0001 007/006

Plateau mine file
Castlegate mine file
cc JWG, LPB, JCh, PGL
DH, T Mitchell
VB 12-20-93

Cyprus Amax Minerals Company
9100 East Mineral Circle
Post Office Box 3299
Englewood, Colorado 80155
303-643-5000

**CYPRUS AMAX**
**Minerals Company**

**Greg A. Walker**
**Managing Attorney**
**(303) 643-5215**

RECEIVED
DEC 17 1993
DIVISION OF
OIL, GAS & MINING

December 16, 1993

Lowell P. Braxton
Associate Director, Mining
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West Temple North
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: **Ownership and Permit Status of Star Point Mine and Castle Gate Mine**

Dear Mr. Braxton:

I was provided with a copy of your December 7, 1993 letter to Richard Allison, Jr. and Keith Seiber on the above referenced topic. This letter is a response on behalf of both Cyprus Plateau Mining Corporation and Amax Coal Company which are the applicable permittees in Utah. I provide legal services to both entities pursuant to a fee arrangement.

Below I will provide the detail on the November 15, 1993 merger between Cyprus Minerals Company and AMAX Inc. you have read about in the media. I can understand the confusion which might arise based on the limited facts published in the newspapers. The merger has not resulted in the transfer, assignment or sale of rights associated with any permits. I am familiar with, as I am sure you are, the merger of Utah Power & Light Company with PacifiCorp which is currently the subject of litigation before the Department of The Interior, Interior Board of Land Appeals. In that case the permittee (UP&L) actually merged out of existence and the new entity became the permittee. That is not the case here. Please allow me to explain the pertinent corporate structures both before and after the November 15, 1993 merger.

<u>Pre-merger Corporate Structures</u>

The permits for the Star Point mine are held by Cyprus Plateau Mining Corporation. Cyprus Plateau Mining Corporation is wholly owned by

Cyprus Western Coal Company, which in turn is wholly owned by Cyprus Coal Company. Cyprus Coal Company is wholly owned by Cyprus Minerals Company, the ultimate parent company. A corporate organization chart for Cyprus Plateau Mining Corporation is attached.

The permits for the Castle Gate mine are held by Amax Coal Company. Amax Coal Company is wholly owned by Amax Coal Industries, Inc. which in turn is wholly owned by Amax Energy Inc.. Amax Energy Inc. is wholly owned by AMAX Inc., the ultimate parent company. A corporate organization chart for Amax Coal Company is attached.

The two ultimate parent companies are each publicly traded on the New York Stock Exchange, each with millions of outstanding shares owned by thousands of shareholders. As you would expect, each day there are many transactions whereby individuals and entities buy and sell this publicly traded stock.

Post-merger Corporate Structure

On November 15, 1993 there was a merger of the two ultimate parent companies. AMAX Inc. merged into Cyprus Minerals Company. Shareholders of AMAX Inc. stock were given 0.5 shares of Cyprus Minerals Company stock for each share of AMAX Inc. stock. After the merger, Cyprus Minerals Company changed its name to Cyprus Amax Minerals Company. The ultimate parent company remains the same; it just has many more shareholders and a new name. A new corporate organization chart is attached. Both entities which hold permits in Utah are still in tact and have not changed.

Discussion

There are no current plans to transfer or assign any permits in Utah as a result of merger or otherwise. If this changes, the provisions of R645-303-300 will be complied with. I recognize that changes in the shareholders of a company can result in changes of "ownership or control." I am not aware of OSM or any state ever requiring prior written approval before the consummation of transactions in publicly traded stock. Such a requirement would be impossible to administer for obvious reasons.

There will be some changes in the officers and directors of Cyprus Amax Minerals Company and its subsidiaries. When these are finalized, proper notification will occur under the reporting requirements in Utah.

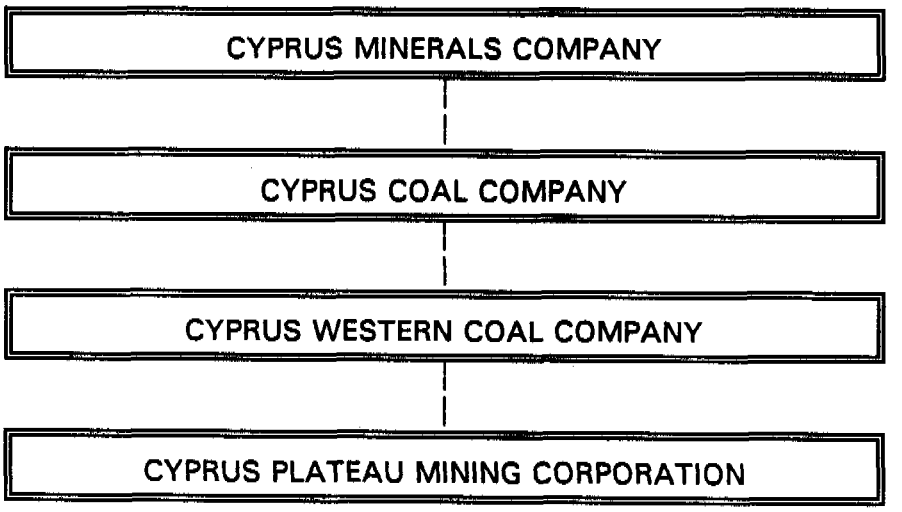
I hope this answers your questions. Please call me if any additional information is needed.

Sincerely,

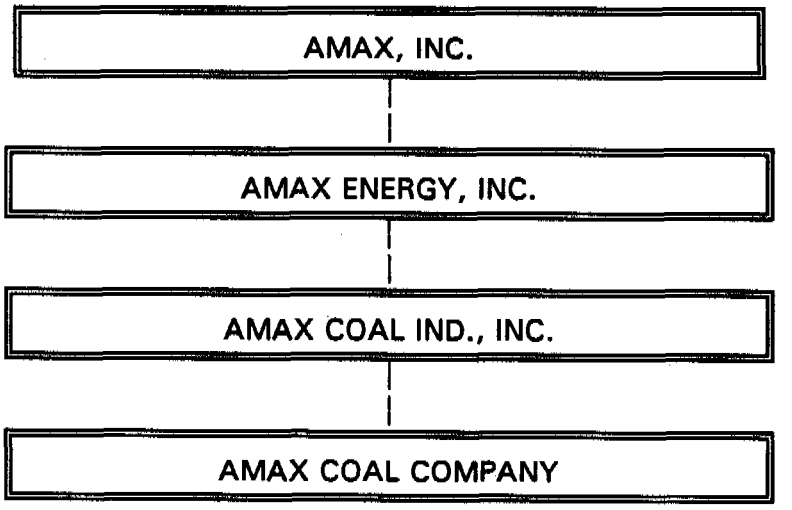
Greg A. Walker

cc: Richard Allison
Ben Grimes
Steve Laird

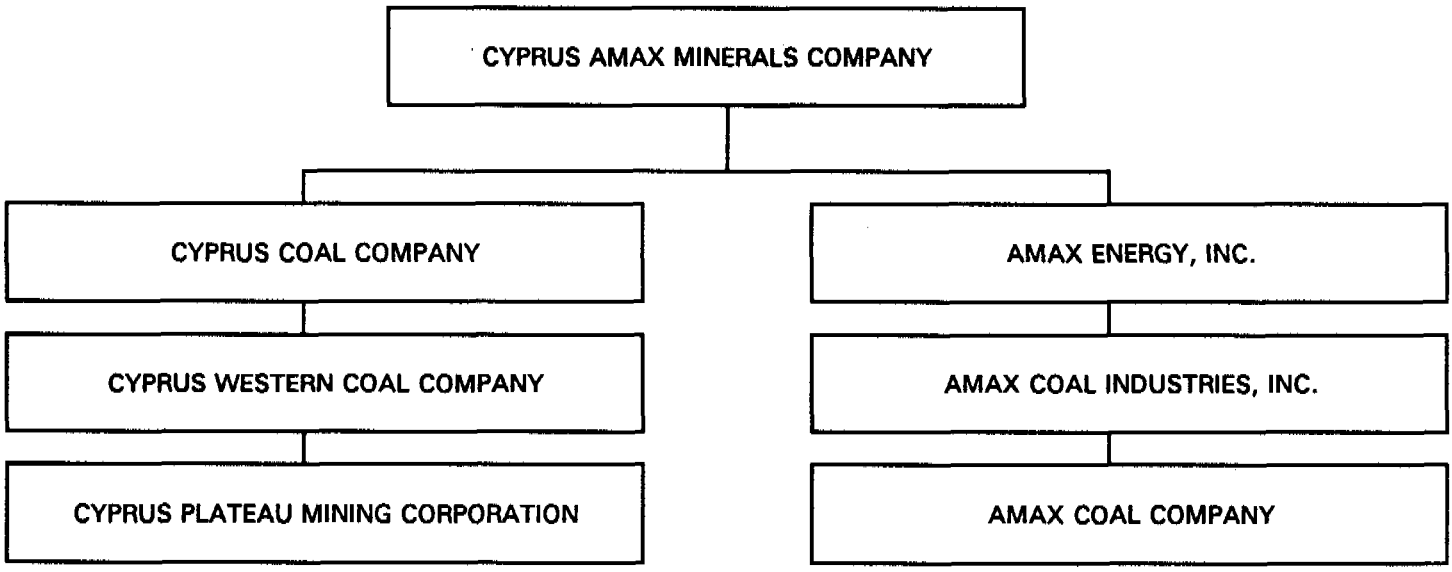
PRE-MERGER


CYPRUS MINERALS COMPANY
CYPRUS COAL COMPANY
CYPRUS WESTERN COAL COMPANY
CYPRUS PLATEAU MINING CORPORATION

PRE-MERGER



POST MERGER


CYPRUS AMAX MINERALS COMPANY
CYPRUS COAL COMPANY
CYPRUS WESTERN COAL COMPANY
CYPRUS PLATEAU MINING CORPORATION
AMAX ENERGY, INC.
AMAX COAL INDUSTRIES, INC.
AMAX COAL COMPANY