

0016

TRANSACTION REPORT

P. 01

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FOR: OIL, GAS & MINING

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DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-19	09:22 AM	14356135828	3' 15"	5	SEND	OK	182	

TOTAL : 3M 15S PAGES: 5

*Outgoing
of 007/0006*

BACKGROUND

Star Point Mines

The Star Point Mine is located on Gentry Mountain approximately 23 miles southwest of Price, Utah on the east side of the Wasatch Plateau Coal Field. Mining operations began in 1916 when the Wattis Brothers and Mr. Browning bought 160 acres from the United States and developed the property for coal production.

The Lion Coal Company operated Wattis No. 1 and 2 mines until the end of 1963. There were no coal mining activities from 1964 through 1967. Plateau Mining, Ltd. operated the Star Point No. 1 mine in the Hiawatha Coal Seam, which was not mined by the Lion Coal Company, and the Star Point No.2 Mine in the Wattis Coal Seam, previously known as the Wattis No. 1 Mine, from 1967 through the fall of 1971. United Nuclear Corporation acquired the Star Point Mines in the fall of 1971. Modernization of the coal mine started when the Lions Deck Portal Area was expanded in October 1977. United Nuclear Corporation operated the mine until July 21, 1980. Plateau Mining Corporation (PMC) operated the Star Point mine until February 2000. The current permittee is Plateau Mining Corporation, owned by RAG American Coal Holding Inc. changed from Cyprus Plateau Mining Corporation in 1999. Historically, the Star Point #2 Mine developed coal resources in the Hiawatha, Third, and Wattis seams by the room and pillar, and longwall mining methods with an annual production of 1 to 3 million tons.

With the decision to seal the mine, PMC began reclamation activities. Mud Water and Corner Canyon were reclaimed in the fall of 2000. PMC completed the portal seals in December 2000. The Silo area, No. 1 Mine Area and Road were reclaimed in 2001. Reclamation of the Lions Deck, Overland Conveyor, and Main Channel Area was completed in 2002. A performance bond in the amount of \$10,581,000 is held to ensure that reclamation is accomplished.

The Refuse Pile and associated area was sold to Sunnyside Cogeneration Associates (SCA) on January 31, 2002. SCA currently has an application before the Division to permit the Refuse Pile and associated area. SCA's interest in the Refuse Pile is as a fuel source for their cogeneration power plant located in Sunnyside, Utah.

The current permit area contains 9,084 acres. Proposed reductions of 263.14 acres to the permit area are as follows:

Acres associated with transfer and sale to SCA.

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Refuse Pile	147.2 acres
Topsoil Borrow Area	24.0 acres
Subsoil Stockpile	5.96 acres
Access Road	0.31 acres
Total Acres	<u>177.47 acres</u>

Acres associated with BLM lands and Post Mining Land Use Change (Phillips Petroleum)

BLM lands (not needed)	73.9 acres
Post Mining Land Use (Phillips Petroleum)	11.77 acres
Total Acres	<u>85.67 acres</u>

The current disturbed area consists of 213.4 acres. Proposed reductions of 119.62 acres to the disturbed area are as follows:

Acres associated with transfer and sale to SCA

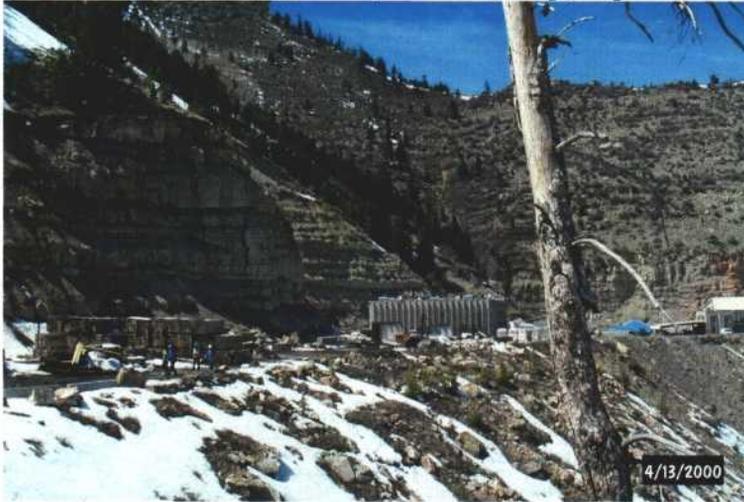
Total Acres	114.16 acres
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Acres associated with Post Mining Land Use Change (Phillips Petroleum)

Total Acres	5.46 acres
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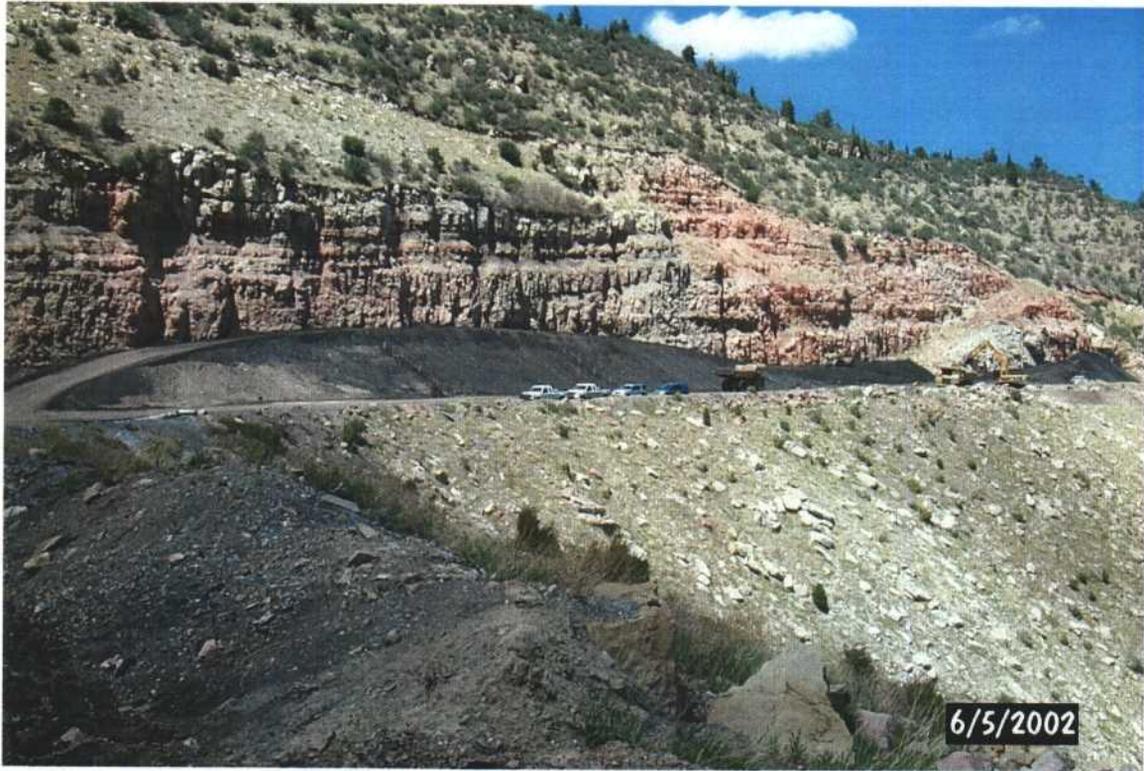
Star Point Mine Lions Deck (Office & Shop) April 2000



Star Point Mine Lions Deck (Shop area) April 2000



Star Point Mine (Loading and Processing facility) April 2000



Star Point Mine backfilling a Lion's deck cut slope. June 2002



Star Point Mine backfilling the highwall. June 2002



Star Point Number 1 Mine area before reclamation. September 2001



Star Point Number 1 Mine area after reclamation. November 2001



Star Point Mine Train Loadout Silo demolition. September 2001



Star Point Mine slope reclamation. December 2002.