

0031



Cyprus Plateau Mining Corporation
Post Office Drawer PMC
Price, Utah 84501
(801) 637-2875

July 4, 1997

Mr. Peter Hess
Utah Division of Oil, Gas and Mining
451 East 400 North
Price, Utah 84501

Dear Mr. Hess,

RE: WILLOW CREEK MINE - CYPRUS PLATEAU MINING

Thank you for your cooperation during the difficult week we have experienced. As you know we have been very concerned about possible degradation of Willow Creek and the Price River downstream from Willow Creek. So far we have been able to avoid any discharges to Willow Creek.

To avoid discharges, we took the actions listed in my letter of this same date. It became obvious due to the amount of water filling up the mine workings that we would need a way to divert some of the flow somewhere other than to sediment pond No. 1. Pond No. 1 could not have held the water and we would have had to discharge to Willow Creek either yesterday or today without some other avenue for the water. To accomplish this, we drilled a hole into the Kenilworth coal seam just outside of the Willow Creek Mine portals and are diverting water into the old mine workings. We believe the Kenilworth seam is the source of the problem water.

We have determined based on the best available information that the Kenilworth seam is flooded. The old Kenilworth seam mine workings are beneath the D Seam being mined at Willow Creek however, due to the dip of the seams, portions of the flooded workings are above the face where the unexpected inflow occurred. We believe there is at least one open coal exploration hole drilled in the 1970's that is allowing water under pressure to flow up to the D Seam and enter the Willow Creek Mine. There also may be other in-mine boreholes that are allowing water to flow up to the D Seam.

We determined that the best approach to solving the immediate problem was to divert the water back into the Kenilworth Seam. This approach is a temporary measure, and we are working on a long term plan as outlined in my letter of this same date.

ACT/007/038 #2
Copy Mary Ann
Baron, Joe
Ken

Ben Grimes
Page 2
July 4, 1997

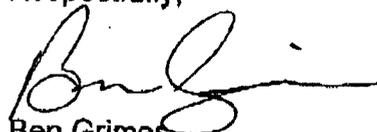
This letter is notification of this diversion and a request for a permit amendment to allow continued diversion. Since it is a holiday we are unable to supply the required permit amendment form, but will provide the form next week. We realize there will be further work and permit information that will be necessary to accomplish this amendment. We would like to set up a meeting with the Division staff in Salt Lake City at the earliest convenience to discuss how to proceed.

We have notified the Utah Division of Water Quality of this diversion by letter and are planning to meet with them on Monday, July 7 to discuss how to proceed from this point.

Again we appreciate your efforts in this matter and look forward to working with you in the future.

I can be contacted at the mine at (801) 472-5146, by voice mail at (801) 636-2227, or at home at (801) 653-2304.

Respectfully,



Ben Grimes

C: Joe Helfrich - DOGM
Cory Bromley
Dewey Tanner
Jack Trackemas

Chron: BG970703



**CYPRUS PLATEAU
MINING CORPORATION**
A Cyprus Ammax Company

Cyprus Plateau Mining Corporation
Post Office Drawer PMC
Price, Utah 84501
(801) 637-2875

July 4, 1997

Mr. Peter Hess
Utah Division of Oil, Gas and Mining
451 East 400 North
Price, Utah 84501

Dear Mr. Hess,

RE: WILLOW CREEK MINE - CYPRUS PLATEAU MINING

As we have discussed, one of the primary efforts to stop the mine water inflow is an attempt to reopen a pre-law coal exploration hole drilled in the 1970's and place a seal below the D Seam to stop the possible water source. As indicated to you over the past couple of days and by letter of this same date, we believe the drill hole to be the source of the water.

As agreed we opened up the access road to the drill hole site during the past two days. This road was constructed pre-law without any reclamation. We will work with the Division to determine the ultimate fate of the road and drill site. We hope that the road could be left in place at least for some time to allow future drilling or work on the existing drill hole. We commit to reclaiming the drill site to the condition it was in prior to our present activities. I visited the site a couple of weeks ago while placing aerial photographic mapping targets. The site had not been reclaimed, however, it appeared to be well stabilized. There was some minor erosion, and there was a pretty good vegetation stand. We will reshape the site using the best available soil to a configuration that is stable and matches the condition prior to our present activities. This will be done after our present activities and before the upcoming winter season.

Again we appreciate your efforts in this matter and look forward to working with you in the future.

I can be contacted at the mine at (801) 472-5146, by voice mail at (801) 636-2227, or at home at (801) 653-2304.

Respectfully,

A handwritten signature in black ink, appearing to read 'Ben Grimes', written over a circular stamp or mark.

Ben Grimes

C: Joe Helfrich - DOGM
Cory Bromley
Dewey Tanner
Jack Trackemas

Chron: BG970704