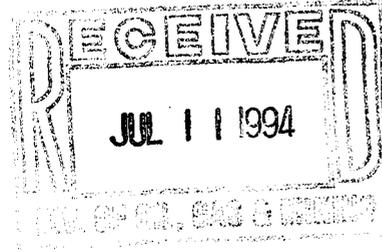




Cyprus Plateau Mining Corporation  
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July 6, 1994

Mr. Lowell Braxton  
Utah Department of Natural Resources  
Division of Oil Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt lake City, Utah 84180-1203



*Copy from (all)*

*ACT/007/006 #2*

Dear Mr. Braxton,

RE: PRICE RIVER COAL (REFUSE)

As discussed with you several times over the past few years, we need to resolve the Price River coal pile "Mount Lauman" as it has affectionately become known. As discussed with you previously, we have made several attempts to sell the material and have been unable to sell it to anyone. The refuse pile is at a level where we must either spread the material on the refuse pile or move it to another location. Since we have taken a loss on the material in handling costs, testing, trial runs, and marketing effort, we believe the material to be unmarketable.

This letter presents additional information that you asked for to substantiate that the material is refuse to justify wasting it. Attached are numerous copies of analyses from CT&E laboratory documenting the quality of the material as follows:

20 samples of the in-place material at the Price River pile in Price Canyon with a mean BTU value of 8319.

Four samples of blended Price River Coal with Plateau coal at blends of 18%, 20% and two at 30% from May of 1988. The BTU values of these samples were as follows:

18% blend . . . . .	11,987
20% blend . . . . .	11,997
30% blend . . . . .	11,629
30% blend . . . . .	11,811

After the initial tests listed above were taken, we modified our preparation plant to increase recovery of the fines fraction previously wasted. We thought this might improve the ability to wash the Price River coal, however, little if any improvement

in washability was experienced.

Blending of the Price River coal was the only hope to market the material since a mean BTU value of 8319 is not marketable in today's coal market. Other factors that make the as-is material unmarketable include large amounts of rock, wood, metal, cinder blocks, rags and miscellaneous garbage in the material. Blending the material yielded acceptable BTU values if it could be successfully run through the preparation plant, however, this proved to be impossible. The following quotes are from our quality control specialist:

Bob tried to market this material by blending it with Plateau coal. This experiment was unsuccessful, we were able to meet some minimum quality specifications by blending, however, this was ultimately deemed not feasible because of the following considerations:

1. To run the Price River coal material, even as a 20% or 30% blend with Plateau coal, the wash plant had to be run at a reduced speed. This was due to excessive fines and contaminants in the Price River Coal material. The necessary slow speed was not cost effective because of reduced tonnages.
2. The Price River Coal material caused many problems with the fine coal circuit and water reclaim system. The excessive fines tended to overload the thickener tank. Extra time and effort were required to filter the material out.
3. To run the Price River Coal material, there were extra handling costs and extra use of machinery and manpower. It was necessary to dig the material out of stockpile and haul it upstream of the preparation plant, keep it separated from our normal product, and then blend it back at a measured rate. Limited stockpile area was also a consideration.
4. There proved to be increased costs at the preparation plant in regards to manpower, flocculants, increased refuse handling, and wear and tear on machinery. Magnets and refuse elevators had to be watched closely.
5. It proved very difficult to make a predictable blend of this material and Plateau coal.
6. The Price River Coal material tended to absorb moisture. This made the finished product difficult to handle, it stuck to chutes and belts. Excessive moisture content also lowered the expected quality and drew excessive water from the wash plant.

7. The Price River Coal was full of contaminants, we found large pieces of metal, wood, stones, rubber, trash, wire, and dirt. Some rocks were large enough to jam chutes and refuse elevators in the plant. There were also large quantities of clinker or slag type materials that caused the nuclear analyzer to be unreliable. This abrasive material was also very hard on centrifugal drying baskets.
8. We found we could not run the Price River Coal material by itself through the plant without completely jamming up the circuits unless we ran so slow as to render the whole process ludicrous.
9. We found the Price River Coal material to be very unpredictable. When we blended it, we found it almost impossible to predict what our finished product would be in regards to ash mineral content, trace elements, ultimate data, and fusion temperatures. This makes marketing difficult and risky.
10. Our long-term customers refused to accept any of this material even at a 10% or 20% blend.

Based on the information above, we are planning to doze the Price River Coal (refuse) material into the refuse pile and treat it as refuse. The volume of material is insignificant compared to the refuse pile size, equaling approximately 1 inch over the entire refuse pile. Since there will be approximately 10 years of refuse material placed on top of the Price River Coal material, the quality will not affect reclamation.

Please advise us as soon as possible if there is anything else you require in this matter, if we have not heard from you by July 15, we will begin spreading the material.

Respectfully,



Ben Grimes  
Sr. Environmental Engineer

Attachments

File: ENV 7.10.11

Chron: BG940703