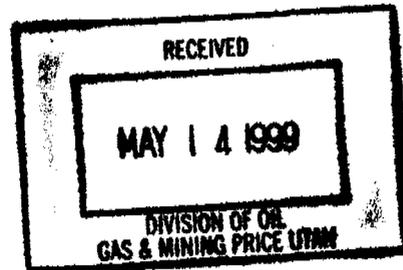




Willow Creek Mine
847 Northwest Highway 191
Helper, Utah 84526
(435) 472-0475
Fax: (435) 472-4780

May 14, 1999

Utah Coal Regulatory Program
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801



Attention: Pamela Grubaugh-Littig

RE: Submittal of Annual Report for 1998. AMAX Coal Company, Castle Gate Mine.
ACT/007/004, Folder #2, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Enclosed please find two copies of the aforementioned. If you have any questions, please do not hesitate to contact me at (435) 472-4741.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Johnny Pappas'.

Johnny Pappas
Sr. Environmental Engineer

Enclosures

File: ENV2.5.2.25
Chrono: JP90510.LTR

1998 Annual Report Review

Permittee: Castle Gate Holding Company

Mine Name: Castle Gate

Permit Number: ACT/007/004

Date Report Received May 14, 1999

Assigned Reviewers: Paul Baker, Wayne Western, Sharon Falvey

Instructions: The assigned staff will review their respective portions of the Annual report and provide a written determination (findings) on how the Mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the inspector notified. Once all reviewers have completed the report, they should initial it and a copy will be filed in the Mine folder #6.

Assignments: Inspectors: Review cover sheet, AVS legal/financial, Mine sequence map
Hydrologists: Review water monitoring data, Precipitation and climatological data, Non-coal waste
Biologists: Review vegetation/revegetation success monitoring, Raptor survey
Engineers: Review subsidence monitoring data, Annual impoundment certification, Annual overburden, spoils, refuse, floor, etc.

Section to review	Submitted Yes	No	Findings
Cover sheet	<u>X</u>	—	Information is adequate.
AVS; Legal/Financial Update	<u>X</u>	—	Information in annual report indicates the president of Castle Gate Holding Company has changed.
Mine Sequence Map	—	<u>X</u>	Mine is being reclaimed, a mine map is not needed.
Water Monitoring Data	<u>X</u>	—	Water monitoring data is presently on file and was submitted with the annual report.
Precipitation & Climatological Data	—	<u>X</u>	No precipitation data was reported.
Non-Coal Waste report	—	<u>X</u>	No non-coal waste report was provided. This mine is in reclamation.

Subsidence monitoring data	<u>X</u> ___	No subsidence problems. The maximum subsidence movement recorded was -0.18 ft. There is also a report concerning the slump in Sowbelly Gulch. This slump has subsided about 6 inches to 1 foot since the monitoring points were installed in October 1997, but there was very little change from June to November of 1998.
Annual Impoundment Certification	<u>X</u> ___	The pond is used to control runoff from the reclaimed areas.
Annual Overburden, Spoil, Refuse, Floor, etc.	___ <u>X</u>	All spoil and coal mine waste has been reclaimed.
Vegetation data	___ <u>X</u>	No information required.
Revegetation Success monitoring	___ <u>X</u>	No information required.
Raptor survey	___ <u>X</u>	No information required.
Other information	<u>X</u> ___	The report includes general comments about reclamation activities at the mine in 1998. Reclamation was completed in Hardscrabble Canyon and at a small pumphouse at the mouth of Sowbelly Gulch. Also, some remediation work was done in the Goose Island area of Hardscrabble Canyon.

O:\007004.CG\ANNUALRP\REVIEW.FRM

GENERAL INFORMATION

1. Permit Number	ACT/007/004
2. Mine Name	Castle Gate Mine
3. Permittee Name	Castle Gate Holding Company
4. Operator Name (if other than Permittee)	
5. Permit Expiration Date	December 24, 1999
6. Company Representative, Title	Johnny Pappas, Sr. Environmental Engineer
7. Phone Number	(435) 472-4741
8. Fax Number	(435) 472-4782
9. Mailing Address	Castle Gate Holding Company
	847 Northwest Highway 191
	Helper, Utah 84526
10. Resident Agent, Title	C.T. Corporation
Mailing Address	50 West Broadway
	Salt Lake City, Utah 84101

IDENTIFICATION OF OTHER PERMITS

Identify other permits which are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expires on
1. MSHA Mine ID (#)	4200165	Legal Identity	
	4201202	Legal Identity	
2. MSHA Impoundment(s)	N/A		
3. NPDES/UPDES Permit(s) (water)	UTG0400 12	UPDES Permit	4/30/98
4. PSD (Air) Permit(s)	N/A		
5.			
6.			

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX A to this Annual Report or currently ON FILE with the Division.

Certified Reports:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Excess Spoil Files		X				
2. Refuse Files		X				
3. Impoundments	X		X			
4.						
5.						

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX B to this Annual Report or currently ON FILE with the Division.

Technical Data:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Climatological Data		X				
2. Subsidence Monitoring Data	X		X			
3. Vegetation Monitoring Data		X				
4. Raptor Data		X				
5. Soils Monitoring Data		X				
6. Water Monitoring Data	X					
First Quarter Report	X				X	
Second Quarter Report	X				X	
Third Quarter Report	X				X	
Fourth Quarter Report	X				X	
7. Geological/Geophysical Data		X				
8. Engineering Data		X				
9. Other Data						
SOWBELLY SLUMP MONITORING	X		X			

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Changes in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the Annual Report. Provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other changes as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include any certified financial statements, audits or worksheets which may be required to meet bonding requirements. Specify whether the information is currently ON FILE with the Division or included as APPENDIX C to this Annual Report.

Legal/Financial Data:	Report Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Department of Commerce, Annual Report of Officers	X		X			
2. Other						

MINE MAPS

Copies of mine maps, current and up-to-date through at least December 31, 1998, are to be provided to the Division as APPENDIX D to this Annual Report in accordance with the requirements of R645-301-525.270. These map copies shall be made in accordance with 30 CFR 75.1200, as required by MSHA. Upon request, mine maps shall be kept confidential by the Division.

Map Number(s)	Map Title / Description	Confidential?
NO MINING CONDUCTED		

OTHER INFORMATION

Please provide any comments or further information to be included as part of the Annual Report. Any other attachments are to be provided as APPENDIX E to this Annual Report.

Additional attachments to this report? No Yes

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

as required under R645-301-514

CONTENTS

ANNUAL SEDIMENT POND CERTIFICATION

**CYPRUS PLATEAU MINING CORPORATION
1998 ANNUAL POND INSPECTION REPORT**

POND: Sed. Pond 010

LOCATION: Castle Gate No. 1 Mine

(1) Stability	Slopes Stable/Mostly Incised.
(2) Structural Weakness/Erosion	None Noted.
(3) Potential Safety Hazards	None Noted.
(4) Depth of Impounded Water	1' - Frozen.
(5) Existing Storage Capacity	10,180 cu. ft.
(6) Monitoring Procedures	Quarterly Inspection. U.P.D.E.S.
(7) Sediment Accumulation (Elev.)	92.9
(8) Sediment Cleanout Level (Elev.)	94.1
(9) Principle Spillway (Elev.)	100.0
(10) Emergency Spillway (Elev.)	100.0
(11) Existing Sediment Capacity (To Cleanout)	1,720 cu. ft.
(12) Comments/Recommendations	No Inflow. Open Channel Spillway. Elevations Relative to Open Spillway elevation of 100.00. Sediment at cleanout level.

STATEMENT:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meets or exceeds the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Dan W. Guy
(Signature)

12/28/98
(Date)



APPENDIX B

Reporting of Technical Data

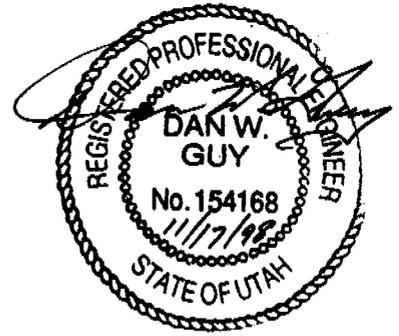
including monitoring data, reports, maps, and other information
as required under the approved plan
or as required by the Division

in accordance with the requirements of R645-301-130 and R645-301-140.

CONTENTS

SUBSIDENCE MONITORING

SOWBELLY GULCH SLUMP MONITORING



**CASTLE GATE COAL COMPANY
SUBSIDENCE MONITORING
BEAR CANYON**

STATION	LOCATION	ELEVATION			Change	
		05/81	09/05/97	11/17/98	Last	Acc.
TRP-1	Price Canyon	6319.85	6319.85	6319.85	(Control Point)	
BZ-60	Bear Canyon	6508.00	6508.00	6508.00	(Control Point)	
BZ-52	Bear Canyon	6713.78	6713.78	6713.78	(Control Point)	
Sub-34	Bear Canyon	6744.44	-	-	(See Note Below)	
Sub-38	Bear Canyon	6700.59	6700.13	6700.15	0.02	-0.44
Sub-63	Bear Canyon	6546.54	6454.82	6546.02	0.20	-0.52
Sub-64	Bear Canyon	6406.63	6406.20	6406.16	-0.04	-0.47
Sub-71	Price Canyon	6400.99	6401.10	6401.12	0.02	0.13

Notes:

- (1) *The above referenced points represent the only subsidence and control points located within Bear Canyon and subsequently verified by survey.*
- (2) *Sub-34 is no longer visible due to large trees and has been eliminated.*
- (3) *There were no fractures, slumps, rock falls or other subsidence-related effects noted within the canyon during this survey.*

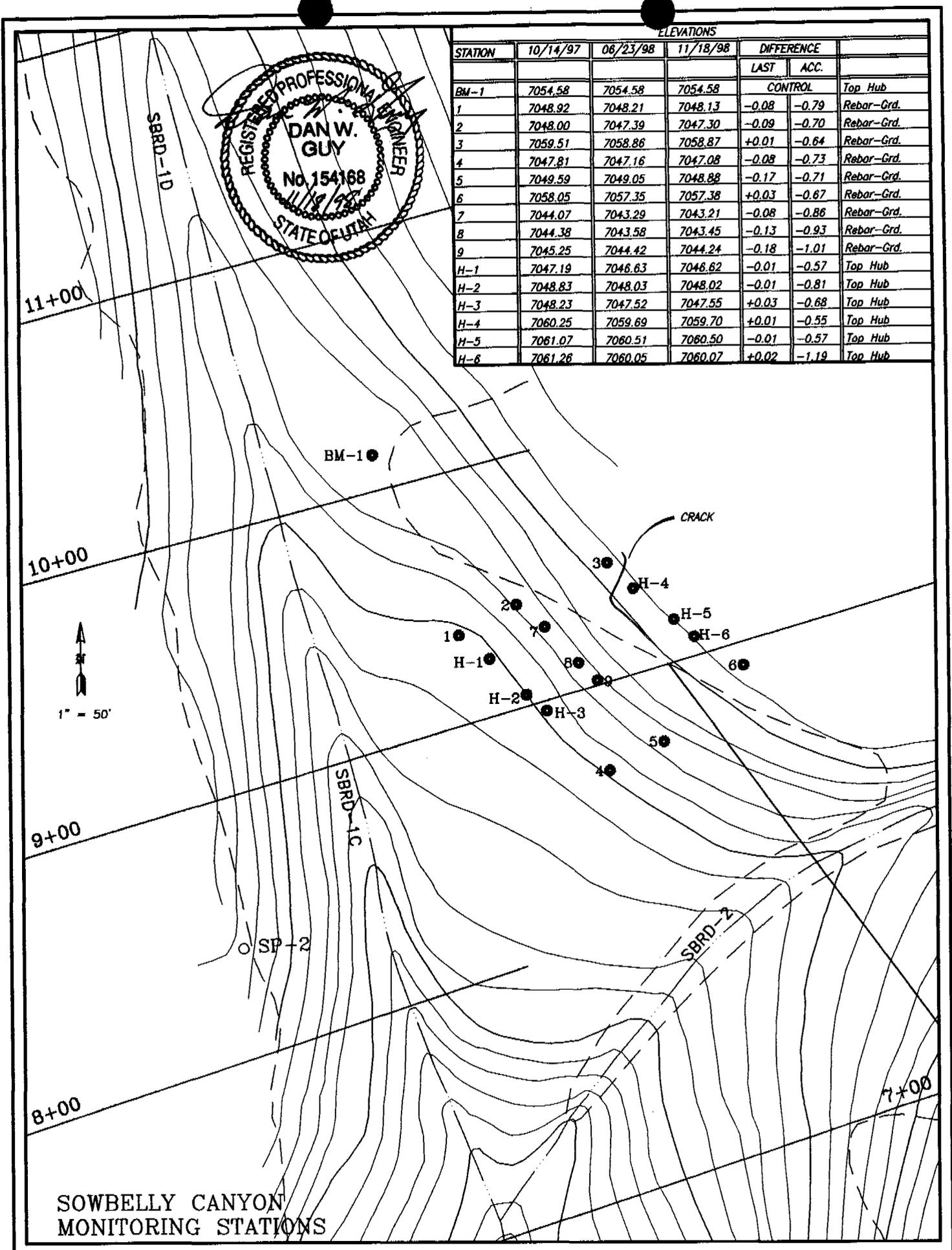


FIGURE 3.2J-1

APPENDIX C

Legal, Financial, Compliance and Related Information

Annual Report of Officers
as submitted to the Utah Department of Commerce
and other changes in ownership and control information
as required under R645-301-110.

CONTENTS

ANNUAL REPORT OF OFFICERS

Utah Department of Commerce
Division of Corporations & Commercial Code
In person 50 East 300 South, 1st Floor
Salt Lake City, Utah 84111
Fax: (801) 530-6111
Web site: http://www.commerce.state.ut.us



PROFIT CORPORATION ANNUAL REPORT

The following information is on file in this office. All profit corporations must file their annual reports and corrections within the month of their anniversary date. Failure to do so will result in Delinquency, Revocation or Involuntary Dissolution of the corporate charter.

THIS BOX MUST BE COMPLETED

CORPORATE NAME, REGISTERED AGENT, REGISTERED OFFICE, CITY, STATE & ZIP		MAKE ALL CORRECTIONS IN THIS COLUMN	
CORPORATION # 210132		Date of Report Filed	
F 04/23/98		Date of Report Due	
1. CYPRUS AMAX MIDWEST HOLDING COMPANY		State of Incorporation	
2. C T CORPORATION SYSTEM		City	
3. 50 W BROADWAY 8TH FLOOR		State	
4. SALT LAKE CITY UT 84101-2006		City	

WHEN CHANGING THE REGISTERED AGENT THE NEW AGENT MUST SIGN.

5. INCORPORATED IN THE STATE AND UNDER THE LAWS OF: DELAWARE

6. ADDRESS OF THE PRINCIPAL OFFICE IN THE HOME STATE		Street Address	
9100 E MINERAL CIR		City	
ENGLEWOOD CO		State	
80112		ZIP	

7. BUSINESS PURPOSE: HOLDING COMPANIES, NEC
DOMESTIC. PROFIT CORPORATIONS ARE REQUIRED TO LIST A CORPORATE OFFICER.

8. OFFICERS		8. J.M. DeMichiel	
PRESIDENT		9100 E. Mineral Circle	
ADDRESS		Englewood, CO 80112	
CITY, STATE & ZIP		9. G.J. Malys	
9. VICE PRESIDENT		9100 E. Mineral Circle	
ADDRESS		Englewood, CO 80112	
CITY, STATE & ZIP		10. P.C. Wolf	
10. SECRETARY		9100 E. Mineral Circle	
ADDRESS		Englewood, CO 80112	
CITY, STATE & ZIP		11. F.S. Hakimi	
11. TREASURER		9100 E. Mineral Circle	
ADDRESS		Englewood, CO 80112	
CITY, STATE & ZIP			

ALL DOMESTIC CORPORATIONS MUST LIST THREE (3) DIRECTORS UNLESS THEY FALL UNDER THE EXCEPTIONS STATED IN SECTION 16-10a-603 (b) (1) (ii).

12. DIRECTOR		12. G.J. Malys	
ADDRESS		9100 E. Mineral Circle	
CITY, STATE & ZIP		Englewood, CO 80112	
13. DIRECTOR		13. P.C. Wolf	
ADDRESS		9100 E. Mineral Circle	
CITY, STATE & ZIP		Englewood, CO 80112	
14. DIRECTOR		14. G.R. Spindler	
ADDRESS		9100 E. Mineral Circle	
CITY, STATE & ZIP		Englewood, CO 80112	

Under penalties of perjury and as an authorized officer, I declare that this annual report and, if applicable, the statement change of registered office and/or agent, has been examined by me and is, to the best of my knowledge and belief, true, correct, and complete.

15. BY *[Signature]*

16. Assistant Secretary

17. April 19 19 99

IF THERE ARE NO CHANGES FROM THE PREVIOUS YEAR, AND YOU HAVE ALL CORPORATE REQUIREMENTS FILLED PERTAINING TO OFFICER AND DIRECTOR INFORMATION YOU MAY DETACH THE COUPON BELOW, AND RETURN IT IN THE ENCLOSED ENVELOPE WITH YOUR PAYMENT. YOU MAY KEEP THE ABOVE REPORT FOR YOUR RECORDS.

MAKE ALL CORRECTIONS ON THE FORM ABOVE.

DO NOT WRITE ON THE COUPON. CHANGES ARE MADE ON THE FORM ABOVE.

NOTE: PLEASE DO NOT FOLD THIS COUPON.

CORPORATION NUMBER:	210132	DATE DUE:	04/30/99
CORPORATION NAME:	CYPRUS AMAX MIDWEST HOLDING COMPANY	AMOUNT DUE:	\$10.00
	C T CORPORATION SYSTEM	IF AFTER DUE DATE:	\$20.00
	50 W BROADWAY 8TH FLOOR		
	SALT LAKE CITY UT 84101		

J5070006000670500000001042101320000000000000010002J

MAIL TO:
UTAH DEPARTMENT OF COMMERCE
P.O. BOX 25125
SALT LAKE CITY, UTAH 84125-0125

Make check payable to:
State of Utah
For information call:
(801) 530-4849

**Cyprus Amax Midwest Holding Co.
9100 E. Mineral Circle
Englewood, CO 80112**

List of Officers and Directors

OFFICERS

J.M. DeMichiei	President
G.J. Malys	Sr. Vice President
P.C. Wolf	Sr. Vice President, General Counsel and Secretary
N.P. Moros	Sr. Vice President, Sales and Marketing
P.J. Panzarino	Vice President
F.S. Hakimi	Vice President and Treasurer
F.J. Wood	Vice President and Controller
J.M. Coyner	Assistant Treasurer
J.D. Flemming	Director of Tax
S.J. Fetherhuff	Assistant Secretary
G.A. Walker	Assistant Secretary
D.E. Huffman	Assistant Secretary
S.E. Chetlin	Assistant Secretary

DIRECTORS

G.R. Spindler
P.C. Wolf
G.J. Malys

Utah Department of Commerce
Division of Corporations & Commercial Code
In person: East 300 South, 1st Floor
Salt Lake City, Utah 84111
Fax: (801) 530-6111
Web site: http://www.commerce.state.ut.us



PROFIT CORPORATION ANNUAL REPORT

The following information is on file in this office. All profit corporations must file their annual reports and corrections within the month of their anniversary date. Failure to do so will result in Delinquency, Revocation or Involuntary Dissolution of the corporate charter.

THIS BOX MUST BE COMPLETED

CORPORATE NAME, REGISTERED AGENT, REGISTERED OFFICE, CITY, STATE & ZIP		MAKE ALL CORRECTIONS IN THIS COLUMN	
CORPORATION # 210100		DATE OF LAST ANNUAL REPORT	
F 04/20/98		DATE OF NEXT ANNUAL REPORT	
1.	CASTLE GATE HOLDING COMPANY		
2.	C T CORPORATION SYSTEM		
3.	50 W BROADWAY 8TH FLOOR		
4.	SALT LAKE CITY UT 84101-2006	STATE OF UTAH	
		REGISTERED AGENT MUST BE IN UTAH	

WHEN CHANGING THE REGISTERED AGENT THE NEW AGENT MUST SIGN

5. INCORPORATED IN THE STATE AND UNDER THE LAWS OF:	DELAWARE	Street Address:	State or Country:
6. ADDRESS OF THE PRINCIPAL OFFICE IN THE HOME STATE:	9100 E MINERAL CIR ENGLEWOOD CO 80112	City:	State:

7. BUSINESS PURPOSE: NONCLASSIFIABLE ESTABLISHMENTS
DOMESTIC, PROFIT CORPORATIONS ARE REQUIRED TO LIST A CORPORATE OFFICER.

OFFICERS		
8. PRESIDENT	R J SCOTT	9. J.M. DeMichiei
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	
9. VICE PRESIDENT	G J MALYS	9.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	
10. SECRETARY	P C WOLF	10.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	
11. TREASURER	F S HAKINI	11.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	

ALL DOMESTIC CORPORATIONS MUST LIST THREE (3) DIRECTORS UNLESS THEY FALL UNDER THE EXCEPTIONS STATED IN SECTION 16-10a-803(1) OR (11).

DIRECTORS		
12. DIRECTOR	G J MALYS	12.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	
13. DIRECTOR	P C WOLF	13.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	
14. DIRECTOR	G R SPINDLER	14.
ADDRESS	9100 E MINERAL CIR	
CITY, STATE & ZIP	ENGLEWOOD CO 80112	

Under penalties of perjury and as an authorized officer, I declare that this annual report and, if applicable, the statement change of registered office and/or agent, has been examined by me and is, to the best of my knowledge and belief, true, correct, and complete.

15. BY: *[Signature]*

16. Assistant Secretary

17. April 19 1999

IF THERE ARE NO CHANGES FROM THE PREVIOUS YEAR, AND YOU HAVE ALL CORPORATE REQUIREMENTS FILLED PERTAINING TO OFFICER AND DIRECTOR INFORMATION YOU MAY DETACH THE COUPON BELOW, AND RETURN IT IN THE ENCLOSED ENVELOPE WITH YOUR PAYMENT. YOU MAY KEEP THE ABOVE REPORT FOR YOUR RECORDS.

MAKE ALL CORRECTIONS ON THE FORM ABOVE.

FORM 106211

DO NOT WRITE ON THE COUPON, CHANGES ARE MADE ON THE FORM ABOVE

NOTE: PLEASE DO NOT FOLD THIS COUPON.

CORPORATION NUMBER: 210100
CORPORATION NAME: CASTLE GATE HOLDING COMPANY
C T CORPORATION SYSTEM
50 W BROADWAY 8TH FLOOR
SALT LAKE CITY UT 84101

DATE DUE: 04/30/99
AMOUNT DUE: \$10.00
IF AFTER DUE DATE: \$20.00

50700080006705000000104210100000000000000010000

MAIL TO:
UTAH DEPARTMENT OF COMMERCE
P.O. BOX 25125
SALT LAKE CITY, UTAH 84125-0125

Make check payable to:
State of Utah
For information call:
(801) 530-4849

**Castle Gate Holding Company
9100 E. Mineral Circle
Englewood, CO 80112**

List of Officers and Directors

OFFICERS

J.M. DeMichiei	President
G.J. Malys	Sr. Vice President
P.C. Wolf	Sr. Vice President, General Counsel and Secretary
N.P. Moros	Sr. Vice President, Sales and Marketing
P.J. Panzarino	Vice President
F.S. Hakimi	Vice President and Treasurer
F.J. Wood	Vice President and Controller
J.M. Coyner	Assistant Treasurer
J.D. Flemming	Director of Tax
S.J. Fetherhuff	Assistant Secretary
G.A. Walker	Assistant Secretary
D.E. Huffman	Assistant Secretary
S.E. Chetlin	Assistant Secretary

DIRECTORS

G.R. Spindler
P.C. Wolf
G.J. Malys

APPENDIX D

Mine Maps

as required under R645-301-525.270.

CONTENTS

NOT APPLICABLE - MINE IN RECLAMATION STATUS

APPENDIX E

Other Information

in accordance with the requirements of R645-301 and R645-302.

CONTENTS

HARDSCRABBLE RECLAMATION STATUS

PUMP HOUSE PAD RECLAMATION IN MOUTH OF SOWBELLY GULCH

HARDSCRABBLE RECLAMATION

During 1998, the remaining portion, approximately 6 acres, of Hardscrabble was completed. The actual reclamation of Hardscrabble involved considerably more backfilling and grading volumes than anticipated during the permitting and bidding process. For the most part, this was good for the overall reclamation, but not good for budgeting purposes.

Based on post-reclamation earthwork volumes total cut and fill volumes exceed those identified in the reclamation plan. One of the main reasons for the increased fill volumes is do to the unanticipated volume of coal waste encountered and removed within the main channel proper.

Additionally, suitable growth media available for the entire project increased as the permittee and his contractor made efforts to identify sources on site. Several soil pits were excavated and backfilled with coal waste found on site. The increase in suitable growth media increased the soil cover from 9-inches to approximately 24-inches.

The majority, if not all, of the diversions exceed the minimum design requirements. During the bidding process, the permittee bid out the diversions for 10-year, 6-hour and 100-year, 6-hour vs 10-year, 24-hour and 100-year, 24-hour, and based on the minor cost differential it was decided to construct the larger diversions.

GOOSE ISLAND

During 1998, remedial work was performed on approximately 0.33 acres of Goose Island. The work involved placement of some suitable growth media in areas that exhibited erosional features. In one area where the runoff was not entering the main channel, but paralleling it, the surface was elevated in an attempt to direct the runoff into the channel as quick as possible.

SOWBELLY GULCH PUMP HOUSE

A small roughly 200 square foot concrete pad was reclaimed in the mouth of Sowbelly Gulch. The site is surrounded by AML reclamation work with somewhat mature box elder trees growing immediately next to the pad. It appeared that some reclamation work was performed at the site, however minimal.

In 1998, the concrete pad was covered with approximately 2-4 feet of soil and seeded. Effort was taken not to damage the trees growing in the area.