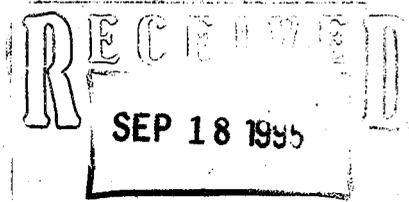




0015

TerraMatrix

September 12, 1995



DIV. OF OIL, GAS & MINING

Mr. Paul Baker
Utah Division of Oil, Gas, and Mining
300 Triad Center - Suite 350
Salt Lake City, Utah 84180

Re: Cyprus Plateau Mining Company - Willow Creek Permit Application, Additional Administrative Completeness Responses

PRO 1007/038 #2

Dear Mr. Baker:

Ben Grimes of Cyprus Plateau Mining Company (CPMC) contacted me and indicated that you had three additional questions which need to be resolved to complete the Administrative Completeness review process. The following summarizes my understanding of your questions and provides the additional information necessary for resolution:

- 1) *A tract of land in T13S, R10E, Section 9, SW/4NW/4 currently shows on the Regional Coal Ownership Map, (Map 2), as Fee Coal, however, this ownership designation is not reflected in Section 2.1.5.1, Right of Entry Documentation (specifically page 2.1-21).*

Response: The owners of record for the noted tract are Harry D. and Alda M. Edwards. A perpetual easement giving right of access for underground workings was granted to Independent Coal and Coke in 1918 and has been conveyed through the chain of ownership to Blackhawk Coal Company. While not a full fee ownership right, by virtue of the current valid lease between Cyprus Western Coal Company (CWCC), CWCC retains the right of access under the easement grant

There are some unanswered legal questions regarding ownership for this tract. The Edwards apparently were delinquent in their tax payments for the property and Independent Coal and Coke paid the back taxes. Subsequently, the annual property tax assessment was paid by Independent Coal and Coke and its successors including, most recently, Blackhawk Coal Company. The relevant legal question is whether or not the payment of property taxes resulted in a change of ownership for the surface and coal estate from the Edwards to Independent Coal and Coke given their relationship of grantor and grantee for the easement. With consideration to this question, the current owner (surface and mineral) for the subject tract is either the Edwards or Blackhawk Coal Company as the successor of Independent Coal and Coke.

Engineering & Environmental Services
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Given that the coal within the subject tract has been mined out, surface and underground right of entry for the tract are not required under the proposed mining and reclamation plans, and the unanswered ownership question, this tract has been excluded from the permit area as shown on both the Regional Surface and Coal Ownership Maps, (Maps 1 and 2). Since the tract is not included within the proposed permit area, the Edwards are shown as contiguous surface and mineral owners in Section 2.1.2.4, Surface and Mineral Ownership, and there is no need to show any additional ownership information for this tract in Section 2.1.5.1, Right of Entry Documentation.

- 2) *On page 2.1-25a there appears to be an error in the legal description for T13S, R10E, Section 8.*

Response: The noted error has been corrected and copies of the revised page accompany these responses for replacement in the permit application document.

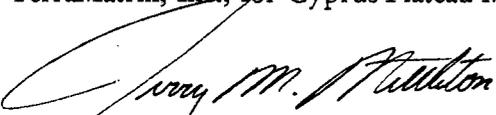
- 3) *No right of Entry documentation was found in the permit application for T13S, R10E, Section 6, E/2SW/4.*

Response: Through an oversight this area was included within the proposed permit boundary. The UDOGM is correct in the observation that CPMC does not have right of entry for this area. The Regional Surface and Coal Ownership Maps, (Maps 1 and 2), have been modified to reflect a change in permit boundary to exclude the subject area and the permit text has been revised to reflect the corresponding reduction in the total permit area acreage. Both revised maps and text pages accompany these responses for replacement in the permit application document.

With these responses, it is our understanding that all outstanding permit administrative completeness issues have been addressed. We, therefore, look forward to timely issuance of an administrative completeness determination. Please feel free to contact me with any questions regarding this submittal or any other aspects of the Willow Creek Permit application review.

Sincerely,

TerraMatrix, Inc., for Cyprus Plateau Mining Company


Jerry M. Nettleton
Project Manager

JMN:tls

cc: Daron Haddock/UDOGM
Ben Grimes/CPMC

4.5 ENGINEERING DESIGN AND OPERATING PLANS

4.5.1 General Description of Engineering Designs and Operating Plans

This section describes and presents engineering designs and operating plans for the proposed mining and related operations and associated structures and facilities. It also provides detailed information and designs for the environmental control and mitigation measures which will be utilized to prevent or minimize potential mining related environmental impacts. Information in this section was developed in accordance with applicable regulatory requirements (R645-301-500) for coal mine permitting in the State of Utah.

4.5.1.1 Applicable Regulatory Sections Addressed

Specifically, this section addresses Rules R645-301-510, 520, 530 and 560. Reclamation plans and related performance standards (Rules R645-301-540 and 550) are addressed in Section 5.5. The following cross-references headings and corresponding information presented in this section to the applicable regulatory provisions;

<u>Permit Section</u>	<u>Applicable Regulatory Provisions</u>
4.5.1	
4.5.1.1	General Introductory Information
4.5.1.2	R645-301-521.130 through 133, and 150 through 152
4.5.1.3	R645-301-521.110 through 125
4.5.1.4	R645-301-521.111 through 124
4.5.1.5	R645-301-521.140 through 143 and 160 through 190
4.5.1.6	R645-301-513.100 through 800
4.5.1.7	R645-301-553.500 and 731.600
4.5.1.8	R645-301-512.100 through 260, 514.100 through 330, and 515.100 through 322
4.5.1.9	R645-301-521.100 through 132, 521.140 through 170
4.5.2	
4.5.2.1	R645-301-521
4.5.2.2	R645-301-522, 523.100 through 220, 524.100 through 800, and 525.100 through 300
4.5.2.3	R645-301-526.100 through 300, 527.100 through 250, 528.100 through 322, and 529.100 through 400
4.5.2.4	R645-301-531 through 537.250
Maps	R645-301-512.100 through 260, 514.100 through 330, and 515.100 through 322
Exhibits	R645-301-512.100 through 200, 513.100 through 800, 524.100 through 800, 528.320 through 322, 530 through 534.340, 536.100 through 900.

4.5.1.2 Surface and Mineral Ownership and Right of Entry

Sections 2.3.2, Identification of Interests, and 2.3.5, Right of Entry, provide detailed information on surface and coal ownership and right of entry and the Surface Ownership Map and Coal Ownership Map. (Maps 1 and 2, respectively) show ownership blocks and boundaries. The Willow Creek permit area encompasses an area of approximately 14,670 acres, of which approximately one third is fee surface, one third is Federal lands managed by the USDI-BLM, and the remaining one third is private and County lands. The Federal lands include an area of approximately 2,300 acres for which CPMC has filed a coal lease application. The Federal coal lease application was submitted on March 23, 1995 and final approval is anticipated during second quarter 1996.

The area was used sporadically by semi-nomadic Native American peoples as their foraging activities extended out from semi-fixed campsites on the Wasatch Front. Actual permanent settlement of the area did not occur until 1877. Following initial settlement, further settlement and development of the area occurred fairly rapidly with the discovery of extensive coal reserves in the late 1870's and construction of the railroad in the late 1870's and early 1880's. Active underground mining operations continued from the 1870's through the 1940's, when coal demand and production began to decline due to reduced post-war industrial production and the shift to diesel railroad engines. The Castle Gate Mines Nos. 1, 2, and 4, which were within the area encompassed by the permit boundary, were developed and operated from 1888 through 1972, when the last of the mines closed. Although extensive underground mine development and production occurred throughout the proposed permit area, associated surface disturbance was generally limited to mine portal and surface facility areas in the valley bottoms and on natural bench areas adjacent to natural drainages.

1.3 OWNERSHIP AND INTERESTS

The proposed Willow Creek Mine would be operated by CPMC, a wholly owned subsidiary of CWCC. CPMC is an individual operating entity involved in the development and operation of underground coal mines in the Price, Utah area. CPMC's offices are currently located at the Star Point Mine near Wattis, Utah. With development and initiation of the Willow Creek operations, it is anticipated that CPMC's offices will be relocated to the Willow Creek location. Cyprus-Amax Coal Company, the parent company of both CWCC and CPMC, is a large operating entity involved in development and operation of both surface and underground coal mines throughout the United States. Cyprus-Amax Coal Company, as a wholly owned subsidiary of Cyprus-Amax Minerals Company, a large publicly-traded natural resource company incorporated under the laws of the State of Delaware, maintains administrative offices in the Cyprus-Amax Minerals Company headquarters in Englewood, Colorado.

The Willow Creek permit area encompasses a block of approximately 14,670 acres of Federal lands managed by the Bureau of Land Management (BLM), County lands, private lands and fee lands located to the north, east, and southeast of the junction of State Highway 191 with U.S. Highways 6 and 50. The mine surface facilities will be located on lands controlled by CWCC by lease with Blackhawk Coal Co. and the majority of the underground mine development and production operations will occur on lands controlled by either CWCC or the United States Bureau of Land Management.

1.4 PROPOSED OPERATIONS

The underground mining operations will target recovery of remaining recoverable coal reserves contained in the "A", "C", "D", and "K" coal seams. This permit application includes mining of recoverable reserves in areas with less than approximately 2,500 feet of overburden cover. There are extensive reserves under areas with greater than 2,500 feet of overburden, however, recovery of these reserves is not included in this application. Most of the initial and future mine development work will involve continuous underground methods using continuous miners and electric shuttle cars. CPMC plans to utilize high productivity longwall mining systems for actual coal production, with coal haulage from the mine using a high speed main conveyor fed by several face conveyors from each of the active development areas, continuous miner sections, or longwall panels. The mine is being designed for a nominal annual production rate of 5.0 million tons of coal, based on an operating schedule of 250 days per year, 2 shifts per day, 8 hour shifts, with a base production rate of 1,000 tons per hour. The potential exists that, based on coal market conditions, the production rate could be increased by adding a third shift, resulting in a peak design production rate of 6.0 million tons of coal per year. The projected life of the Willow Creek Mine is approximately 15 to 20 years with the potential to extend the mine life significantly with development of additional coal reserves to the west and development of those reserves under greater than 2,500 feet of overburden cover.

Following completion of the initial planning, design, and permitting work and on receipt of required permit approvals (currently targeted for early 1996), CPMC will initiate site development. Required development activities will include:

Township 13 South, Range 10 East, S.L.M.
Section 8: Lots 2 and 3; SW/4 NE/4, NW/4 SE/4;
SE/4 NW/4; NE/4 SW/4

containing 239.74 acres, more or less.

None of the above described leases, rights and/or agreements is the subject of any known pending litigation. With the exception of those lands and coal extraction rights addressed under the agreements between CWCC and Blackhawk, CPMC will not extract coal from any lands where the private mineral estate and private surface estate are severed. For those lands and coal rights covered under the Blackhawk agreement, the agreement provides the written consent and express right for extraction of coal required under applicable provisions of Rules R645-301-200 through 230.

2.1.5.2 UDOGM Authority to Adjudicate Property Right Disputes

The information presented in this section and submittal of this information as a part of this permit application does not grant, convey, or obligate UDOGM to become involved in or to adjudicate any related property right disputes.

2.1.6 Status of Unsuitability Claims

2.1.6.1 Areas Designated Unsuitable for Mining

Based on available information and to the best of the applicant's knowledge, the permit area is not within and does not include any area designated or under current study for designation as unsuitable for mining.

2.1.6.2 Operations Within 300 Feet of an Occupied Dwelling or Within 100 Feet of a Public Road

CPMC does not propose to conduct coal mining and reclamation operations within 300 feet of an occupied dwelling. Disturbance associated with development and operation of the mine surface facilities will, however, occur within 100 feet of State Highway 191 which is a public road. In compliance with the applicable regulatory provisions of Rules R645-103-234.100 through 400, CPMC has contacted and obtained approval from the Utah Department of Transportation (UDOT) and initiated a formal request for public hearing with UDOGM. A notice of public hearing was published at least two weeks in advance of the hearing in a local paper of general circulation and opportunity was provided in the hearing for the public and any affected owners to present information relating to protection of their interests. Copies of the public notice and hearing documentation, and written findings relative to mining within 100 feet of a public road were submitted to UDOGM on receipt for insertion in Exhibit 3, Public Notice and Proof of Publication, Hearing Notices and Documentation.

2.1.7 Permit Term

This permit application provides general information relative to the location, sequence, timing, and affected areas for all anticipated mining and reclamation operations over the life of the mine. The proposed timetable for each phase of mining and reclamation is discussed in Sections 4.5, Engineering Design and Operations Plans, and 5.4, Reclamation of Mining Disturbance, and illustrated by the Mine Plan Maps, (Maps 19A through 19D). The referenced text sections include tables summarizing the anticipated number of acres of land to be affected during each phase of mining and reclamation.