

0022



State of
DEPARTMENT OF
DIVISION OF OIL, GAS & MINING

BCC: ACT/0.1004 # 2

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1000
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 1, 1999

Johnny Pappas, Sr. Environmental Engineer
Cyprus Plateau Mining
847 Northwest Highway 191
Helper, Utah 84526

Re: Termination of Memorandum of Agreement Between Cyprus Plateau Mining Corporation and the Utah State Department of Natural Resources, Division of Oil, Gas & Mining, Cyprus Plateau Mining, Price River Coal Pile Project, AMR/007/907/L, Carbon County, Utah

Dear Mr. Pappas:

Enclosed is a copy of Cyprus Plateau's memorandum of agreement (MOA) for the Price River Coal Pile, dated November 4, 1987. I would like to bring your attention to the first paragraph on page four of the agreement, which states,

"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 three 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."

On January 27, 1999 the Division approved amendment 99A at the Star Point facility for the transportation of coal mine waste to the Willow Creek facility for processing. During that review process, two questions came to bear regarding the status of the agreement. Was the agreement still in effect? and what would be required to terminate the agreement? Legal counsel for the Division has advised me to provide you with correspondence which terminates the MOA, in the unlikely event that the MOA did not expire after the three years.

By way of this letter, I am informing you that the Division considers this MOA terminated effective November 5, 1990. If you have any questions regarding this letter or the MOA, please feel free to call.

Sincerely,

Mary Ann Wright
Associate Director, Mining

801-538-5306

tam
cc: Van Mays,
PFO
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STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Proff
Norman H. Bangertel, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84100-1203 • 801-538-5340

November 20, 1987

Mr. Bob Lauman
Manager of Technical Services
Cyprus-Plateau Mining Company
P.O. Drawer PMC
Price, Utah 84501

Dear *Bob* Mr. Lauman:

Re: Price River Coal Pile Project, AMR/007/907/L

Enclosed is Cyprus-Plateau's copy of the Memorandum of Agreement (MOA) for the coal pile. Thank you for your help and patience in drawing this up.

The Division is very pleased to be working with Cyprus-Plateau on this project. It is gratifying to draw on industry expertise in solving problems.

Thank you for referring me to Van Mays. I am copying the MOA to him so he will have information on the per ton agreement. We are working out the details of payment for the two items.

Your candor and promptness in bringing coal transport issues to our attention are appreciated. It is helpful to us in working to improve the situation.

Sincerely,

Mary Ann Wright

Mary Ann Wright
Administrator
Abandoned Mine Reclamation Program

vmn
Enclosure: MOA
cc: Van Mays
W0317P/38

Post-it® Fax Note	7671	Date	8/24/88	# of pages	11
To	Johnny Pappas	From	Paul Baker		
Co./Dept.		Co.			
Phone #		Phone #	801-538-5268		
Fax #	435-472-4782	Fax #			

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.

X

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.

Page 4
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 Roberts
Carl Roberts
Budget Officer

APPROVED AS TO FORM:
ATTORNEY GENERAL'S OFFICE

APPROVED:
UTAH DIVISION OF FINANCE

Barbara Roberts
Barbara Roberts
Assistant Attorney General

For Director of Finance
For Director of Finance

W0741P-54



STATE OF UTAH
 NATURAL RESOURCES
 Oil, Gas & Mining

Proj
 Norman H. Bangerter, Governor
 Dee C. Hansen, Executive Director
 Dianne R. Nielson, Ph.D., Division Director

355 W North Temple - 3 Third Center - Suite 350 - Salt Lake City, UT 84180-1203 - 801-538-5340

July 15, 1987

HAND DELIVERED 7/15/87

Mr. Robert G. Lauman
 Manager of Technical Services
 P.O. Drawer PMC
 Price, Utah 84501

Dear Mr. Lauman:

Re: Price River Coal Pile Proposal AMR/007/907/P

The Division has received your proposal to process the coal pile. It is clear that you and your staff have put a tremendous amount of thought and analysis into this problem. We reviewed the proposals and have decided that we are very interested in pursuing the options which you have offered to us. To that end, we would like to meet with you at your earliest convenience to begin discussions.

We sincerely appreciate the support which this demonstrates on Plateau Mining Company's part. You and your staff are to be commended for the dedication to finding creative solutions to this frustrating situation.

Sincerely,

Kenneth E. May
 Associate Director of Mining

MAW:vmn
 Enclosure
 W0317P/34



PLATEAU MINING COMPANY

A Subsidiary of Cyprus Coal Company
P.O. Drawer PMC Price, Utah 84501
Telephone (801) 637-2875

cc Diawve N.

May, Ann

K. E. May

File AMR/007/907/P

June 26, 1987

RECEIVED
JUN 29 1987

DIVISION OF
OIL, GAS & MINING

Mr. Kenneth E. May
Associate Director of Mining
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Price River Coal Pile

Dear Ken:

Thank you for the opportunity to bid on the Price River Coal Pile in conjunction with the Abandoned Mine Reclamation Program. The Division's invitation is a challenging undertaking at this time. At Plateau, we feel encouraged in the knowledge that we should be able to market the recovered coal values. Constraints that may limit the viability of the Division's proposal and Plateau's capacity to fulfill a sale of this product are:

- a) Artificial low spot coal sales price;
- b) Excess capacity;
- c) Inventory currently held at Plateau;
- d) Less than required storage capacity at Plateau;
- e) Concern in maintaining strict adherence to customer contracts;
- f) Low ash fusion temperature of Price River coal;
- g) Re-handling costs at Plateau.

Processing

We are capable at Plateau of full or partial washing. Upon investigation of the supplied data, we have determined that the coal will have to be fully washed. It is anticipated that 45% of the coal will be recovered, reducing the ash level from about 29% to 12%. A 12% ash coal is an acceptable blend product; however, cleaning the coal will most likely lower the ash fusion temperature. Therefore, the product will have to be blended with a high percentage of Plateau coal. We propose to blend the two raw coals ahead of the plant, thereby producing an 8.2% ash combined product -- about 1.7% above our normal average. The resultant heating value of the blend should conform to most utility contracts.



PLATEAU MINING COMPANY

A Subsidiary of Cyprus Coal Company
P.O. Drawer PMC Price, Utah 84501
Telephone (801) 637-2875

cc Diane N.
WADY AW
K E May
file AMR/007/907/P

June 26, 1987

RECEIVED
JUN 29 1987

**DIVISION OF
OIL, GAS & MINING**

Mr. Kenneth E. May
Associate Director of Mining
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Price River Coal Pile

Dear Ken:

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Mr. Kenneth E. May
June 26, 1987
Page 2

Due to the size consist and amount of ash in the fines, a partial wash cycle will result in 94-95% recovery; however, the ash is reduced by only 4% to 24.7%

Site Storage

Plateau proposes to store the unprocessed coal on the existing refuse pile and also on the flat adjacent to the property gate. We have capacity available for less than half of the material to be relocated. Plateau will rehandle the coal, loading and trucking to the raw coal stacking tube as required.

Recovery

Plateau proposes to determine the amount of recovered tonnage through truck haul count on the unprocessed side against plant recovery of the Price River coal as a "stand alone" processed component measured by belt scales. The recovery factor may be checked periodically by feeding the plant only Price River coal.

Processed Coal Disposal

Plateau anticipates that 112,000 saleable tons should be recovered from an estimated 250,000 tons provided. The product can be shipped only to select customers. We should be able to complete disposal of the product by year-end 1989. If the proposed customer does not re-negotiate the contract, then both the Division and Plateau will be holding a refuse pile on a relocated site.

Rebate of Sales Price to the Division

Upon a cursory review of Plateau's handling costs, I believe a 2.5% payment based on F.O.B. rail car sales price, or 8% on margin -- about \$0.50 per ton represents a reasonable payment to the Division.

Summary

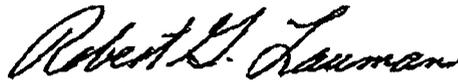
At first glance this invitation appears to be an excellent revenue generating opportunity and, in an escalating energy market, I am sure the material could move. However, the constraints noted above introduce risk at a time when we have plenty of high margin coal available in stockpile. Plateau is pleased to submit this proposal in an attempt to expedite the initiation of an excellent concept, and to assist the Division to defray the cost of the project. We can visualize that the constraints plus internal re-handling on top of 45% recovery as deterrents to the feasibility of the project. We must reserve the right to withdraw this response to the Division's proposal. Plateau would have to deter any agreement contingent upon washing a trial shipment and the Division being able to locate a storage site for the balance of the material. A remote storage site, however, increases the re-handling cost on a net basis.

Mr. Kenneth E. May
June 26, 1987
Page 3

If the Division and Plateau favorably elect to pursue this venture, Plateau would anticipate an environmental assessment from the Division relative to the impact of this material on Plateau's compliance and Permit status.

Plateau may be in a position to process small volumes of this coal in late July or October of this year.

Sincerely,



Robert G. Lauman
Manager of Technical Services

RGL/kam

Attachments

cc: J. J. Spiecha

File: ENV 8

PROPOSAL

Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

The undersigned, in compliance with the Invitation for Proposals for the RECEIPT OF THE PRICE RIVER COAL PILE, having examined the instructions and coal quality analyses and the pile itself, and having considered the location at the receiving facility and all other conditions surrounding this proposal, including the permitting and preparation of the site, hereby propose to accept the pile in accordance with the items specified with the percentage return to the Division as stated below. The undersigned understands that the Division, as part of an AML reclamation project, will incur the expenses involved in performing the work of preparing the site and transporting the material to the site.

For your consideration, the following information is to be considered for award of the contract:

A. Name and description of the facility at which the coal will be received:

Cyprus-Plateau Mining Corp., an affiliate of Cyprus Minerals Company; mine
and processing site located at Wattis, Utah. the underground mine, material
storage and coal processing facilities are located within T.15S., R.7E. and
R.8E., SLRM on approximately 6,700 acres of Federal, State, County, Private
and Fee surface.

B. Permit status of the processing facility:

The processing facility is contained within the Permit Area of approved
Mine and Reclamation Plan, Permit ACT/007/006; this document was approved in
January, 1982. The renewal of this permit is anticipated to be approved by
the Division in July, 1987. An amendment to the mine plan, the "New Lands"
document, should be approved in August, 1987.

C. Extent of the site preparation required for receipt of the coal pile:

Plateau would have two sites within the permit area to store material from the "Price River Coal Pile." Site #1, on top of the existing refuse pile, does not require site preparation. Site #2, contained within the "New Lands" application, will require permitting, grubbing, topsoil removal, cut-off ditches, and a culvert structure to Pond #4. An optimistic projection is that half of the material available could be accepted in Sites #1 and #2.

D. Estimated cost of the site preparation:

Site #2 preparation cost is estimated at \$20,000;
Site reclamation \$6,000.

E. Dates site preparation work may begin and be completed at the facility:

The referenced Site #1 may receive material immediately; Site #2 could be prepared to receive coal upon completion by the Division of a modification to store coal on the site.

F. Percentage of the sale price of the unprocessed coal to be paid to the Division:

Plateau proposes to compensate the Division 2.5% of the base sales price, no calorific adjustments, F.O.B. rail car to the Division. For the purpose of this proposal, it is anticipated that 2.5% will represent \$.50 per ton sold or \$53,000 on the tonnage recovered.

The undersigned certifies that all reclamation fees or civil penalty assessments required by the provision of the Surface Mining Control and Reclamation Act of 1977, P.L. 95-87, 30 U.S.C. Sec 1201 et seq., have been paid.

Respectfully submitted,

NAME OF COMPANY Cyprus-Plateau Mining Corp. DATE June 26, 1987

ROBERT G. LAUMAN
NAME OF AUTHORIZED SIGNER

Robert G. Lauman
AUTHORIZED SIGNATURE
Manager of Technical Services