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Misc file 207-107-1286
Pam Grubbs Litzky
Mary Ann Wright

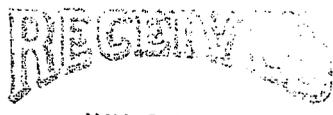


Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, Utah 84501
(801) 637-2875

*Copy Henry, Jesse
Tom, Hugh*

June 6, 1991

Mr. Lowell Braxton
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



JUN 07 1991

DIVISION OF
OIL GAS & MINING

Dear Mr. Braxton,

Re: Price River "Coal"

A couple of weeks ago, I discussed the Price River coal situation with you. As you know CPMC accepted delivery of nearly 100,000 tons of the materials from the UDOGM Abandoned Mine Reclamation project in Price Canyon.

Shortly after the coal was received at CPMC, a test run was made through our preparation plant. The material plugged up the plant to a point where it was impossible process it. The material can not be sold in a raw condition since it contains rock, wood, metal and various extraneous materials.

Since the first attempt to run the material through the plant, we have modified the plant by adding a fine coal circuit, which removes coal fines from the refuse material. We thought the new circuit might make a difference in the Price River coal, so we made another attempt to run it through. We experienced the same results as before.

Since the material is not marketable, and since there seems to be no other alternative, we are planning to spread it out over our refuse pile as waste refuse material. I discussed this with you previously and you indicated that this seemed reasonable. Unless we hear otherwise from you we will waste the material starting the week of June 24, 1991.

Respectfully,

Ben Crimes
Sr. Environmental Engineer

File: ENV 7-10 FIN 10-1 Chron: BG910607

MEMORANDUM OF AGREEMENT
BETWEEN
CYPRUS-PLATEAU MINING CORPORATION
and
THE UTAH STATE DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS & MINING

This Agreement is between Cyprus-Plateau Mining Corporation, a Corporation of the State of Delaware (hereinafter "Cyprus") and the Division of Oil, Gas and Mining (hereinafter "Division");

WHEREAS: There is an abandoned mine site upon which is located the Price River Coal Pile ("PRCP") in the vicinity of the Utah Power & Light Carbon Generating Plant on which approximately 250,000 tons of coal are stored;

WHEREAS: The Division wants to reclaim the PRCP and to perform reclamation activities to eliminate hazards created by past mining activities that affect the public's health, safety, and general welfare;

WHEREAS: Cyprus has agreed to receive the coal from the PRCP;

WHEREAS: The Division will, on occasion, transport coal from the PRCP and enter upon the Cyprus mine site permit area to deposit the coal in what is known as the coal processing waste pile and also referred to in the Star Point Mining and Reclamation Plan (MRP) as the "refuse pile".

WHEREAS: Cyprus does not want its property or right of way damaged or harmed in any way that would affect the operation of its mining facility.

THEREFORE; The parties hereby agree that:

1. Duly authorized employees, agents, and/or contractors of the Division may enter upon that portion of the Cyprus mine permit area more particularly described as the coal processing waste pile and raw coal stacking tube area, to offload coal from the PRCP at the direction of Cyprus personnel.
2. Cyprus and the Division will each provide a representative to serve as a primary contact during the period of this agreement.
3. The Division expressly assumes liability for any and all injuries sustained by its employees, and waives liability of Cyprus for any and all injuries sustained by Division employees. In addition, the Division expressly indemnifies and holds Cyprus harmless for any injuries, damages, or other claims of any type or nature made or sustained by Division employees or any other person as a result, or in any way related to, the removal of the Price River Coal Pile.

The Division agrees to indemnify Cyprus from and against any and all liability, including attorney's fees, arising from disputes involving contractual agreements entered into between the Division and its employees, agents, or contractors.

4. Cyprus agrees to reimburse the Division at the time of sale for the processed coal from the PRCP as set forth below:
 - a) The time of sale shall mean the loading of processed coal from the PRCP into rail cars or trucks for the purpose of delivering the coal to a customer.
 - b) The reimbursement shall be at the rate of \$0.50 per processed ton (net or clean ton).
 - c) The reconciliation of PRCP coal sales shall be on a quarterly basis; the initial reconciliation period shall be the 4th Quarter, 1987. Payment shall be made by the 30th day of the month following the end of the quarter.
 - d) For the purpose of recovery, tons delivered to the stacking tube shall be determined by weigh ticket or average truck weight. Recovery factor shall be the 45% recovery factor determined from Division washability studies and Cyprus' actual washing tests using PRCP coal as a stand alone plant-feed component.
5. Neither the Division nor Cyprus shall undertake any activity, either expressed or implied, nor make any representation which purports to bind the other.
6. The Division shall have the Right of Access to the Cyprus mine permit area at all times for the purpose of inspection of the Division Abandoned Mine Reclamation Program activities.
7. Except as set forth in this Agreement, Cyprus shall furnish no material nor labor in connection with the reclamation project. The Division will bear the expense of all work performed at the PRCP and for transporting the coal to the Cyprus coal processing waste pile and/or the raw coal stacking tube.
8. Cyprus shall provide all material and labor in connection with the processing and storage of coal and coal waste from the PRCP.

9. The Division recognizes the hazard to workers and equipment while working under or near buildings and structures and agrees to instruct its agents, employees, and contractors in safety measures as outlined below:
 - a) Maximum height of tractor or trailer used for coal hauling purposes shall not exceed 13 feet.
 - b) Trucks shall be equipped with towing hooks on the front end.
 - c) Hard hats, steel-toed shoes, and safety glasses with side shields shall be required to be worn by all drivers whenever out of the cab of the truck. Dust masks shall be worn whenever there are high levels of airborne dust.
 - d) Truck drivers shall remain in their trucks while underneath buildings, conveyors or galleries.
 - e) It is recommended that the Division, its agents, employees, and contractors will undertake mine safety training and adhere to all safety provisions set forth in the training.
10. The Division agrees to impose no time frame upon Cyprus for disposition of coal from the PRCP.
11. Cyprus agrees to receive approximately 100,000 raw tons of coal from the PRCP in 1987. Thereafter, additional deliveries will be a minimum of 30,000 ton increments upon 30 day advance request by Cyprus.
12. The Division agrees not to deliver any coal to Cyprus from the PRCP that exceeds 130°F.
13. The Division agrees to deliver a minus six (6) inch raw coal to Cyprus.
14. The Division agrees that Cyprus may process coal from the PRCP and dispose of its waste into the coal processing waste pile in accordance with the existing requirements of the MRP for the Star Point No.2 mine.
15. The addition of PRCP waste material to the Cyprus coal processing waste pile will not constitute additional Division requirements for volumetric or characteristic evaluations to be met by Cyprus.

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Agreement
Cyprus-Plateau Mining Corp. and Division

This Memorandum of Agreement shall become effective when signed by the designated representatives of the parties to this agreement. The Agreement shall remain in effect for 3 years or until terminated by mutual agreement or by either party upon 30 days written notice to the parties. Amendments to this Agreement may be proposed by either party and shall be adopted only upon written agreement by both parties.

CYPRUS-PLATEAU MINING CORPORATION:

George C. Trevorrow
George C. Trevorrow,
Vice President and General Manager

11-4-87
Date

DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS & MINING:

APPROVED: DIVISION OF OIL, GAS & MINING

Dianne R. Nielson
Dianne R. Nielson
Director

11-4-87
Date

Mary Ann Wright
Mary Ann Wright
AMR Administrator

Carl H. Roberts
Carl Roberts
Budget Officer

APPROVED AS TO FORM:
ATTORNEY GENERAL'S OFFICE

APPROVED:
UTAH DIVISION OF FINANCE

Barbara W. Roberts
Barbara Roberts
Assistant Attorney General

Frank Perry 12/2/87
For Director of Finance

12 November 87