachments:** La Sal Project Schedule.pdf, Concerns let to Sinsel\_3.pdf, La Sal Concerns Response 8-30-10.pdf

This email has the attachments that were missing from the letter sent earlier today.

ID	Task Name	Duration	Start	Finish	% Complete	Aug 1, '10	Aug 8, '10	Aug 15, '10	Aug 22, '10	Aug 29, '10	Sep 5, '10	Sep 12, '10	Sep 19, '10	Sep 26, '10	Oct 3, '10	Oct 10, '10
1	All Timelines are subject to field conditions	0 days	Mon 8/9/10	Mon 8/9/10	0%											
4	Firefly	27 days	Mon 8/9/10	Tue 9/14/10	40%											
18																
19	Blue Cap Mine	35 days	Mon 8/9/10	Fri 9/24/10	27%											
39																
40	Black Hat Mine	11 days	Tue 8/17/10	Tue 9/21/10	0%											
51																
52	Additional Float Time	5 days	Mon 9/27/10	Fri 10/1/10	0%											
53																
54	Demobilization	5 days	Mon 10/4/10	Fri 10/8/10	0%											





ID	Task Name	Duration	Start	Finish	% Complete
1	All Timelines are subject to field conditions	0 days	Mon 8/9/10	Mon 8/9/10	0%
2	Firefly	27 days	Mon 8/9/10	Tue 9/14/10	40%
3	FF03 Surveying	27 days	Mon 8/9/10	Tue 9/14/10	55%
4	FF11 Adit Closure	2 days	Tue 9/14/10	Wed 9/15/10	0%
5	FF12 Reno Matrices	7 days	Mon 9/6/10	Tue 9/14/10	0%
6	FF15 Soil Cover From Borrow Area	1 day	Mon 9/6/10	Mon 9/6/10	0%
7	FF17 Borrow Area Topsoil Placement	1 day	Mon 9/6/10	Mon 9/6/10	0%
8	FF18 Borrow Area Mulching	2 days	Mon 9/6/10	Tue 9/7/10	0%
9	FF19 Vegetative Inserts	15 days	Mon 8/9/10	Fri 9/27/10	100%
10	FF20 Soil Cover Amendments	1 day	Mon 8/30/10	Mon 8/30/10	0%
11	FF21 Vessels Rock Amendments	5 days	Mon 9/6/10	Fri 9/10/10	0%
12	FF22 Seeding	1 day	Tue 9/7/10	Tue 9/7/10	0%
13	FF23 Erosion Control Blanket	5 days	Mon 8/30/10	Fri 9/3/10	0%
14	FF24 Runon Diversion Channel (1.5')	5 days	Mon 8/30/10	Fri 9/3/10	0%
15	FF25 Runon Diversion Channel (6')	2 days	Mon 9/6/10	Tue 9/7/10	0%
16	Blue Cap Mine	35 days	Mon 8/9/10	Fri 9/24/10	27%
17	BC02 Radiological Protection	26 days	Mon 8/9/10	Mon 9/13/10	54%
18	BC03 Surveying	35 days	Mon 8/9/10	Fri 9/24/10	40%
19	BC09 Adit Closure (black wall)	3 days	Wed 8/25/10	Fri 9/10/10	0%
20	BC10 Secondary Adit (black wall)	3 days	Wed 8/25/10	Fri 9/10/10	0%
21	BC14 Shotcrete Walls	3 days	Mon 9/13/10	Wed 9/15/10	0%
22	BC16 Soil Cover from Borrow Area	2 days	Thu 9/16/10	Fri 9/17/10	0%
23	BC18 Borrow Area Topsoil Placement	1 day	Thu 9/16/10	Thu 9/16/10	0%
24	BC19 Borrow Area Mulching	5 days	Thu 9/23/10	Wed 9/29/10	0%
25	BC21 Soil Cover Amendments	5 days	Thu 9/16/10	Wed 9/22/10	0%
26	BC23 Seeding	1 day	Thu 9/16/10	Thu 9/16/10	0%
27	BC24 Erosion Control Blanket	2 days	Thu 9/16/10	Fri 9/17/10	0%
28	BC25 Runon Diversion Channel	4 days	Thu 9/23/10	Tue 9/27/10	0%
29	BC26 Runon Diversion Channel Transition	2 days	Thu 9/23/10	Fri 9/24/10	0%
30	BC27 Runon Diversion Channel (20' deep)	2 days	Thu 9/23/10	Fri 9/24/10	0%
31	BC28 Waterfall Dissipator	1 day	Thu 9/16/10	Thu 9/16/10	0%
32	BC29 Mine Water Treatment Cell	5 days	Thu 9/16/10	Wed 9/22/10	0%
33	BC30 Dual Culvert	2 days	Thu 9/23/10	Fri 9/24/10	0%
34	BC31 Reinforced Gout Culvert Crossin	1 day	Thu 9/23/10	Thu 9/23/10	0%
35	BC32 Shotcrete wall (culvert outlet)	1 day	Thu 9/23/10	Thu 9/23/10	0%
36	Black Hat Mine	11 days	Tue 9/7/10	Tue 9/21/10	0%
37	BH10 Soil Cover from borrow area	5 days	Mon 9/13/10	Fri 9/17/10	0%
38	BH11 soil cover amendments	3 days	Mon 9/13/10	Wed 9/15/10	0%
39	BH12 waste rock amendments	1 day	Mon 9/13/10	Mon 9/13/10	0%
40	BH13 seeding	1 day	Mon 9/20/10	Mon 9/20/10	0%
41	BH14 erosion control blanket	1 day	Mon 9/20/10	Mon 9/20/10	0%
42	BH15 runon diversion channel (grout)	2 days	Mon 9/20/10	Tue 9/21/10	0%
43	BH16 energy dissipation pond grout	1 day	Mon 9/20/10	Mon 9/20/10	0%
44	BH17 fence	1 day	Tue 9/7/10	Tue 9/7/10	0%
45	BH18 install forest service gate	1 day	Tue 9/7/10	Tue 9/7/10	0%
46	Close Adit	3 days	Wed 8/25/10	Fri 9/10/10	0%
47	Additional Float Time	5 days	Mon 9/27/10	Fri 10/2/10	0%
48	Demobilization	5 days	Mon 10/4/10	Fri 10/8/10	0%
49	Remove access	1 day	Mon 10/4/10	Mon 10/4/10	0%
50	Remove supplies	1 day	Tue 10/5/10	Tue 10/5/10	0%
51	Remove Equipment	2 days	Wed 10/6/10	Thu 10/7/10	0%
52	Remove Labor	1 day	Fri 10/8/10	Fri 10/8/10	0%



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

## State of Utah

### DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

#### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 24, 2010

Keith Sinsel  
Chief Operating Officer  
St. Cloud Mining Company  
Winston, New Mexico 87943

Subject: La Sal Project, AMR/037/912/C

Dear Mr. Sinsel:

After talking with the La Sal Creek Project Manager, Bob O'Brien, I am concerned about St. Cloud Mining Company's ability to meet some of the requirements of the contract. Mr. O'Brien clearly stated that this was not a typical abandoned mine reclamation project during the mandatory pre-bid site tour in October 2009. The bid documents clearly explain this and outline the requirements of the project. During initial contract discussions St. Cloud represented itself as qualified to provide the services required to conduct and complete the project in a professional, timely and cost efficient manner.

One of my concerns is that the project appears to be critically understaffed. We believe that additional construction management staff and additional properly trained construction workers are needed on the project. Supplemental administrative help may also be needed to ensure accurate record keeping and timely invoicing.

An ongoing concern is the contract requirement for St. Cloud to have a Health and Safety Officer as well as a Health and Safety Plan; neither of these requirements is being fully addressed on the project. I would like you to provide sufficient documentation that shows that St. Cloud is taking all appropriate measures to monitor and reduce worker's exposure to inhaled alpha particle radiation both during work performed at the adit openings and during all surface earthwork activities that create dust.

This project has an ambitious schedule and given the limited progress to date I am not convinced that St. Cloud can complete the work on time, even with the addition of 24 days that will be included in Change Order #1.

St. Cloud Mining needs to comply with the health and safety requirements of the contract, including the identification of the Health and Safety Officer for the project. St. Cloud also needs to submit an updated project schedule that clearly demonstrates how you will meet the revised deadline of September 24, 2010. Please submit these items to Bob O'Brien,



Keith Sinsel  
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Project Manager, no later than September 1, 2010. Please let me if I can help you in any way or feel free to contact Bob or me if you have any questions regarding these matters.

Sincerely,



Lucia Malin  
Administrator  
Abandoned Mine Reclamation Program

## *St. Cloud Mining Company*

August 30, 2010

Bob O'Brien  
Project Manager  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, UT 84114-5801

Dear Mr. O'Brien:

I would like to take the opportunity to address your concerns involving the La Sal Creek Project.

1. Staffing Concerns

During the week of September 6<sup>th</sup> arrangements have been made to increase the construction staff as well as the administrative support. The construction staff will include three additional individuals who have experience with abandoned mine reclamation and will have completed hazwopper training when they arrive on the property.

Kyle Lee – 3years experience

Dusty Byer – 6 years experience, and CDL license

Clyde Hardin – 3 years experience, and equipment operator

Charlene Sparks – will assist Greg Gundling and Jess Fulbright with administrative functions, record keeping, and timely invoicing

2. Completion Schedule

Attached is a Gantt Chart indicating the process remaining and the time interval required.

3. Health and Safety Concerns

The designated health and safety officer is Jess Fulbright. Bobby Starks is attending to the daily safety issues, maintains on-site logs, and coordinates with Jess. Greg Gundling oversees coordination of this process.

St. Cloud Mining Company is currently following all previous policies (a copy can be provided if needed) with the addition of the following items:

- a. Additional air monitor devices have been added to the jobsite
- b. We have been asked by Jess Fulbright to add cyclonic air monitors to two locations and those are in process. These devices have been requested to improve sampling, though past results have shown that respirators are not necessary while work on the waste rock. This situation will continue to be observed.
- c. One additional Frisker has been added to the jobsite for daily personnel testing and for equipment testing upon removal or transfer from site to site.
- d. Additional testing has been instigated at the Adits of all locations during the shotcrete prep process. This testing has occurred on a daily basis as work has been scheduled and is currently being performed by both Dave Cooper and Jess

***St. Cloud Mining Company***

Fulbright. Additionally, all equipment used by both parties has been calibrated to ensure comparable tests. Extensive testing has occurred at the Black Hat, recently there have been several fluctuations test results. Remediation of all air curtains has taken place and these areas will continue to be monitored. Current tests results will be distributed to all parties. It is our current policy for any worker in /or near the Adit openings to be in full face respirators until such testing shows consistent readings below acceptable levels.

Sincerely,



Keith Sinsel  
Chief Operating Officer  
St. Cloud Mining Company