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April 21, 1994

Mr. Steve Demczak
Utah Department of Natural Resources
Division of Oil, Gas and Mining
451 East 400 North
Price, Utah 84501



Dear Mr. Demczak,

RE: EXPLORATION PERMIT EXP/007/038 MODIFICATION

(ACT/007/038 #2)

This submittal is to request a modification to the Exploration Permit EXP/007/038 which was approved by the Division on July 9, 1992, and extended on November 17, 1993.

Modification Plan

Scope of Plan

This modification consists of opening the two existing tunnels through rock on the north side of Willow Creek immediately north of our trailer to evaluate their condition.

We are asking for permission to open all four ends in case we must for safety reasons as directed by the MSHA. We may only open one end of each tunnel if safety can be maintained during the project; obviously, we prefer to open only one end of each.

The modification plan is shown on the attached map titled "Blackhawk Exploration Program 92-1, Amendment 1." The locations of the modification program are also shown on the original exploration map titled "General Location Map Blackhawk Exploration Program 92-1" No. 2 (copy attached), refer to the area on this map labeled "See Amendment No. 1 Map."

Steps in Plan

1. To gain access to the tunnel ends, we will utilize existing disturbed areas where possible, the west end of the longest tunnel and the eastern end of the short tunnel can be accessed by existing trails or roadways with minimal disturbance.

West end long tunnel: This end can be reached by traversing up an existing road as shown on the attached map titled "Blackhawk Exploration Program 92-1, Amendment 1."

East end short tunnel: The east end of this tunnel can be reached by making a small cut at the edge of the existing road as shown on the attached map titled "Blackhawk Exploration Program 92-1, Amendment 1." There will be approximately 45 cubic yards of cut material removed to access the existing coal tram roadway which gives access to the tunnel end. The cut material will be stockpiled at the location east of the trailer as shown on the attached map. This material will be protected from contamination by installing a silt fence between it and any coal material in the area, and on its down gradient side.

East end of long tunnel and west end short tunnel: These ends can only be reached by traversing from the trailer area over the area reclaimed by the AML program and crossing Willow Creek as shown on the attached map titled "Blackhawk Exploration Program 92-1, Amendment 1." The map is a photograph taken before the AML project was completed so it does not show the reclaimed area, however, the black area near the existing sediment trap was reclaimed.

2. Tunnel opening plan: The tunnels will be opened by removing the fill material placed at the openings with a track excavator (trackhoe). The fill material will be stockpiled at the locations shown on the attached map. Since the fill material is primarily native material that appears to be suitable for reclamation, it will be used for reclamation if that is necessary. The tunnels may be left open for further evaluation, or until the mine is developed. If the mine is not developed, the tunnel openings will be reclaimed along with the remainder of the exploration program.
3. Environmental protection: The access routes to the tunnel ends have been partially reclaimed except for the route to the east end of the short tunnel which is on the existing pre-law tram roadway. By using a track excavator,

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there will be minimal disturbance to vegetation. We do not anticipate removing topsoil from the roadways. The roadways will only be traversed once each way this time; in the future we may have to go back to replace the fill material if the tunnels' ends are left open now. There will be minimal disturbance to the AML reclaimed area; we may have to move a few boulders to give the track excavator room to get through. These boulders will be replaced when we move out of the area.

Silt fencing will be placed at each tunnel end to contain sediment at the disturbed areas and the stockpiled material. The disturbed areas are estimated at approximately 60' X 60' at each location, and the tram road cut area is approximately 12' X 20' for a total disturbed area of 0.34 acres. The silt fencing will remain until the areas are revegetated.

The stream crossing will be a low-water crossing. The only thing necessary to cross may be the need to move a few boulders to allow the track excavator room to get through. Any boulders moved will be placed back in their original locations.

We will make every effort to minimize environmental damage, and any disturbances created will be reclaimed as soon as practicable.

Reclamation

The tunnel ends will be left open until the mine project begins, or until the exploration program ends and reclamation begins. The tram road cut material will be stockpiled in the area near the trailer as shown on the map titled "Blackhawk Exploration Program 92-1, Amendment 1." This area is within the area previously intended for exploration program coal waste material; very little coal waste material was generated by the previous exploration efforts. The tram road cut material will be stored separately from the coal waste material. The general area drains to the existing sediment traps.

Upon reclamation, the same seed mix approved for the original exploration permit will be used to reseed the tunnel opening areas and any other area.

If the vegetation on the access routes for this modification is destroyed, or any area is unduly compacted, the area will be scarified upon leaving the area and reseeded during the fall of 1994.

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The tunnel backfill material stockpiled will be seeded during the fall of 1994 if it is left in place.

Any areas disturbed by this modification will be reclaimed.

The original reclamation bond for the exploration project was for \$50,000 or \$9,428.63 per acre. The bond will be increased to \$55,000 to cover this amendment which is \$9,746.59 per acre.

Other Agency consultations:

On April 18, 1994, I met on site with Jack Matekovic of the MSHA to discuss their concerns; Mr. Matekovic is clearing the project with his management.

Mr. Matekovic had no major concerns with the project; the only requirement apparently will be to file a simple plan if we plan to use the mine rescue team to examine the interior of the tunnels.

On April 18, 1994, I met on site with Mr. Mark Page of the Utah State Engineer's Office, Water Rights Division and Ms. Katherine Trott of the U.S. Army Corps of Engineers. The consensus on the stream crossing was that no permit is necessary, and that a crossing at the planned location will do no environmental harm. Mr. Page and Ms. Trott said that they will only need to respond in writing if the Division of Oil, Gas and Mining requires it.

On April 18, 1994, I met with Mr. Ken Phippen and Mr. Bill Bates of the Utah Division of Wildlife Resources in their office in Price to discuss the stream crossing. They said they would review any permit application submitted to the DOGM or the State Engineer's Office and the Corps of Engineers and have sign off authority, but that they normally defer to the State Engineer's/Corps of Engineers approvals. They had little concern or comment on the stream crossing for this project.

Security

The tunnel openings will be fenced off immediately after we finish the evaluation and will remain fenced until reclamation or development of the mine.

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Schedule

It is important to us to conduct this project as soon as possible to allow our mine permitting and engineering design process to continue on schedule. We would like to conduct the tunnel openings during the week of May 2 if possible.

If you need additional information or copies of this submittal I would be happy to respond.

Respectfully,



Ben Grimes
Project Manager

Attachments

CC: Mark Page - Utah State Engineer
Ken Phippen - Utah DWR

File: WCENV 2.5.2.9
Chron: BG940410