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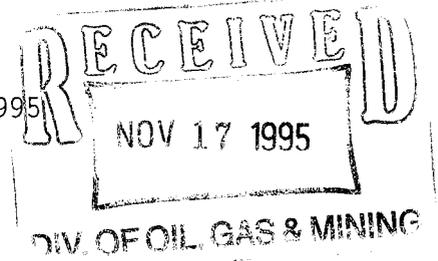


State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RIGHTS

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November 15, 1995



Cyprus Plateau Mining Corporation  
Attn: Mr. Ben Grimes  
P.O. Box PMC  
Price, Utah 84501

*Copy Aaron & Pam*

Re: Willow Creek Permit Application Package, Willow Creek Mine, Cyprus Plateau Mining Corporation  
PRO/007/038, Carbon County, Utah

#3

Dear Mr. Grimes:

I have completed my review of the Willow Creek Mine Permit Application Package, and offer the following comments for your consideration. The comments from this Division center around water issues involving water rights, stream channel alteration work, water impoundments, and water and monitor well permits.

In regards to the water right summary in Volume 10, Exhibit 10, it is anticipated that your diversions from the Price River will take place under the three following decreed water rights 91-3013, 91-3584, 91-3585, and 91-2 and 91-78, representing your shares in Scofield Reservoir. The point of diversion for each of the decreed rights, and the rediversion point for your reservoir water appears to be at the same location as the Carbon Power Plant. The decreed rights will be delivered in a pro rata fashion based on the natural flow of the river. There will be times when Cyprus will need to supplement their water supply with releases from Scofield Reservoir, which must be coordinated with the commissioner. There is no mention of the 900 shares of stock that Cyprus owns in the Price River Water User's Association (Scofield Reservoir) in the package. Some narrative should be added to clarify this water source. The point of diversion from the Price River must be verified with this office.

The water right summary found in Volume 10, Exhibit 10, Table 3 is not complete. A copy of the table is enclosed, which indicates that the prefix for each water right should be 91, and the use column has been completed. It would also appear that there are rights listed that are not in Cyprus' area of concern. I would welcome the opportunity to review the summary with a representative.

In reviewing Map 17, Water Rights Map, some of the information listed is in error and misleading. I would also welcome the opportunity to review this map with a representative.

The statement on page 3.7-27 regarding groundwater use in the area is misleading. There are no wells in the permit area or vicinity that are being used for irrigation and/or municipal purposes. The proposed use pertains to wells that may be developed under the Anadarko Methane Gas Project. At the present



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time water produced by this project is being injected, and not used on the surface. The referenced water right is 91-4823 which is unapproved, is held by Price River Water Improvement District. With the exception of two wells in the Colton area, all of the municipal and irrigation water used in the Price River Valley is provided from surface sources, including water stored in Scofield Reservoir.

It would be helpful to know if the water rights from the old Castle Gate Mines will be used by Cyprus in the Willow Creek operation.

To my knowledge, Cyprus has complied in every regard to monitor well construction permits, and Permit Applications for stream channel work associated with this project. The most recent Permit Application was filed to replace an existing crossing, and realign two segments of Willow Creek. This permit was deferred to the Corps of Engineers because of the proposed realignments, are not covered by the GP040 permit issued to the State of Utah by the Corps.

In regards to the various ponds, a Form R-69 Application for A Dam Not Requiring Submission of Formal Plans Under Section 73-5A-202, should be completed and submitted to this office for approval. Drawings found in the Permit Package can be used to supplement the completed forms. If drawings are not found in the package, they should also be provided. If existing ponds are modified during the life of the project, new forms and drawings should be submitted. These applications are not required for structures that are totally incised. If any embankment is constructed, an application is required. I would be happy to review this matter in more detail if that would be helpful.

Pertaining to Volume 14, Exhibit 20, page 3.7-32, reference is made to leaving ponds 014 and 015 in Crandall Canyon in place after reclamation for livestock and wildlife use. Water rights must be in place for this consumptive use to occur.

In Volume 10, Exhibit 12, Figure 2, Monitoring Station Locations Map, it would appear that the number of sites indicated on the map are not consistent with the number referenced on page 4.7-12. Also, the UPDES discharge permit monitoring sites are noted on Figure 2, but not referenced in the legend.

I appreciate the opportunity to review and comment on the Willow Creek Mine Permit Application. If I can provide any additional information, or clarification, please call.

Sincerely,



Mark P. Page  
Regional Engineer

cc: Pam Grubaugh-Littig - Division of Oil, Gas & Mining