PERMIT TRACKING FORM

☐ Permit Amendment(INS) ☒ Exploration Permit(INS) ☐ N.O.V. (INS) ☐ D.O. ☐ Permit Transfer ☐ Incidental Boundary Change
☐ Permit Midterm (MT) ☐ Permit Renewal (PR) ☐ New Permit ☐ Significant Revision (SR) ☐ Bond Release (BR)

DATE RECEIVED 6/30/97	By: TAT (Initial)	PERMIT NUMBER	~~ACT/007/018~~ 007/038
Title of Proposal: EXPLORATION PLAN		PERMIT CHANGE #	97D
Description:		PERMITTEE	~~CANYON FUEL CO., LLC~~ CYPRUS
# Copies Required 5	# Copies Received 2	MINE NAME	~~SOLDIER CANYON~~ Willow Creek

☐ PERMIT CHANGE APPLICATION SENT TO SLC	DATE:	LETTER TO PERMITTEE:	
☐: 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION OR INITIAL COMPLETENESS REVIEW	DATE DUE	DATE DONE	LETTER TO PERMITTEE:
☐ Notice of Affidavit of Publication. (If change is a Significant Revision, New Permit or Permit Transfer)	DATE DUE:	DATE DONE	PUBLIC COMMENT RECEIVED:

PRICE REVIEW TRACKING	REVIEW DUE	REVIEW DONE	SLC REVIEW TRACKING	REVIEW DUE	REVIEW DONE
☐ Lead ☐ Generalist			☐ Lead		
☐ Administrative			☐ Administrative		
☐ Land Use/AQ			☐ Land Use/AQ		
☐ Biology			☒ Biology - PAUL O'BRIAN	7/22	
☐ Engineering			☐ Engineering		
☐ Geology			☐ Geology		
☐ Soils			☒ Soils BOB	7/22	
☐ Hydrology			☒ Hydrology DAVE	7/22	

TA Review Due	Date:	Permittee Response Due ☐ Stipulation ☐ Condition ☐ No Requirements	Date:	DIVISION DECISION LETTER ☐ APPROVE ☐ DENY
TA Review Done	Date:	Response Received	Date:	Date:

COORDINATED REVIEWS	PHONE CONTACT	SENT	DUE	RECEIVED	ADDITIONAL TRACKING	Date:
☐ OSMRE (C)					PUBLIC HEARING	
☐ US Forest Service					LETTER FROM COMPLIANCE SUPER.	
☐ BLM (C)					AVS COMPLETED	
☐ US FWS (L, NA)					APPROVAL EFFECTIVE DATE	
☐ US NPS					APPROVED COPY TO FILE	
☐ UT SHPO (L, NA)					APPROVED COPY TO PERMITTEE	
☐ UT DEQ (L)					APPROVED COPY TO PFO/SLC	
☐ UT Water Rights (L)					APPROVED COPY TO AGENCIES	
☐ UT Wildlife Resources(L)					CHIA MODIFIED	
☐ UT SITLA (L)					UPDATE MASTER TA DONE/NEEDED	

PRICE FIELD OFFICE COMMENTS:	SLC OFFICE COMMENTS:

CYPRUS AMAX MINERALS COMPANY

Cyprus Amax Minerals Company
9100 East Mineral Circle
Englewood, Colorado 80112
(303) 643-5215
Fax: (303) 643-5181

Greg A. Walker
General Attorney

June 23, 1997

D. Michael Miller, Esq.
American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373

RECEIVED
JUL 11 1997
DIV. OF OIL, GAS & MINING

Re: Drilling Services Contract

Dear Mike:

There was a typographical error in the first recital paragraph on page one of the June 1, 1997 Drilling Services Contract between Blackhawk Coal Company and Cyprus Plateau Mining Corporation. The reference to the Blackhawk lease **SL-029093-046653** was in error. The actual lease reference should have been to **SL-071737**. The latter is the Blackhawk lease that is adjacent to the Cyprus Plateau lease UTU-73975 in Section 26. I have made the change and prepared and included a revised page one to replace the existing page one.

Please insert the revised page one and call with any questions.

Sincerely,

Greg A. Walker
General Attorney

GAW/sdd

✓cc: John Mercier (Cyprus Plateau – w/att.)

DRILLING SERVICES CONTRACT

This Drilling Services Contract ("Contract") is entered into as of June 1, 1997 between Blackhawk Coal Company ("**Company**") and Cyprus Plateau Mining Corporation ("**Contractor**").

RECITALS

WHEREAS, **Company** is the lessee under federal coal lease SL-071737 ("Lease") issued by the Bureau of Land Management; and

WHEREAS, **Contractor** is the lessee under federal coal lease UTU-73975 adjacent to the Lease; and

WHEREAS, **Contractor** may, at some time in the future, wish to obtain from Company the Lease by way of assignment or otherwise; and

WHEREAS, it would benefit **Company** to obtain additional information on the coal under the Lease at no additional cost or risk to **Company;** and

WHEREAS, **Contractor** may wish to drill one or more exploration holes on the Lease in Township 12 South, Range 9 East, Section 26, S.L.B.M., in order to test the quantity and quality of coal in said Section 26 (the "Exploration"); and

WHEREAS, a portion of both the Lease and federal coal lease UTU-73975 are within Section 26, and the Exploration may take place on one or both of said leases depending upon topography, access and other pertinent factors.

NOW WHERFORE, in consideration of the foregoing recitals, the terms and conditions of this Contract, and other good and valuable consideration, **Company** and **Contractor** agree as follows:

1. HIRING AS CONTRACTOR; TERM

With respect to the Lease only, and subject to all the terms of this Contract, Company hereby hires **Contractor** to conduct any activity necessary to complete the Exploration; provided, however, that **Contractor** will have no obligation to conduct the Exploration on the Lease if Contractor elects not to. The term of this Contract shall run from June 1, 1997 through December 31, 1998, and so long thereafter as access may be necessary for Contractor to complete any required reclamation or restoration obligations.

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
614 223 1000
614 223 1687 (Telecopier)

Writer's Direct Dial No.
(614) 223-1645

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JUN 12 1997
LAW DEPT.

AEP
AMERICAN ELECTRIC POWER

June 9, 1997

Greg A. Walker, Esq.
General Attorney
Cyprus Amax Minerals Company
9100 East Mineral Circle
Englewood, Colorado 80112

Re: Drilling Services Contract

Dear Greg:

Enclosed is a fully executed original of the Drilling Services Contract between Cyprus Plateau Mining Corporation and Blackhawk Coal Company. Thanks very much for all your work on this.

Very truly yours,

Mike

D. Michael Miller

cd:gwalker.dmm

c: C. A. Ebetino, Jr. (w/o enclosure)
L. G. Sogan (w/o enclosure)
V. G. Smith (w/enclosure)

John F. DiLorenzo, Jr.
Vice President, Secretary and Associate General Counsel

Earl Goldhammer
Tax Counsel

D. Michael Miller
Chief Counsel - Power Generation and Director of Litigation

John B. Shinnock
Chief Counsel - Energy Delivery

Edward J. Brady
Thomas S. Ashford
Daniel W. Kemp
John M. Adams, Jr.
Assistant General Counsel

Michael R. Luis
Assistant Tax Counsel

Marvin I. Resnik
Kevin F. Duffy
James R. Bacha
Senior Rate Counsel

F. Mitchell Dutton
Rate Counsel

Kenneth E. McDonough
Real Estate Counsel

Kevin D. Mack
Timothy A. King
Barbara A. Belville
Ann B. Graf
Thomas G. Berkemeyer
Senior Attorneys

David C. House
John W. Seidensticker
Thomas G. St. Pierre
Anthony J. Swaneck
Attorneys

Printed on Recycled Paper

DRILLING SERVICES CONTRACT

This Drilling Services Contract ("Contract") is entered into as of June 1, 1997 between Blackhawk Coal Company ("**Company**") and Cyprus Plateau Mining Corporation ("**Contractor**").

RECITALS

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WHEREAS, **Contractor** is the lessee under federal coal lease UTU-73975 adjacent to the Lease; and

WHEREAS, **Contractor** may, at some time in the future, wish to obtain from Company the Lease by way of assignment or otherwise; and

WHEREAS, it would benefit **Company** to obtain additional information on the coal under the Lease at no additional cost or risk to **Company**; and

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2. GRANT OF ACCESS

Company grants to **Contractor** the right of access to the Lease to the extent necessary to conduct the Exploration, and to the full extent allowed pursuant to the terms of the Lease and applicable laws and regulations. This right of access shall also include the right of access necessary to conduct any reclamation or restoration activity that may be necessary as a result of the Exploration. By entering into this Contract, **Company** is granting to **Contractor** the right to work with the Bureau of Land Management, to post any required bonds, to submit any required applications or forms related to the Exploration, and to obtain and have access to any and all confidential and proprietary information regarding the Lease. This Contract shall constitute the agreement of Company pursuant to 43 C.F.R. §3481.3 for Contractor and its employees to have access to all privileged or confidential or other information regarding the Lease.

3. CONTRACTING

All activity related to the Exploration, including but not limited to, any required reclamation or restoration, shall be at the sole risk, cost and expense of **Contractor**. Any contracts with third parties necessary to conduct the Exploration shall be a subcontract between **Contractor** and the subcontractor, and **Company** shall not be a party thereto. **Contractor** shall not have the authority to bind **Company** to any contract or arrangement without the prior written consent of **Company**. If any bonds have to be posted in the name of **Company**, **Contractor** shall be obligated to reimburse **Company** for any premium paid related thereto.

4. EXPLORATION RESULTS

With respect to any of the Exploration conducted on the Lease, and at no cost to **Company**, **Contractor** will provide **Company** with a full set of any reports, logs, analyses or other results obtained or generated. **Company** and **Contractor** will each own these materials and may use them in any manner in the future.

5. INDEMNIFICATION

Contractor shall defend, indemnify and save harmless **Company**, its joint venturers and its affiliated entities, and each of their employees, officers, directors, and agents, from and against any and all claims, loss, damage, injury, liability, costs and expenses of whatsoever kind or nature, including attorney's fees, demands, recoveries and judgments ("costs"), howsoever the same may be caused by reason of any act or omission of **Contractor**, **Contractor's** subcontractors, agents or employees, in the execution of the Exploration, or in consequence of any negligence or carelessness relating to the Exploration. Without limiting the generality of the foregoing, any such costs shall include injury

or death to any person or persons. Further, any costs in conjunction with the Exploration relating to neglect or violation of any state or federal law or local rule, regulation or order shall be borne by **Contractor**. **Contractor** shall give to the proper authorities all required notices relating to the Exploration, obtain all official permits and licenses, and pay all proper fees in conjunction therewith. **Contractor** shall assume no liability for the sole acts or omissions of **Company**.

6. INSURANCE

Minimum Insurance Requirements: **Contractor** shall maintain the following minimum insurance coverages at all times. Such insurance coverages shall not act to limit **Contractor's** liability under this Contract:

A) Workers' Compensation:
Insurance required.

B) General Liability Insurance, including contractual liability, completed operations liability and, if applicable, explosion, collapse, and underground ("xcu") liability. The policy shall allow cross liability suits and shall be endorsed to name **Company** as an additional insured as respects this Contract:

$2,000,000 combined single limit per occurrence.

C) Employer's Liability:

$1,000,000 each accident;
$1,000,000 for disease;
$1,000,000 each employee for disease.

D) Automobile Liability Insurance which shall allow cross liability suits:

$1,000,000 combined single limit per accident.

At all times, **Company** shall have the right, but not the obligation, to approve **Contractor's** insurance coverages. Such approvals shall be based on standard coverages available within the industry, except as may be otherwise required by this Contract. Such approval shall not be unreasonably withheld.

7. COMPENSATION

As full and complete compensation for all services provided hereunder, **Contractor** shall be allowed to retain any data obtained as a result of the Exploration, and shall be allowed access to the Lease as provided herein. **Contractor** shall not be entitled to any other compensation or reimbursement for any activity or purchases related to the Exploration.

8. MISCELLANEOUS MATTERS

A. **Contractor** shall be an independent contractor and **Company** shall have no right of supervision, direction or control over **Contractor** except in the results to be obtained. **Contractor** shall not be, or represent itself as, an agent, servant, or representative of **Company** for any purpose. The independent contractor is not entitled to workers' compensation benefits and the independent contractor is obligated to pay federal and state income taxes on any monies earned pursuant to the contract relationship.

B. All information in **Company's** possession concerning the physical condition of the surface on the Lease has been or shall be made available to **Contractor**. **Contractor** represents that **Contractor** has independently examined and evaluated all such information, and has inspected the potential worksites, to the extent necessary to satisfy itself that **Contractor** is able to complete performance of the Work within all existing conditions and limitations. **Contractor** has not relied and shall not rely upon any representations by **Company** concerning such information. **Contractor** shall not be entitled to relief from **Contractor's** obligations hereunder, or to additional compensation, for any failure of **Contractor** in making the examination, evaluation and inspection contemplated above.

C. **Contractor** shall perform all work in such a manner as to cause a minimum of interference with **Company's** operations, if any, and shall take all necessary precautions to protect all persons and property from damage or injury. Upon completion of the Exploration, **Contractor** shall leave the worksite clean and free of all tools, equipment, waste materials and rubbish.

D. **Contractor** shall abide by all applicable federal, state and local laws, rules, regulations and governmental orders governing the performance of this Contract, and shall be liable for any fines or assessments levied thereunder against **Contractor** or **Company.** **Contractor** shall secure a Mine Safety and Health Administration independent contractor identification number, if applicable.

E. **Contractor** shall pay and discharge all taxes, lienable claims, charges or other impositions imposed and to be imposed by law on **Company, Contractor** or on the location or equipment thereon arising out of, in connection with, or resulting from the Exploration.

F. Any assignment or delegation of this Contract, or any part thereof, without the prior written consent of **Company**, shall be void. Notwithstanding the foregoing sentence, any assignment or delegation shall not relieve **Contractor** of **Contractor's** obligations hereunder, and any assignee or delegatee shall be bound by this Contract as if its name were substituted for all references to **"Company"** herein.

G. **Company** shall have the right to appoint a representative (**"Company's** Representative") to be present during any phase of the Exploration. **Company** may change its designated representative from time to time. **Company's** Representative may, upon notice to **Contractor**, delegate portions of his responsibilities to other representatives of **Company.**

H. No change orders, modification to, addition to, or waiver of any of the provisions of this Contract shall be binding upon **Company** or **Contractor** unless in a writing signed by an officer or authorized representative of **Company** and **Contractor**. No waiver by either party of any breach of a provision of this Contract shall be a waiver of any subsequent breach, whether of the same or a different provision of this Contract. No presumption shall be deemed to exist in favor of or against either party hereto as a result of the preparation and/or negotiation of this Contract.

I. Any duty or obligation which has been incurred and which has not been fully observed, performed, or discharged, and any right, unconditional or conditional, which has been created and which has not been fully enjoyed, enforced, or satisfied shall survive termination of this Contract.

J. This Contract shall inure to the benefit of and be binding upon the parties' successors and permitted assigns.

K. All notices to be given hereunder shall be in writing, and shall be hand-delivered or mailed to the following addresses:

If to Company:

Blackhawk Coal Company
1 Memorial Drive
P. O. Box 700
Lancaster, OH 43130-0700
Attention: President

If to Contractor:

Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, UT 84501
Attention: President

L. In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, Contractor and Company shall negotiate an equitable adjustment to effect the purpose of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

M. This Contract sets forth the parties' entire agreement with respect to the subject matter hereof and supersedes all prior negotiations and dealings.

N. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Whereas, Contractor and Company have executed this Contract effective as of the date first written above.

BLACKHAWK COAL COMPANY	CYPRUS PLATEAU MINING CORP.
BY:	BY:
TITLE: President and Chief Operating Officer	TITLE: VICE PRESIDENT

AEP Legal
C.K.
DMM

EXPLORATION PLAN

WILLOW CREEK FEDERAL COAL LANDS

CARBON COUNTY, UTAH

BLM Surface

97 JUN 13 PM 4:21

CYPRUS PLATEAU MINING CORPORATION

JUNE 1997

This exploration Plan has been prepared by Cyprus Plateau Mining Corporation ("Cyprus" a Delaware corporation) acting as operator and owner for this exploration project. The focus of the proposed exploration program is to further define the known coal reserves on the existing coal leases controlled by Cyprus. There are a total of eight drill holes that are being requested in this permit application. It is our desire to commence drilling activities as soon as possible, and complete these activities, as yearly budgets allow, over a period of two years. It is possible that not all holes may be drilled.

The appropriate regulations are referenced and underlined followed by Cyprus's response as per 43 CFR subpart 3482, Public Lands; Interior. References to figures and maps are italicized for easy recognition. Five copies of this plan are herewith submitted to the Utah State BLM office. One courtesy copy is also being forwarded to the Price Utah, BLM office.

The information contained in this exploration plan demonstrates that environmental protection and reclamation are integral parts of the proposed exploration program, and reclamation will progress as contemporaneously as practical with the exploration program. Sufficient information is provided in this exploration plan to substantiate the effectiveness of the proposed reclamation method.

3482.1(a) (3) <u>Exploration plans shall contain all of the following:</u>

3482.1(a) (3) (I) <u>the name, address, and telephone number of the applicant, and, if applicable the operator/lessee of record</u>.

Applicant and Operator:
Cyprus Plateau Mining Corporation
P.O. Drawer 7007
Price, UT 84501-7007
Telephone: (801) 637-2875

3482.1(a) (3) (ii) <u>The name, address, and telephone number of the applicant who will be representation and be responsible for conducting the exploration.</u>

John M. Mercier
1232 West 1625 South
Price, UT 84501
Telephone: (801) 637-4434

3482.1(a) (3) (iii) <u>A narrative description of the proposed exploration area, cross-referenced to the map required under paragraph (a) (3) (viii) of this section, including</u>

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DIV. OF OIL, GAS & MINING

applicable federal lease and license serial numbers; surface topography; geologic, surface water, and other physical features; vegetative cover; endangered or threatened species listed pursuant to the endangered Species Act of 1973 (16 U.S.C. 1531, et seq.); districts, sites, buildings, structures, or objects listed on, or eligible for listing on, the National Register of Historic Places; and known cultural or archeological resources located within the proposed exploration area.

Narrative Description of the Proposed Exploration Area

The proposed exploration area consists of two federal coal leases UTU-73975 and U-0146345, that are currently controlled by Cyprus. All eight of the proposed drill holes are located within these two leases.

Legal Description

Legal descriptions of the area of interest for this Exploration Plan are as follows:

Federal Coal Lease UTU-73975
E1/2 of E1/2, Sec 26, all of Section 25, Township 12 South, Range 9 East,
and all of Section 30, except SE1/4 of SE1/4, Township 12 South, Range 10 East.
and all of Section 28, except NW1/4, NW1/4, Township 12 S, Range 10 East.

Federal Coal Lease U-0146345
N1/2 of Sec 33, Township 12 South, Range 10 East.

Federal Coal Lease SL-071737
NW1/4 and the W1/2, NE1/4, and the NW1/4, SE1/4,
and the N1/2, SW1/4, Section 26, Township 12 South, Range 9 East.

If siting problems require locating the hole in Blackhawk Coal Co's lease (SL-071737), permission is granted and attached as Appendix C.

The attached *Surface Ownership* Map shows location of lands within the proposed tract controlled by the two surface owners, BLM / USA and the Cyprus Plateau Mining Corporation.

Proposed Site Locations

Site designation nomenclature is "P" for "Proposed" drill hole site (Table 1). A permanent designation will be given when the hole is actually drilled.

Table 1 Proposed Drill Site Locations

Site Designation	Approximate Legal Description
P97-30-4	N1/2, SE1/4, NE1/4SW1/4 Sec 30, T 12 S, R 10 E.
P97-26-1	SW1/4, SW1/4, SE1/4, NE1/4, Sec. 26, T 12 S, R 9 E.
P97-28-1	NE1/4, SE1/4, SW1/4, SE1/4, Sec. 28, T 12 S, R10 E.
P97-25-4	E1/2, NW1/4, SE1/4, SW1/4, Sec. 25, T 12 S, R 9 E.
P97-25-5	W1/2, SW1/4, SW1/4, Sec. 25, T 12 S, R 9 E.
P97-33-3	SE1/4, SW1/4, NW1/4, NE1/4, Sec. 33, T 12 S, R 9 E.
P97-33-2	NE1/4, NW1/4, NW1/4, NE1/4, Sec.33, T 12 S, R 10 E.
P97-33-4	NE1/4, NE1/4, SW1/4, NW1/4, Sec.33, T12 S, R10 E.

Surface Topography Features

The area is characterized as deeply incised "plateau topography", existing as flat-topped ridges elevated above the adjacent desert lands. This topography is the result of advanced erosion carving up a flat top "plateau" forming steep-walled canyons cutting into the federal leases. Elevations range from over 8,000 feet above sea level on the tops of the flat topped ridges to 6,000 feet above sea level in the bottom of the deepest canyon.

Geologic Features

The lease tract lies within the Book Cliff Coal Field which contains minable coal only within the lower, Cretaceous Age, Blackhawk Formation *(Figure 1, Generalized Stratigraphic Column).*

Stratigraphic units present are, in ascending order, Mancos Shale, overlain by the deltaic and coastal plain sediments of the Blackhawk, Price River and North Horn Formations.

The Mancos Shale forms the valley floor and lower slopes of the south facing escarpment and is over 4,000 feet thick in the area, and contains the interfingered, eastward thinning delta

sandstones of the Lower Blackhawk Formation. Locally the Blackhawk Formation is comprised of five shoreline deltaic cliff forming sandstone members in ascending order, Panther, Storrs, Spring Canyon, Aberdeen, and Kenilworth.

The aggregate thickness of the Blackhawk formation in this area is 1,200 feet. The Blackhawk Formation is the primary coal-bearing formation within the area where thick and laterally extensive seams are closely associated with shoreline delta sandstone units.

Overlying the Blackhawk Formation is the lower Castlegate Sandstone (massive cliff-forming sandstones 500-600 feet thick) overlain by lenticular sandstone and mudstones of the Price River Formation (600 feet thick) which grade upwards into the North Horn Formation.

The North Horn Formation, which is approximately 1500-2000 feet thick, is composed of lenticular sandstones and clay-rich mudstones is the uppermost unit present in the lease tract, and can only be seen on the extreme northeastern side of the exploration area.

Stratigraphic units in this part of the Book Cliff Coal Field typically dip about 8° North-Northeast. Evidence of faults within the Willow Creek mine permit is absent.

Surface Water

The Price River and Willow Creek are the only perennial streams in the area. The six smaller side canyons draining into Price River and Willow Creek are annual or ephemeral channels, only running in the Spring or in direct response to precipitation. A number of seeps and springs also occur along rock-soil interfaces, or along fracture/joint zones.

Vegetative Cover

The surface of this area is predominantly covered with sage brush, grasses and occasional conifers.

National Register of Historical Places Listings

No listed district, site, building, structure, or object is located within the proposed exploration areas.

Archeological Resource Inventory

A cultural and archaeological resource inventory May 9, 1996 of the proposed drill site P97-30-4 and access road was completed Keith Montgomery, consulting archeologist, with Abajo Archaeology. Results of the inventory were summarized in a report submitted to Mr. John Mecier, Cyprus Plateau Mining Corporation, on May 13, 1996, and is attached as Exhibit A.

Copies of the inventory were also forwarded to Price BLM (Miller) and, Utah State Historic Preservation Office (Dykman).

Other proposed sites are stated to be investigated after initial BLM visits and approval and prior to planned startup of the 1997 drilling activities.

Other Physical Features

No significant physical features will be affected by the proposed drilling activities.

Soils

All soils within both the proposed lease and Project areas have been surveyed by the USDA, Soil Conservation Service. The results of area soil surveys were published as the Soil Survey of Carbon Area, Utah (USDA-SCS, 6/88). The exploration area contains a number of different soils derived from sandstone, and shale parent material. A generalized soils map of the Lease Area is shown on *Figure 2 (Generalized Soils Map)*. Due to the rocky nature of the terrain, the soils are quite variable, with drainage, texture, reaction, and land-use generally site-specific as a result of weathering and the parent rock materials.

The Argic Cryoborolls-Pachic Cryoborolls-Cyric Paleborolls Association, is found mainly to the west of the Price River on the Wasatch Plateau. It is characteristic of the high mountain landform, with steep slopes, moderate to deep soil depths, and highly variable permeabilities. Only a small amount of this soil type is found within the exploration area to the east of the Price River. The association consists generally of 25 percent Argic Cryoborolls, 25 percent Pachic Cryoborolls, and 25 percent Cyric Palebrolls, with the remaining 25 percent consisting of varying amounts of Typic Cryoborolls, Cyric Pachic Paleborolls, Lithic Cryoborolls, Mollic Cryoborolls, and rock outcrop.

The Majority of the area is covered by the Typic Argiborolls-Lithic Argiborolls-Typic Haploborolls Association. This association is characterized by steep slopes, shallow to deep soil cover (10 inches to 36 inches), and reasonably well-drained soils. The association generally is composed of 35 percent Typic Argiborolls, 20 percent Lithic Argiborolls, and 20 percent Typic Haploborolls. The remaining 25 percent consists of Pachic Argiborolls, Argic Cryoborolls, and rock outcrop.

Threatened or Endangered Species

There are no know threatened or endangered species within the proposed exploration areas.

In addition to vegetation community mapping and identification and characterization of plan communities, research was conducted to evaluate the potential or presence of any Threatened, Endangered or Protected (T&E) plant species. T&E evaluations included consultations under the Utah Natural Heritage Program, discussions with local botanists with both the BLM and USDA-Forest Service, review of the original 1981 Price River Coal Company Vegetation Inventory, and reconnaissance level field surveys. Research indicated that while several T&E plants are known to occur in the Carbon County area, specific habitat preferences limit potential T&E occurrences within the proposed lease and Project areas to only one specie of potential concern, the Canyon Western Sweetvetch, Hedysarum occidentalis canoe. The computer files of the Utah Natural Heritage Program show this specie as occurring in the upper reaches of Willow Creek several miles to the northeast of the site. The principal investigator for the recent vegetation inventories, who has worked extensively in this general area and is familiar with this species, has identified several small undocumented populations of Canyon Western Sweetvetch near Kenilworth but has never encountered this specie during field work on either the "Willow Creek North" Tract or the planned Willow Creek facilities area.

Wildlife and Fish

Some of the predominate mammals which may occur in the general area include elk, mule deer, black bear, mountain lion, bobcat, coyote, badger, porcupine, snowshoe hare, golden mantled squirrel, Andy ground squirrel, red fox, gray fox, marmot, flying squirrel, and other species of small rodents.

Data from UDWR Fish and Wildlife information indicate the following birds may be found in this ecological zone:

Golden Eagle (protected, common)
Bald Eagle (endangered, rare)
Prairie Falcon (protected, common)
American Peregrine (endangered, rare)
American Kestrel, (protected, summer resident)
Goshawk (protected, uncommon)
Sharp-shinned Hawk (protected, uncommon)
Cooper's Hawk (protected, transient)
Red-tailed Hawk (protected, common)
Swainsons Hawk (protected, summer resident)
Marsh Hawk (protected, common)
Various species of owls (essentially all are protected and most show an abundance designation of common, summer resident, or transient)
Blue Grouse (protected as a gamebird, common)
Ruffed Grouse (protected as a gamebird, common)
Sage Grouse (protected as a gamebird, common)
California Quail (protected as a gamebird, common)

Gambel's Quail (protected as a gamebird, common)
Chukar (protected as a gamebird, common)
Great Blue Heron (protected, abundance unknown)
Various species of geese, ducks, teal scaups, mergansers, and widgeons
(essentially all are protected as gamebirds and most show an abundance designation of either common, summer resident, or transient)

The Price River and Willow Creek are the only perennial streams or bodies of water capable of supporting fish within or near the exploration area. Drilling water will be pumped from these streams using screened suction type pumps from the banks. Proposed hole P97-36-1 in Barns Canyon will take water from the Willow Creek preperation plant facilities, while proposed holes in Willow Creek and Dry Canyon will take water from Willow Creek. Cyprus Plateau Mining Corp. has water rights from the Price River. The volume removed (10,000 gallons from each source) and the methods used to remove the water form these streams insure that fish and other inhabitants will not be harmed.

Reptiles and amphibians of the area may include: boreal toad, leopard frog, northern sagebrush lizard, rocky mountain rubber boa, great basin gopher snake and great basin rattlesnake.

3482.1 (a) (3) (iv) A narrative description of the methods to be used to conduct coal exploration, reclamation, and abandonment of operations including, but not limited to-

Coal exploration, reclamation, and hole abandonment.

Drill pads will be constructed as small as is practical to accommodate drilling equipment and afford an environmentally safe operation (see Figure 3). Mud pits will be constructed large enough to contain all of the drilling effluent and sediment produced. Top soil will be separated from other lower quality horizons and stored along side the drill pad, where it will be protected from erosional process until the drill pad has been reclaimed.

Drill holes will be drilled using either a conventional truck mounted, Gardner Denver 2000 or similar rig, and/or a skid mounted, such as a Longyear 44 or similar continuous wireline core drill. This will depend which method of drilling best meets the needs of the individual drill holes, or expedites the project in a more timely or cost effective way (for a more detailed explanation of each drill hole to be drilled see Appendix C). The holes will be drilled to a predetermined depth, a certain number of feet past the last targeted coal seam of interest. The coal seam and immediate floor and roof strata will be core sampled for chemical and physical testing. Drill holes will also be logged using bore hole geophysical logging equipment. Water to be used during the drill operation will be provided by Cyprus. Cyprus has various water rights in the general area, and temporary changes in the point of diversion will be obtained, when needed, from the State Engineer prior to start up of the exploration program.

Each hole will be cemented completely from the bottom to the collar. Reclamation will take place at each site, as soon as fluids in the mud pit have evaporated or has been pumped out and the mud pit is dry. The pad will be reclaimed and the mud pit back filled. Stored top soil, at the side of the drill pad, will then be spread evenly over the drill pad. Roads constructed for this project will be scarified and re-seeded as determined by the BLM.

3482.1 (a) (3) (iv) (A) <u>The types, sizes, numbers, capacity and uses of equipment for drilling and blasting, and the road or other access route construction:</u>

Equipment

A variety of equipment is expected to be utilized during this drilling project. As indicated above, three different types of rigs may be required, dependant upon individual drill hole evaluation, together with a variety of ancillary or support equipment. Equipment to be used during this project by not limited to- one backhoe (a rubber tire or a small trackhoe), one dozer equivalent in size to a D-8 or D-9 (size will depend on the task that will need to be completed), truck mounted, skid, or helicopter type drill (Gardner Denver 2000, Longyear, or similar types of drilling equipment), pipe trailer or flat bed truck used for that purpose, compressors or boosters, light pack, water truck = 1000 gal, 4X4 trucks for transportation, and a core/trailer. Size, types, numbers, and capacity of equipment might be variable due to the need of each drill hole; each hole may or may not use the same equipment. Access limitations will require that two of the proposed sites be accessed by helicopter (Bell Longranger L3 or M204). Reclamation at these sites will principally involve hand tools.

Seed Mixtures

Reclaimed drill pads and roads constructed during this project will be seeded with the approved seed mix as part of the reclamation. The seed mix listed below on *Table 2* was provided by the BLM specifically for sites in this area.

TABLE 2

SEED MIX

Shrubs	**Pounds per Acre**
Symphoricarpus albus	1.0
Artemesia tridentata wyomingensis	0.5
Cercocarpus ledifolius	1.0
Forbs	
Achillea millefolium	0.5
Balsamorhiza saggitata	0.5
Penstemon strictus	0.5
Grasses	
Poa secunda	1.5
Bromus carinatus	1.5
Agropyron spicatum	1.5
A. smithii	1.5
A. trachycaulum	1.5
Total Pure Live Seed	**11.5**

3482.1 (a) (3) (iv) (B) Excavated earth or debris disposal activities:

All soils excavated in any phase of the proposed exploration activities will be treated the same. Unless otherwise required, the topsoil and native vegetation at the drill sites will be removed, if present, and stockpiled for re-distribution during site reclamation. Topsoil will only be removed where required; generally where soils would be directly impacted at the drill site.

A competent and responsible person, knowledgeable about soils, will be on the site during excavation and reclamation in order to minimize environmental impacts and assure proper soil extraction (depth, etc.) and replacement. This person will be on the drill site during any type of excavation, construction, or reclamation. Methods used to extract topsoil from drill pad locations will be mechanical equipment such as a front-end loader, backhoe, medium to small dozer, or other method.

Stockpiled soil will be protected from erosion loss by containment berms or silt fencing. Wind erosion is not anticipated to be a problem. If the topsoil pile is dry and deflating, it will be wet down. Weathered rock and/or subsoils excavated from the mud pits will be stockpiled separately from the topsoil and will be used to backfill the mudpits after coring and plugging activities are complete. Drill cuttings will be contained and buried in the mud pit. Mudpits will not be backfilled until drilling fluids are pumped out or evaporated.

Soil loss off the drill site will be controlled by berms, straw bales, or silt fences.

The sites and roads will be graded/reclaimed to approximate original contour and recovered with topsoil in a roughened and scarified state. Reclamation parameters of existing roads will be determined by BLM personnel. Drainage will be controlled to prevent runoff across exposed soils.

All debris and trash will be disposed of properly and in a timely manner. Location of disposal will be completely off the exploration area. Areas on the drill site which might be contaminated by fuels or toxic substances will be protected by groud tarps or other means. Contaminated soils will be removed from the sites and transported to an approved disposal facility.

3482.1 (a) (3) (iv) (C) <u>The proposed method for plugging drill holes:</u>

All drill holes will be grouted from the bottom to the surface with a slurry of portland cement and bentonite.

3482.1 (a) (3) (iv) (D) <u>Estimated size and depth of drill holes, trenches and test pits</u>:

The size of the core holes will range from a maximum of ten inches in diameter for surface casing to about 3.7 inches for the cored intervals. The deepest hole should not exceed about 2,600 feet in depth.

No trenches or test pits are planned.

3482.1 (a) (3) (iv) (E) <u>Plans for transfer and modification of exploration drill holes to be used as surveillance, monitoring, or water wells</u>.

None of the proposed drill holes will be considered for monitoring, surveillance, or water wells at this time.

3482.1 (a) (3) (v) An estimated timetable for conducting and completing each phase of the exploration, drilling and reclamation.

TABLE 3

TIMETABLE FOR PROPOSED 1997-98 EXPLORATION ACTIVITIES

Phase of Program	**July** week	**August** week	**Sept.** week	**Oct.** week	**Nov.** week
	2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Drilling	**********	**********			
Reclamation		**********	**********	**********	**********

This is the estimated timetable for the proposed exploration activities. Where wild life would be sensitive to the drilling operations, they will not start until or would terminate before a reasonably deemed less stressful time. An example would be Elk calving grounds; drilling would not start until after the prime calving time had passed.

3482.1(a) (3) (vi) The estimated amounts of coal to be removed during exploration, a description of the method to be used to determine those amounts, and the proposed use of the coal removed.

The proposed exploration plan calls for eight drill holes. Three-inch diameter coal core with length equal to the seam thickness will be removed from each of the anticipated seams encountered. Because continuous core will be taken from at least two of the eight holes, and possibly from all eight holes, coal seams less than 5 feet in thickness will be cored along with the minable thick seams greater than 5 feet in thickness. It is estimated that a maximum total of 30 feet cumulative thickness of coal will be removed from each hole. It is estimated that 1000 pounds of coal will be removed. This is only an estimate as some hole will core two seams, other will core three.

Calculation for lbs. of coal per hole based on the equation: $\pi r^2 L$ x coal density = weight of coal.

$(1.5^2$ in.) X $\pi/144$ x 30 ft.=(est. Cubic ft. Coal/hole)
X 85 lbs./cu. ft. = **125 lbs. coal / hole**

Total for Program = 125 x 8 = **1000 lbs of coal removed.**

The core sampled will be used for quality, methane disorptions, and geotechnical testing. The results of these tests will aid in thickness, seam geometry, coal quality determinations, mine planning and future exploration planning.

3482.1 (a) (3) (vii) A description of the measures to be used during exploration for Federal coal to comply with the performance standards for exploration (3481.1 (a) and applicable requirements of 30 CFR 815.15 or an approved state program.

3484.1 (a) (2) The operator/lessee, if required by the authorized officer, shall set and cement casing in the hole and install suitable blowout prevention equipment when drilling on lands valuable or prospectively valuable for oil, gas, or geothermal resources.

If required by the authorized officer, casing will be set and cemented in the hole and suitable blowout prevention equipment will be installed.

3484.1 (a) (3) All exploration drill holes must be capped with at least 5 feet of cement and plugged with a permanent plugging material that is unaffected by water and hydrocarbon gases and will prevent the migration of gases and water in the drill hole under normal hole pressures. For exploration holes drilled deeper than stripping limits the operator/lessee, using cement or other suitable plugging material approved by the authorized officer shall plug the hole through the thickness of the coal bed(s) or mineral deposits(s) and through aquifers for a distance of at least 50 feet above and below the coal bed(s) or mineral deposit(s) and aquifers, or to the bottom of the drill hole. A lesser cap or plug may be approved by the authorized officer. Exploration activities shall be managed to prevent water pollution and mixing of ground and surface waters and ensure the safety of people, livestock, and wildlife.

As noted above in 3482.1(a) (3) (iv) (C), this stipulation will be complied with if the drill hole is not to be completed as a water monitoring well site. The possibility of contamination of surface waters by drilling materials is low because of location. Adequate precautionary measures (such as berms, bales, and/or silt fences) to prevent the escape of drilling materials into stream drainages will be incorporated into individual site designs. The potential for contamination of surface waters will be minimized by constructing waste pits of sufficient size to contain all effluent drilling materials. To prevent overflow, the waste pits will be pumped out and waste fluids will be disposed of properly. Waste pits will be lined if percolation of fluids through the walls into stream drainages appears possible.

In accordance with the revised stipulations of 43 CFR 3482.2 (b), all coal exploration drill holes will be: 1.) "Cemented from the total depth of the hole to the surface and, 2.) the surface and the intermediate casing (if used) will be fully pressure grouted in the annulus from the bottom of the string to the surface". These measures will be taken to prevent intermixing of ground water. Detail on encountered groundwater flow will be noted on appropriate form for the BLM records. When monitoring wells are no longer needed, they will be plugged with portland cement and sealed.

3484.1(a) (4) The operator/lessee shall retain for one (1) year, unless a shorter time period is authorized by the authorized officer, all drill and geophysical logs and shall make such logs available for inspection or analysis by the authorized officer, if requested. The authorized officer, at his discretion, may require the operator/lessee to retain representative samples of drill cores for one (1) year. Confidentiality of such information will be accorded pursuant to the provisions of 3481.3 of this title.

Drill and geophysical logs as well as representative core samples obtained from the proposed exploration program will be available for inspection or analysis by the authorized officer for one year. An exception to the above will be those cores samples consumed during quality or geotechnical testing. Splits of the samples will be maintained by the testing labs. Typically all collected data including seam depth, thickness, quality, geophysical logs, structure, geotechnical, drilling logs, etc. have been copied and transferred to the appropriate personnel at the BLM offices for review and confidential storage, pursuant to 43 CFR 3485.1.

3484.1 (a) (5) The operator/lessee may utilize exploration drill holes as surveillance wells for the purpose of monitoring the effects of subsequent operations on the quantity, quality, or pressure of groundwater or mine gases only with the written approval of the authorized officer, in consultation with the regulatory authority. The operator/lessee may convert exploration drill holes to water wells only after approval of the operator/lessee's written request by the authorized officer and the surface owner or authorized officer in consultation with the regulatory authority. All such approvals shall be accompanied by a corresponding transfer of responsibility for and liability including eventual plugging, reclamation, and abandonment. Nothing in this paragraph shall supersede or affect the applicability of any state law requirements for such a transfer, conversion, or utilizations a supply for domestic consumption.

Refer to response to 3482.1 (a) (3) (iv) (E)

3482.1 (a) (3) (viii) A map at a scale of 1:24,000 or larger showing the areas of land to be affected by the proposed exploration and reclamation. The map shall show

existing roads, occupied dwellings, and pipelines; proposed location of trenches, roads, and other access routes and structures to be constructed; applicable federal lease and license boundaries; the location of land excavating to be conducted; coal exploratory holes to be drilled or altered; earth or debris-disposal areas; exiting bodies of surface water; and topographic and drainage features.

Regional Coal Ownership 1995 Drill Sites & Access Map is attached to this application. The map is at a scale of 1:24,000 and contains the requested information (proposed drill hole locations, access routes, etc.).

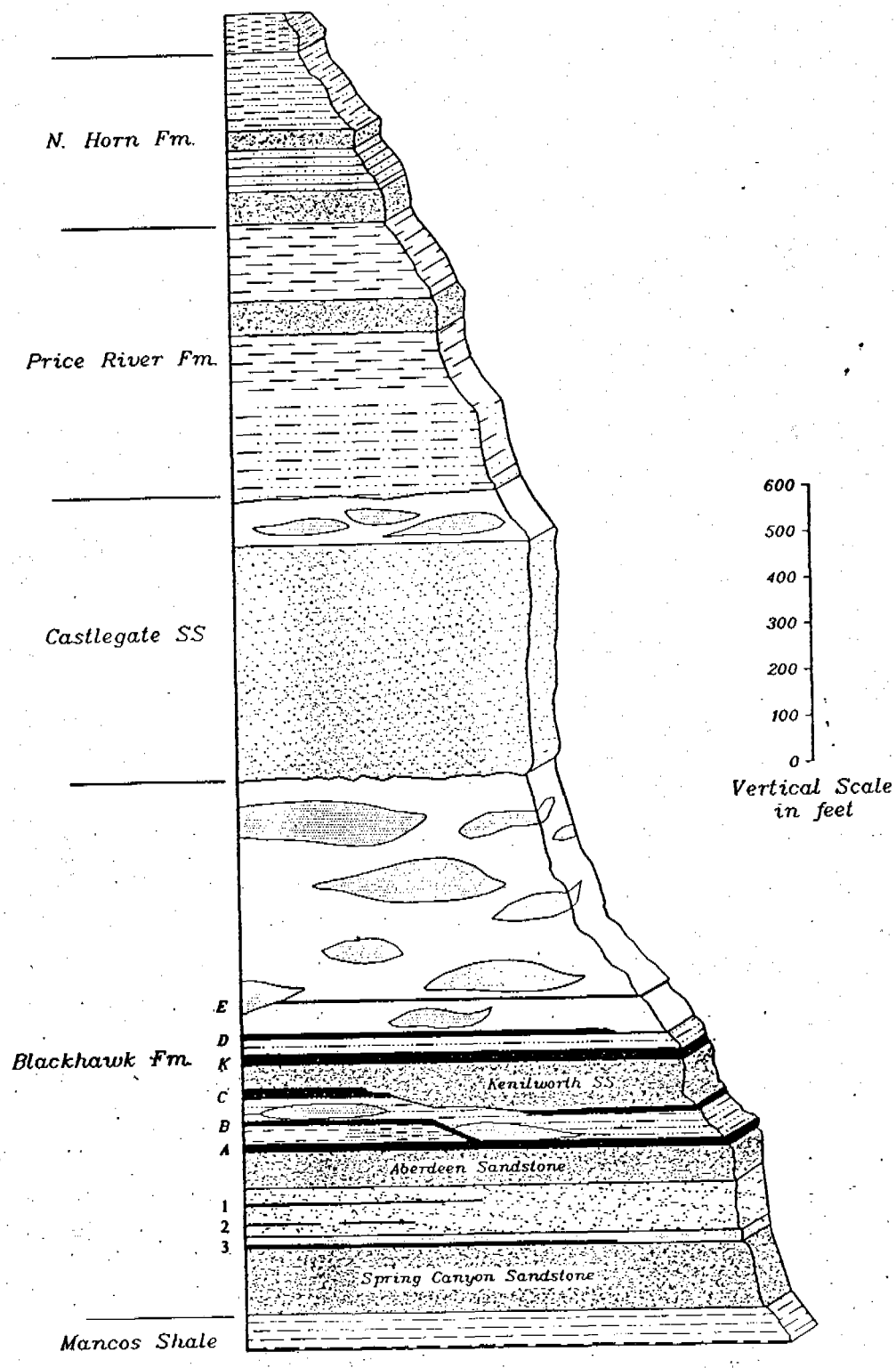
3482.1 (a) (3) (ix) The name and address of the owner of record of the surface land, if other than the United States. If the surface is owned by a person other than the applicant or if the federal coal is leased to a person other than the applicant, a description of the basis upon which the applicant claims the right to enter that land for the purpose of conducting exploration and reclamation.

All lands on which drill pads and roads are to be constructed for execution of this exploration plan are owned by the BLM. There are three parcels of private surface land which lie adjacent to the permitted federal leases, which will be crossed, on existing roads, as access to certain drill sites. The first is owned by Cyprus Amax Minerals Co. and lies adjacent to (south of) UTU-73975 lease in Barn Canyon which provides access to drill holes in sec 25 T 12 S, R 9 E,. The second is owned by Boyd Marsing located in Dry Canyon which provides access to drill holes located in Secs. 28 and 33 of T 12 S, R 10 E. A written agreement is already on file, from the 1994 Willow Creek Drill Program, for access to drill sites through the Marsing land

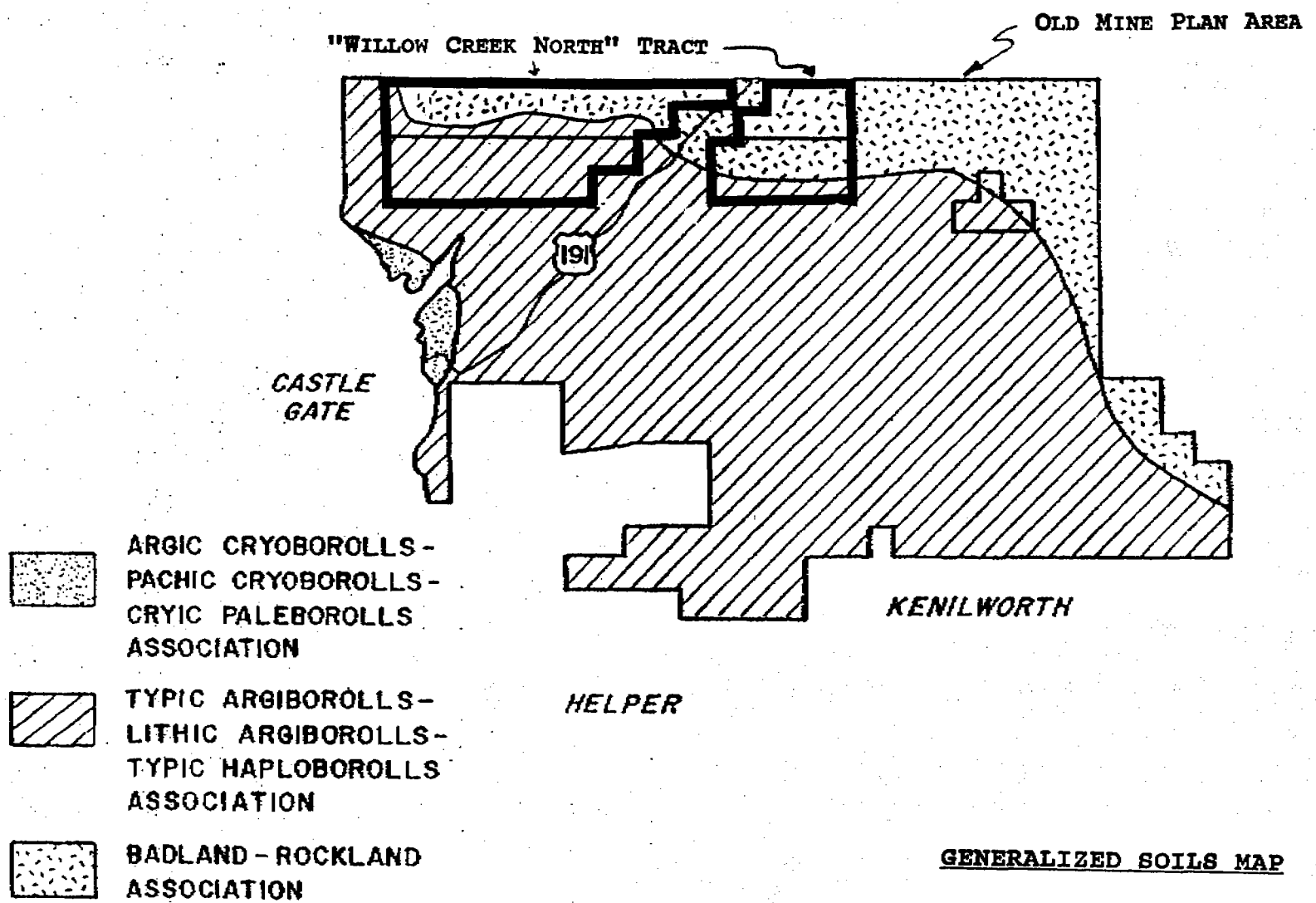
The third land parcel is owned by T.N. Jensen and lies immediately north of the UTU-73975 lease, and provides access to drill holes that are on the top of the plateau (on "Central Ridge"). A letter of permission to access will be secured before mobilization.

8432.1 (a) (3) (x) Such other data as may be required by the authorized officer.

Other data that may be required will be made available as soon as possible upon the request of the BLM.



Project No.:	Design By:	Scale: AS SHOWN	CYPRUS Plateau Mining
File: STRAT.DWG	Drawn By: K.CONRATH	Date: JANUARY, 1995	GENERAL STRATIGRAPHIC COLUMN
	Figure -1		



GENERALIZED SOILS MAP

FIGURE 2

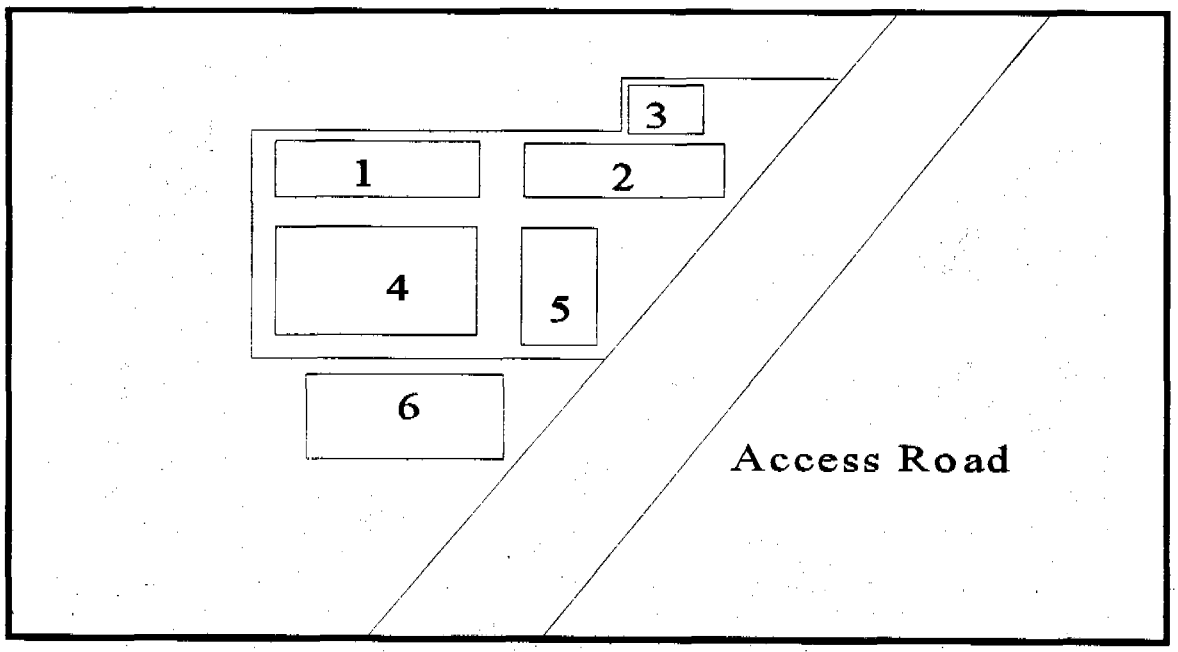


Figure 3. Plan view of a typical drill pad with equipment in place. Truck mounted drill rig 1, pipe trailer 2, light plant 3, booster equipment 4, mud pit 5, and top soil storage 6.

Appendix A

MONTGOMERY
ARCHAEOLOGICAL
CONSULTANTS
Box 147, 322 East 100 South, Moab, Utah 84532 (801) 259-5764 Fax (801) 259-5608

May 13, 1996

John M. Mercier
Supervisor Geology
Cyprus Plateau Mining Corporation
Post Office Box PMC
Price, UT 84501

Dear Mr. Mercier:

On May 9, 1996, a cultural resource inventory was conducted by Montgomery Archaeological Consultants for five proposed Willow Creek North Exploration core drill locations (P96-25-3, P96-30-3, P96-30-4, P96-30-4 (ALT), and P96-30-5) and access routes. The survey was implemented at the request of Mr. Gregory L. Hunt, Geo-Hunt Consulting, Castle Rock, Colorado. The project area is located in Carbon County, Utah, on public lands administered by the Bureau of Land Management (BLM), Price River Resource Area.

The objective of the inventory was to locate, document and evaluate any cultural or paleontological resources occurring within the project area in order to attain compliance with a number of federal and state antiquity related laws. The fieldwork was performed by Jacki A. Montgomery, under the authority of U.S. Department of the Interior (FLPMA) Permit No. 96-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-96-MQ-0238b, issued to Montgomery Archaeological Consultants, Moab, Utah.

A file search for previous cultural resource inventories and documented archaeological sites was completed by the field archaeologist on May 9, 1996, at the BLM Price River Resource Area Office, Price, Utah. The results indicated that several seismograph lines were surveyed in the area by La Plata Archaeological Consultants (Harden 1984). In the immediate project area, a number of drill locations and access roads were inventoried by Archeological-Environmental Research Corporation (Hauck 1979), and by Abajo Archaeology (Montgomery 1994). Also, a paleontological file search was requested of Martha Hayden, Utah Geological Survey, Salt Lake City. No cultural resources or paleontological localities have been recorded within the project area.

In general, the project area lies within the Bookcliffs-Roan Plateau physiographic subdivision of the Colorado Plateau (Stokes 1986:232). The Roan Cliffs dominating the uplands are of Paleocene and Eocene river and floodplain deposits. The topography is characterized by rugged steep-sided ridges and narrow canyons. The nearest permanent water source is Willow Creek, flows southwest through the project area. The vegetation community is a mixed conifer forest including Ponderosa Pine, Douglas Fir, Pinyon, and Utah juniper, with some limber pine above 7500 ft. Elevation ranges from 6800 to 8100 ft a.s.l.

The Willow Creek North Exploration core drill locations occur north of the town of Helper, Carbon County, Utah (Figures 1 and 2). Location P96-25-3 is situated in upper Barnes Canyon in the SW1/4, SW1/4, NE1/4 of S. 25, T. 12S., R. 9E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). The access to the location is along an existing two-track. A 200 by 200 ft area was surveyed at this location. Location P96-30-3 is situated in upper Skinny Canyon in the NW1/4, SE1/4, NE1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). A 200 by 200 ft area was inspected at the location along with a proposed 2100 ft access route leading up the canyon. Location P96-30-4 is located north of Matts Summit along a narrow finger ridge in the SW1/4, SW1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Helper, UT 7.5', 1972). A 300 by 400 ft area was inspected at the location along with a proposed access route measuring

approximately 1600 ft long. Location P96-30-4 (Alternate) is also situated in the SW1/4, SW1/4, SW1/4 and NW1/4, SW1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Helper, UT 7.5', 1972). A 300 by 400 ft area was inspected at the location along with a proposed access route measuring approximately 200 ft long. Location P96-30-5 is situated on a lower bench of the same ridge as the two previous proposed drill locations. The legal description is the SW1/4, NW1/4, SE1/4 and SE1/4, NE1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). An area measuring 400 by 400 ft was inspected at the location along with a 2400 ft proposed access route.

The drill locations were surveyed by the field archaeologist walking parallel transects spaced no more than 10 meters apart. A 100 foot wide corridor was inventoried along each of the flagged access routes. Visibility ranges from fair to good, with most areas hampered by forest duff. The total acreage surveyed for this project is 26 acres.

The survey of the Willow Creek North Exploration core drill locations and access routes resulted in no cultural resources or paleontological localities. A determination of "no effect" is recommended pursuant to Section 106, CFR 800.

Sincerely,

Keith Montgomery

Keith R. Montgomery
Principal Investigator

cc: Blaine Miller, BLM Price River Resource Area
James Dykman, Utah State Historic Preservation Office
Gregory Hunt, Geo-Hunt, Castle Rock

References Cited

Harden, Patrick
1984 An Archaeological Survey of Eleven Seismograph Lines for Seis-Port Explorations, Inc., in Emery and Carbon Counties, Utah. La Plata Archaeological Consultants, Dolores, Co. BLM Report No. 84-7, on file at the BLM Price River Resource Area, Price, Utah.

Hauck, F.R.
1979 An Archaeological Reconnaissance of Proposed Well Locations and Access Roads in the Matt's Summit Locality of Carbon County, Utah. Archeological-Environmental Research Corporation, Bountiful, UT. BLM Report No. 79-28, on file at the BLM Price River Resource Area, Price, Utah.

Montgomery, Jacki A.
1994 Cultural Resource Inventory of Six Proposed Drill Locations for Cyprus-Plateau Mining Corporation in Carbon County, Utah. Abajo Archaeology, Bluff, UT. BLM Report No. 94-675, on file at the BLM Price River Resource Area, Price, Utah.

Stokes, William L.
1986 Geology of Utah. Utah Museum of Natural History and Utah Geological and Mineral Survey. Salt Lake City.

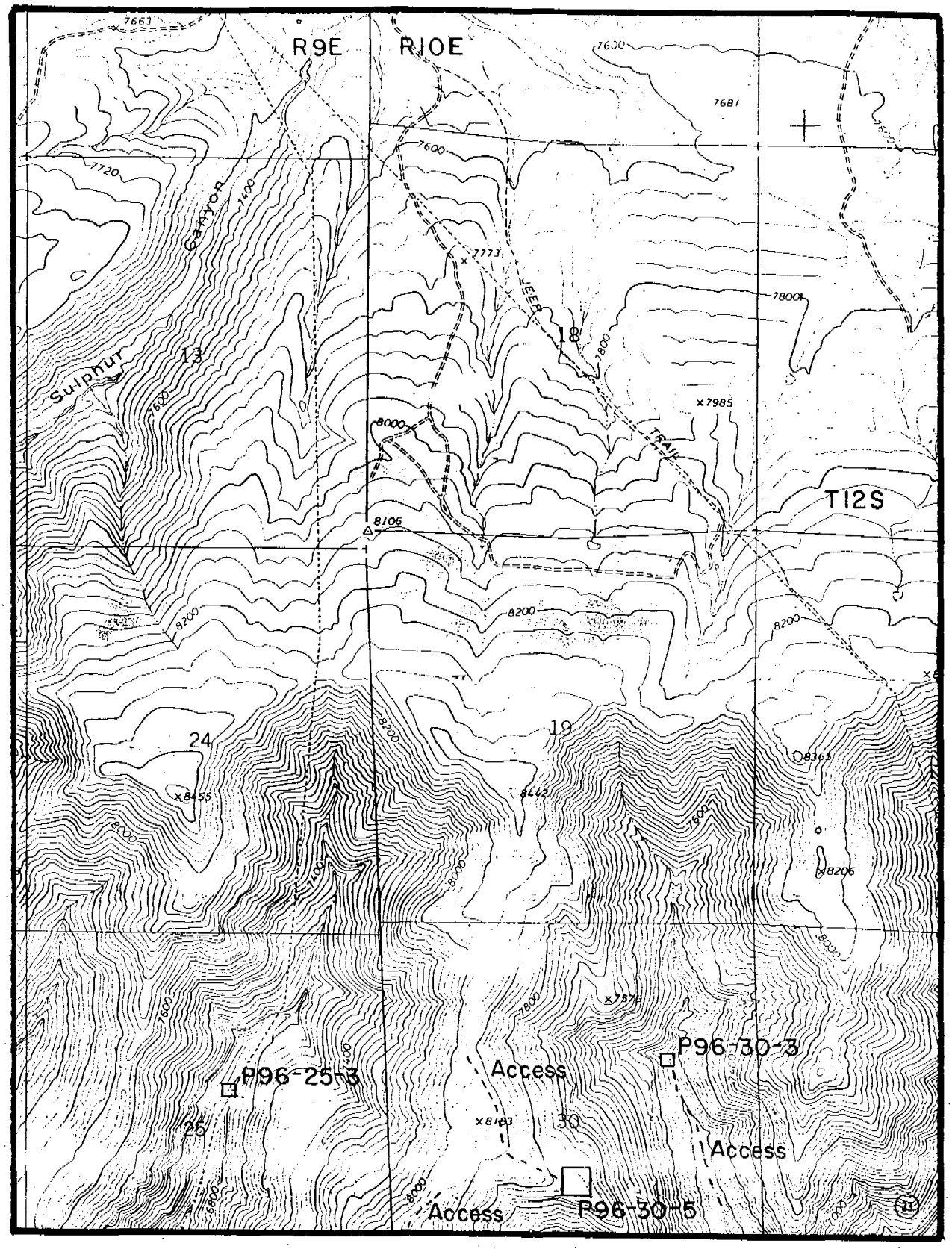


Figure 1. Willow Creek North Drill Locations and Access Routes.
USGS Quadrangle Matts Summit, UT 7.5', 1969.
Scale 1:24,000

MONTGOMERY
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Box 147, 322 East 100 South, Moab, Utah 84532 (801) 259-5764 Fax (801) 259-5608

May 14, 1996

John M. Mercier
Supervisor Geology
Cyprus Plateau Mining Corporation
Post Office Box PMC
Price, UT 84501

Dear Mr. Mercier:

Please find enclosed the Willow North Exploration Core Drill Location archaeological report. We have mailed the required copies of the "no finds" letter report to the appropriate BLM (Price Resource Area) and Utah SHPO. Our company has recommended a determination of "no effect" pursuant to Section 106, CFR 800 for this project. We appreciate the opportunity to consult for your company. Please call me if you have any questions.

The invoice (No. GSC-WC0014) has been mailed to Ms. Vickie Byars of Accounts Payable.

Sincerely yours,

Keith R. Montgomery
Principal Investigator

Appendix B

Appendix B

Willow Creek Proposed Drill Program

Priority 1

P97-30-4: Located on the east side of the Willow Creek Heart Area central ridge. This site was previously permitted under the modified 1995 federal exploration permit but not completed. Approximate coordinates of site are 2184945E, 517429N with a surface elevation of 7790 feet. Approximately 2400 feet of new road will need to be constructed from the ridge road to the new site. The drill pad should be 50 x 150 in size.

The projected total depth of the hole is estimated to be 2500 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and development, methane disorption, horizontal stress testing, TDR monitoring, coal quality, and strata strength testing in the area of the first six D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). The upper 700' to 800' of the hole will have to be cased due to soft strata. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is highly recommended.

As noted, access to the site will be by rehabilitating an existing ridge road and developing about 2400 feet of moderately steep hillside to the proposed site. The new road may or may not need to be reclaimed this season, as needed.

Water will have to be hauled to the central ridge road on the old drill site of 95-30-2 by 4x4 1000 gallon water truck and piped about 2000 feet overland to the proposed drill site to avoid the steep drill road. Water would have to be procured from the Price River or from the Willow Creek portal location.

Communications should be attempted via cellular phone if possible. Otherwise driving to the Willow Creek site may be the only alternative means of communicating to other mine personnel. Communication between the water and rig personnel should be maintained by hand held walkie talkies.

Priority 2

P97-25-4: Located in Barn Canyon midway between MC-16 and 95-25-1. Approximate coordinates of site are 2179278E, 516293N with a surface elevation of 6580 feet. The site will be located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. A nearby turn-around will be utilized.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of the last four D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended.

Assess to the site can be easily made by quickly rehabilitating the existing Barn Canyon road. The existing road parallels an active power line along the side and bottom of the canyon. Energized high tension lines run 40 to 60 feet above the ground.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek prep plant less than 2 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel.

Priority 3

P97-26-1: Located in a narrow canyon designated Castlegate Notch Canyon on the west side of the property off of Price River Canyon. Approximate coordinates of this site are 2176494E, 518396N with a surface elevation of about 6740 feet. The site is located in the middle of the western D panels and can logically only be drilled by air-mobile (helicopter) drilling equipment. The drill pad will have to be hand-cleared (20 x 20 feet) in the narrow canyon bottom and drill equipment brought in from the central ridge to

the east and out to the Price River Canyon to the west. This site will fill in a significant void in the drill spacing.

The projected total depth of the hole is estimated to be 1800 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams. Nearby holes indicate the lowermost A Seam could be thickening to the west in this area. The site will used for seam thickness and correlation, coal quality checks, methane disorption, and strata strength testing in the area of the last four D panels.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 40 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel will generally be required to face a strenuous 40 minute hike in and out of the area each shift. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water will be pumped to the site via rubber hose from the Price River about 2500 feet to the west. Hoses can be lifted to central sites, assembled and strung over a ridge, connecting the the water source to the drill site.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. A repeater on the ridge top may be necessary. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 4

P97-33-2: Located in Dry Canyon about 750 feet NE up the canyon from MC-119. This site was previously permitted under the 1995 federal exploration permit but not completed. Approximate coordinates of site are 2196475E, 515559N with a surface elevation of 7220 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site can be easily made by quickly rehabilitating the existing Dry Canyon road and the removal of some boulder and timber barriers. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 5

Not applicable to this permit.

Priority 6

Not applicable to this permit.

Priority 7

P97-25-5: Located on the ridge between Castlegate Notch Canyon and Barn Canyon. This site is a possible backup contingency location. Approximate coordinates of the site are 2177848E, 516527N with a surface elevation of approximately 7570 feet. As noted, the site is located on a narrow ridge and accessible only by air. The drill pad should be about 20 x 20 feet in size. May be drilled in 1998 or beyond, if needed.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams.

If drilled, the site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of western D and K panel development.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 10 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel may also have to be airlifted at significant expense or camp at the site. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water would likely have to be lifted in for the Price River at considerable expense.

Communications from the ridge could be carried on from the ridge by cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 8

P97-33-3: Located in Dry Canyon on the hillside about 1000 feet southeast of MC-119 and 94-33-1. This site was previously prepared and accessed in the 1970's but not completed. Approximate coordinates of site are 2197174E, 514375N with a surface elevation of 7760 feet. A previously developed wireline site exists. The drill pad should be about 50 x 80 feet in size. May be drilled in 1998 or beyond.

The projected total depth of the hole is estimated to be 1900 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR

monitoring, and strata strength testing in the area of K panel development. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will require the cleanup of existing (steep) access beyond proposed site P97-33-2. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about 2.5 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 9

P97-33-4: Located in Dry Canyon about 1200 feet south of hole 94-33-1. Approximate coordinates of site are 2194360E, 514318N with a surface elevation of 6960 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 80 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The K, C, and A Seams.

The site will used for seam thickness and correlation, coal quality checks, methane disorption, possible horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet

of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will be by the existing Dry Canyon road. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 10

P97-28-1: Located in Dry Canyon about 1400 feet NE up the canyon from MC-119. This site would be roughly located above the projected K East Mains. Approximate coordinates of site are 2196968E, 516478N with a surface elevation of 7385 feet. The proposed site is situated about 600 feet further up canyon from proposed drill hole P97-33-2. The drill pad should be about 40 x 40 feet in size. Access up the rugged and bouldered canyon will be both difficult and expensive. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3. Could be drilled after 1997, if needed.

The projected total depth of the hole is estimated to be 1650 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

As noted earlier, structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. The A Seam heights may be thicker than previously thought. The site could be used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized because of limited space. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. Twenty-four hour operation is recommended but not essential.

The 600 foot access to the site will require steep side hill cuts and extensive reclamation. The existing road in Dry Canyon below the proposed road is easily accessible.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 11

Not applicable to this permit.

Appendix C

DRILLING SERVICES CONTRACT

This Drilling Services Contract ("Contract") is entered into as of June 1, 1997 between Blackhawk Coal Company ("**Company**") and Cyprus Plateau Mining Corporation ("**Contractor**").

RECITALS

WHEREAS, **Company** is the lessee under federal coal lease ~~SL-029093-040053~~ SL-071737 ("Lease") issued by the Bureau of Land Management; and

WHEREAS, **Contractor** is the lessee under federal coal lease UTU-73975 adjacent to the Lease; and

WHEREAS, **Contractor** may, at some time in the future, wish to obtain from Company the Lease by way of assignment or otherwise; and

WHEREAS, it would benefit **Company** to obtain additional information on the coal under the Lease at no additional cost or risk to **Company**; and

WHEREAS, **Contractor** may wish to drill one or more exploration holes on the Lease in Township 12 South, Range 9 East, Section 26, S.L.B.M., in order to test the quantity and quality of coal in said Section 26 (the "Exploration"); and

WHEREAS, a portion of both the Lease and federal coal lease UTU-73975 are within Section 26, and the Exploration may take place on one or both of said leases depending upon topography, access and other pertinent factors.

NOW WHERFORE, in consideration of the foregoing recitals, the terms and conditions of this Contract, and other good and valuable consideration, **Company** and **Contractor** agree as follows:

1. HIRING AS CONTRACTOR; TERM

With respect to the Lease only, and subject to all the terms of this Contract, Company hereby hires **Contractor** to conduct any activity necessary to complete the Exploration; provided, however, that **Contractor** will have no obligation to conduct the Exploration on the Lease if Contractor elects not to. The term of this Contract shall run from June 1, 1997 through December 31, 1998, and so long thereafter as access may necessary for Contractor to complete any required reclamation or restoration obligations.

2. GRANT OF ACCESS

Company grants to **Contractor** the right of access to the Lease to the extent necessary to conduct the Exploration, and to the full extent allowed pursuant to the terms of the Lease and applicable laws and regulations. This right of access shall also include the right of access necessary to conduct any reclamation or restoration activity that may be necessary as a result of the Exploration. While conducting the Exploration, Contractor will be acting as the limited agent of Company as the lessee under the Lease; said agency being subject to all the terms and conditions of this Contract. By entering into this Contract, **Company** is granting to **Contractor** the right to work with the Bureau of Land Management, to post any required bonds, to submit any required applications or forms related to the Exploration, and to obtain and have access to any and all confidential and proprietary information regarding the Lease. This Contract shall constitute the agreement of Company pursuant to 43 C.F.R. §3481.3 for Contractor and its employees to have access to all privileged or confidential or other information regarding the Lease.

3. CONTRACTING

All activity related to the Exploration, including but not limited to, any required reclamation or restoration, shall be at the sole risk, cost and expense of **Contractor**. Any contracts with third parties necessary to conduct the Exploration shall be a subcontract between **Contractor** and the subcontractor, and **Company** shall not be a party thereto. **Contractor** shall not have the authority to bind **Company** to any contract or arrangement without the prior written consent of **Company**. If any bonds have to be posted in the name of **Company**, **Contractor** shall be obligated to reimburse **Company** for any premium paid related thereto.

4. EXPLORATION RESULTS

With respect to any of the Exploration conducted on the Lease, and at no cost to **Company**, **Contractor** will provide **Company** with a full set of any report, logs, analyses or other results obtained or generated. **Company** and **Contractor** will each own these materials and may use them in any manner in the future.

5. INDEMNIFICATION

Contractor shall defend, indemnify and save harmless **Company**, its joint venturers and its affiliated entities, and each of their employees, officers, directors, and agents, from and against any and all claims, loss, damage, injury, liability, costs and expenses of whatsoever kind or nature, including attorney's fees, demands, recoveries and judgments ("costs"), howsoever the same may be caused by reason of any act or omission of **Contractor**, **Contractor's**

subcontractors, agents or employees, in the execution of the Exploration, or in consequence of any negligence or carelessness relating to the Exploration. Without limiting the generality of the foregoing, any such costs shall include injury or death to any person or persons. Further, any costs in conjunction with the Exploration relating to neglect or violation of any state or federal law or municipal rule, regulation or order shall be borne by **Contractor**. **Contractor** shall give to the proper authorities all required notices relating to the Exploration, obtain all official permits and licenses, and pay all proper fees in conjunction therewith. **Contractor** shall assume no liability for the sole acts or omissions of **Company**.

6. INSURANCE

Minimum Insurance Requirements: **Contractor** shall maintain the following minimum insurance coverages at all times. Such insurance coverages shall not act to limit **Contractor's** liability under this Contract:

A) **Workers' Compensation:**
Insurance required.

B) General Liability Insurance, including contractual liability, completed operations liability and, if applicable, explosion, collapse, and underground ("xcu") liability. The policy shall allow cross liability suits and shall be endorsed to name **Company** as an additional insured as respects this Contract:

$2,000,000 combined single limit per occurrence.

C) Employer's Liability:

$1,000,000 each accident;
$1,000,000 for disease;
$1,000,000 each employee for disease.

D) Automobile Liability Insurance which shall allow cross liability suits:

$1,000,000 combined single limit per accident.

At all times, **Company** shall have the right, but not the obligation, to approve **Contractor's** insurance coverages. Such approvals shall be based on standard coverages available within the industry, except as may be otherwise required by this Contract. Such approval shall not be unreasonably withheld.

7. COMPENSATION

As full and complete compensation for all services provided hereunder, **Contractor** shall be allowed to retain any data obtained as a result of the Exploration, and shall be allowed access to the Lease as provided herein. **Contractor** shall not be entitled to any other compensation or reimbursement for any activity or purchases related to the Exploration.

8. MISCELLANEOUS MATTERS

A. **Contractor** shall be an independent contractor and **Company** shall have no right of supervision, direction or control over **Contractor** except in the results to be obtained. **Contractor** shall not be, or represent itself as, an agent, servant, or representative of **Company** for any purpose. The independent contractor is not entitled to workers' compensation benefits and the independent contractor is obligated to pay federal and state income taxes on any monies earned pursuant to the contract relationship.

B. All information in **Company's** possession concerning the physical condition of the surface on the Lease has been or shall be made available to **Contractor**. **Contractor** represents that **Contractor** has independently examined and evaluated all such information, and has inspected the potential worksites, to the extent necessary to satisfy itself that **Contractor** is able to complete performance of the Work within all existing conditions and limitations. **Contractor** has not relied and shall not rely upon any representations by **Company** concerning such information. **Contractor** shall not be entitled to relief from **Contractor's** obligations hereunder, or to additional compensation, for any failure of **Contractor** in making the examination, evaluation and inspection contemplated above.

C. **Contractor** shall perform all work in such a manner as to cause a minimum of interference with **Company's** operations, if any, and shall take all necessary precautions to protect all persons and property from damage or injury. Upon completion of the Exploration, **Contractor** shall leave the worksite clean and free of all tools, equipment, waste materials and rubbish.

D. **Contractor** shall abide by all applicable federal, state and local laws, rules, regulations and governmental orders governing the performance of this Contract, and shall be liable for any fines or assessments levied thereunder against **Contractor** or **Company**. **Contractor** shall secure a Mine Safety and Health Administration independent contractor identification number, if applicable.

E. **Contractor** shall pay and discharge all taxes, lienable claims, charges or other impositions imposed and to be imposed by law on **Contractor** or on

the location or equipment thereon arising out of, in connection with, or resulting from the Exploration.

F. Any assignment or delegation of this Contract, or any part thereof, without the prior written consent of **Company**, shall be void. Notwithstanding the foregoing sentence, any assignment or delegation shall not relieve **Contractor** of **Contractor's** obligations hereunder, and any assignee or delegatee shall be bound by this Contract as if its name were substituted for all references to **"Company"** herein.

G. **Company** shall have the right to appoint a representative (**"Company's** Representative") to be present during any phase of the Exploration. **Company** may change its designated representative from time to time. **Company's** Representative may, upon notice to **Contractor**, delegate portions of his responsibilities to other representatives of **Company.**

H. No change orders, modification to, addition to, or waiver of any of the provisions of this Contract shall be binding upon **Company** or **Contractor** unless in a writing signed by an officer or authorized representative of **Company** and **Contractor**. No waiver by either party of any breach of a provision of this Contract shall be a waiver of any subsequent breach, whether of the same or a different provision of this Contract. No presumption shall be deemed to exist in favor or against either party hereto as a result of the preparation and/or negotiation of this Contract.

I. Any duty or obligation which has been incurred and which has not been fully observed, performed, or discharged, and any right, unconditional or conditional, which has been created and has not been fully enjoyed, enforced, or satisfied shall survive termination of this Contract.

J. This Contract shall inure to the benefit of and be binding upon the parties' successors and permitted assigns.

K. All notices to be given hereunder shall be in writing, and shall be hand-delivered or mailed to the following addresses:

If to Company:

Blackhawk Coal Company
1 Memorial Drive
P. O. Box 700
Lancaster, OH 43130-0700
Attention: President

If to Contractor:

Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, UT 84501
Attention: President

L. In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, Contractor and Company shall negotiate an equitable adjustment to effect the purpose of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

M. This Contract sets forth the parties' entire agreement with respect to the subject matter hereof and supersede all prior negotiations and dealings.

N. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Whereas, Contractor and Company have executed this Contract effective as of the date first written above.

BLACKHAWK COAL COMPANY	CYPRUS PLATEAU MINING CORP.
BY:_____	BY:_____
TITLE:_____	TITLE:_____

CYPRUS AMAX MINERALS COMPANY

Cyprus Amax Minerals Company
9100 East Mineral Circle
Post Office Box 3299
Englewood, Colorado 80155
303/ 643-5000

FACSIMILE TRANSMISSION

Date: May 28, 1997

TO		FROM	
Name	D. Michael Miller	Name	Greg A. Walker
Company	AEP	Department	Law Department
City/State/Country	Columbus, OH	City/State/Country	Englewood, CO
Facsimile No.	614-223-1687	Telephone No.	303/ 643-5215
Verification No.		Facsimile No.	303/ 643-5181

THIS TRANSMISSION CONSISTS OF -- 7 -- PAGE(S) (INCLUDING THIS PAGE)

Mike:

I tried to put together a simple agreement that will protect Blackhawk and its affiliates, but give us the flexibility we need with BLM under the law. Please give me your thoughts. Thanks.

CC: John Mercier -- Cyprus Plateau

Please deliver to:

The information contained in this communication is CONFIDENTIAL, may be ATTORNEY-CLIENT PRIVILEGED, may constitute INSIDE OR PROPRIETARY INFORMATION, and is intended only for the use of the individual(s) or company(ies) named above. Unauthorized use, disclosure or copying is strictly prohibited and may be unlawful. If you have received this communication in error, please immediately notify us at (303) 643-5153 and return the original message to us at the address above via the United States postal service. We will reimburse any cost you incur in notifying and returning the message to us. Thank you!

If any problems occur during transmission, Please call Susan Dicarlo at (303) 643-5153.

Appendix D

GOSHAWK INVENTORY OF NORTH WILLOW CREEK AREA
CARBON COUNTY, UTAH

INTRODUCTION

Plateau Mining Company proposes to locate a series of exploratory drill holes within the North Willow Creek area to be situated along established access roads in Barn Canyon, Skinny Canyon and along the ridge that seperates the two canyons (See Map). This area is characterized by steep, rocky ridges and cliff faces, with vegetation consisting mostly of mature pinyon-juniper at the lower elevations and Douglas fir, ponderosa pine and limber pine within the upper valley floors and ridge tops. The area has been identified by the USDI Bureau of Land Management (BLM) and Utah Division of Wildlife Resources (UDWR) as being potential nesting goshawk (*Accipiter gentilis*) and golden eagle (*Aquila chrysaetos*) habitat Since the proposed project would occur prior to the date established by the BLM as that before any construction activity could be started if active, nesting raptors are within a half-mile of the proposed activity; a specific inventory designed to locate the presence of, or use by nesting goshawks was implemented. A helicopter survey for golden eagle nests was conducted on May 9, 1995 and is include as Attachment A.

METHODS

On May 18 and 19, 1995, an intensive goshawk survey was conducted by the staff of EIS. The area of the survey was determined by establishing a half-mile perimeter around each drill site. Prior consultation between the BLM, UDWR and EIS yielded various survey methods. The methodology selected included the use of a taped nesting goshawk distress call provided by UDWR, and taped rabbit distress call. A portable Johnny Stewart, MS512MR Wildlife Caller was used to play each call for 2 minutes every 10 minutes at various positions within the half-mile buffer zone being surveyed. During calling, survey members would listen for a response and attempt to identify the location of potential nest sites.

Survey team members identified access routes within the area, selecting those that allowed for the greatest coverage. The survey members remained within 200 to 300 yards of each other, communicating with portable radios along a route chosen and ploted using a Garmin 50 Global Positioning System. Routes of each survey member are shown on the enclosed map.

RESULTS

Barn Canyon

Access to the half-mile perimeter was gained by four-wheel travel up an existing road in the canyon bottom to a point approximately a half-mile below PRP-2. The survey began on the northernly facing slope and continued on to the end of the canyon (Approximately 3/4 mile past

PRP-1). The southernly facing slope was accessed at the top of the canyon, but due to its steepness and extensive cliff faces covered with pinyon-juniper, was only partially surveyed along its length. Areas of extensive pinyon-juniper do not provide the closed canopy suitable as for goshawk habitat, and thus were not surveyed as extensively as those covered by the denser stands of fir and pine found on the northernly slopes and ridge tops. The survey within this canyon did not locate any goshawks. Two red-tailed hawks (*Buteo jamaicensis*) were identified flying near PRP-1 along the southernly facing cliffs (See Map). Seven turkey vultures (*Cathartes aura*) were also identified flying within the same area (Map).

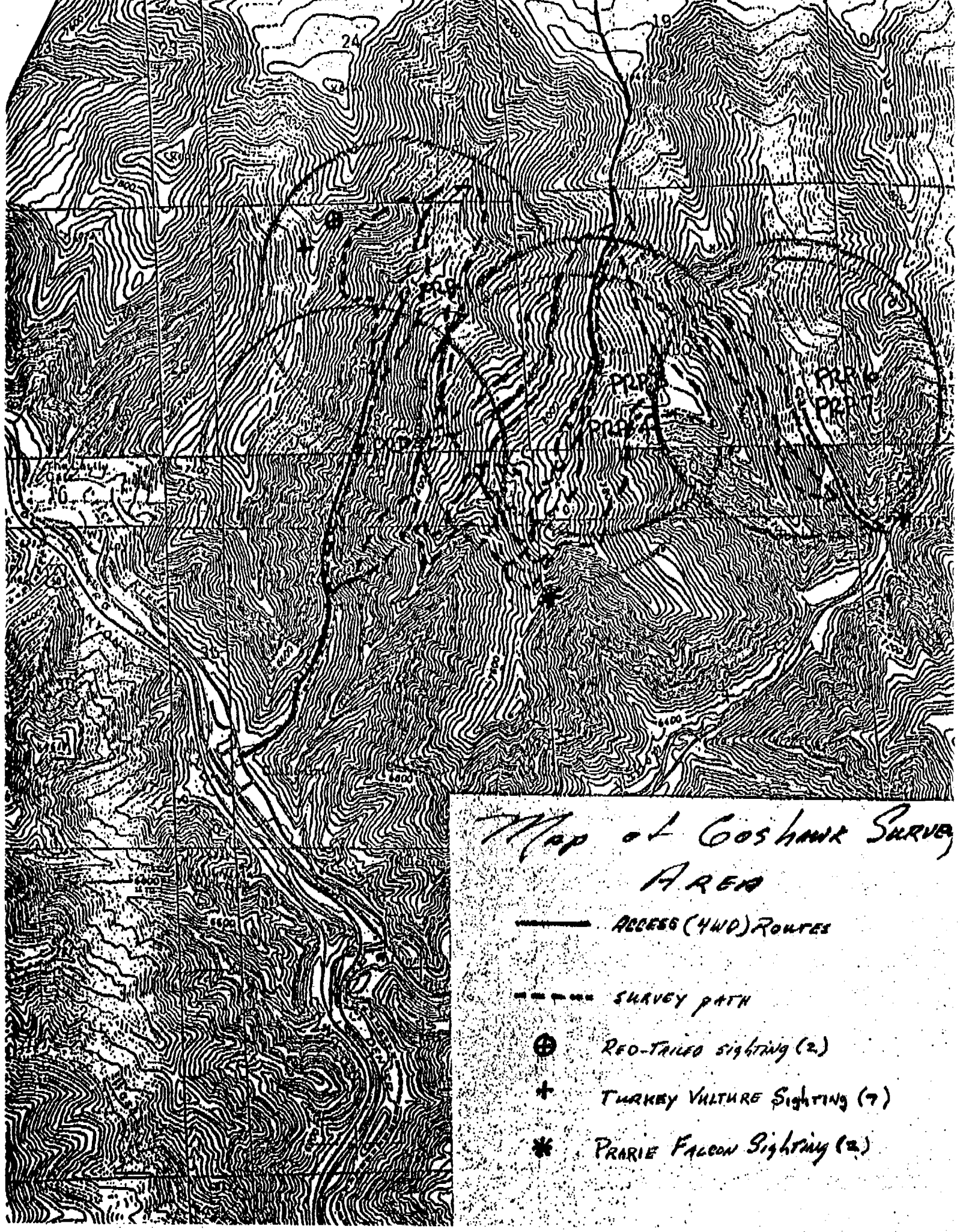
Ridge Top and Skinny Canyon

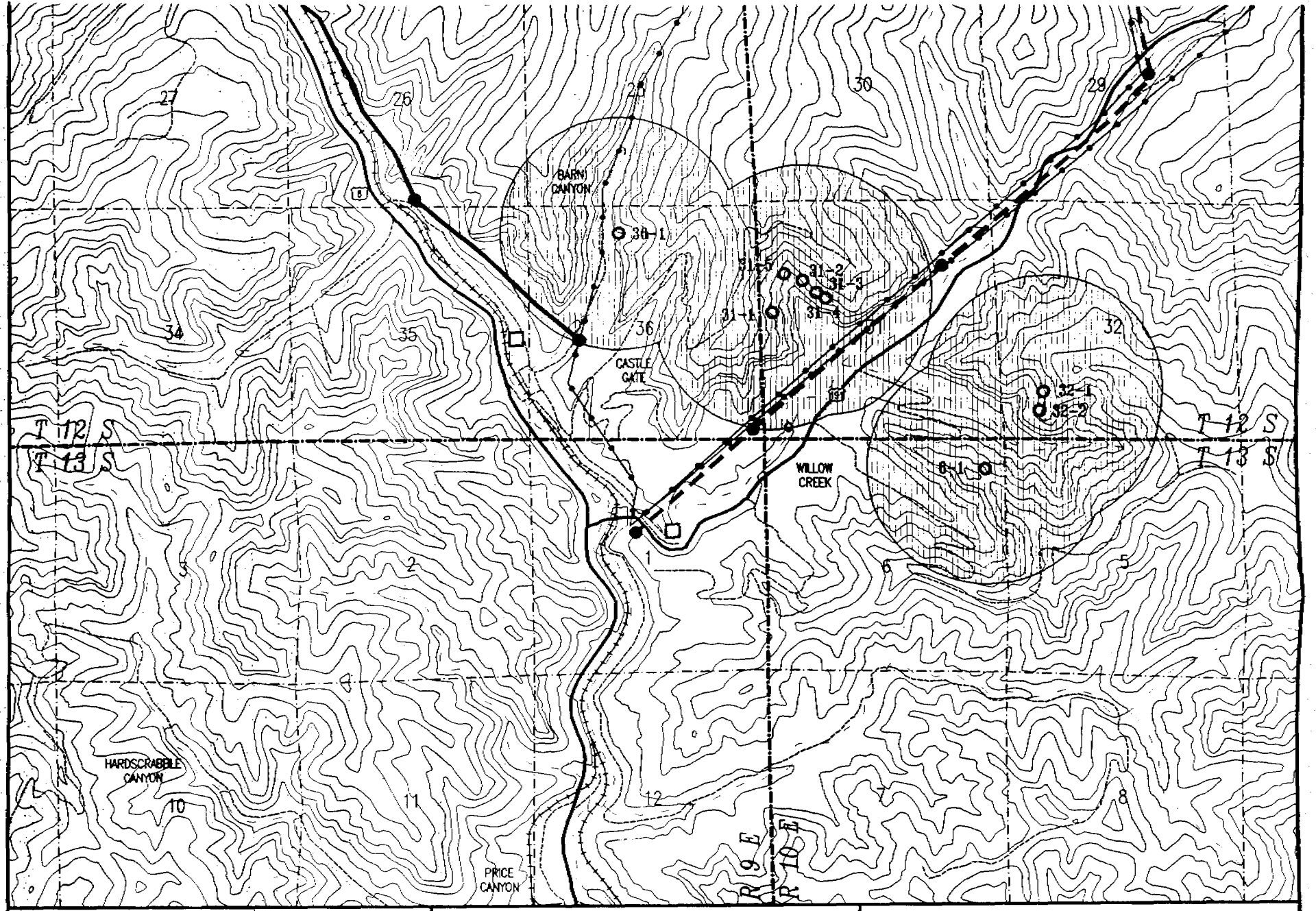
Access to PRP-3 and PRP-4 along the ridge top between Barn Canyon and Skinny Canyon was reached by travel through the Jensen property northwest of the survey area. Survey crew members chose routes along the contour below the ridge top, accessing the upper slope of Barn Canyon and upper reaches of the various side canyons to the south. Procdures for calling was followed as previously discussed. A prarie falcon (*Falco mexicanus*) responded to the distressed rabbit call near the western end of the perimeter boundary of PRP-4 (See Map). Neither nesting activity or goshawks was located within the ridge area.

Access to Skinny Canyon was gained by foot travel from the ridge top. Two survey members maintained a route down the southeasternly facing slope covered with dense douglas fir, aspen and pine into the canyon bottom near the mouth into Willow Creek. Another survey member accessed the bottom drill sites, PRP-6 and PRP-7, in Skinny Canyon from its junction with Willow Creek. A prarie falcon was sighted at the mouth of Skinny Canyon (Map). No other raptor species or signs of nesting activity were identified.

DISCUSSION

Habitat required by nesting goshawks was lacking over the majority of the area in question. Suitable nesting areas of dense, closed canopy was limited to the higher elevations along the ridge and canyon tops. The survey was concentrated within these areas, yet did not yield the presence of goshawk nesting activity or any other nesting raptor activity. Due to the lack of response and failure to locate any goshawk activity, EIS recommends clearence for the proposed drilling operations within the North Willow Creek area.


Map of Goshawk Survey Area
Access (4WD) Routes
Survey path
Red-Tailed sighting (2)
Turkey Vulture Sighting (7)
Prarie Falcon Sighting (2)



ENVIRONMENTAL ASSESSMENT
SULPHUR CANYON 138 kV POWERLINE
RAPTORS

LEGEND:

SAGE GROUSE NESTING HABITAT:
RAPTOR NEST SITE:
1/2 MILE RAPTOR BUFFER ZONE:
HISTORIC SAGE GROUSE LEK:

750' 0' 1500' 3000'

N

PLATE VI

RAPTOR NEST STATUS

YEAR	CYPRUS #	SPECIES	STATUS
1995:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	36-1	Golden Eagle	Inactive
1996:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	32-1	Golden Eagle	Tended
	32-2	Golden Eagle	Active with Young
	36-1	Golden Eagle	Not Found
1997:			
	6-1	Golden Eagle	Not Found
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Inactive
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Tended
	31-5	Golden Eagle	Tended
	32-1	Golden Eagle	Inactive
	32-2	Golden Eagle	Inactive
	36-1	Golden Eagle	Not Found

RECEIVED
JUN 30 1997
DIV. OF OIL, GAS & MINING

EXPLORATION PLAN

WILLOW CREEK FEDERAL COAL LANDS

CARBON COUNTY, UTAH

BLM Surface

RECEIVED
97 JUL 12 PM 4:21

CYPRUS PLATEAU MINING CORPORATION

JUNE 1997

This exploration Plan has been prepared by Cyprus Plateau Mining Corporation ("Cyprus" a Delaware corporation) acting as operator and owner for this exploration project. The focus of the proposed exploration program is to further define the known coal reserves on the existing coal leases controlled by Cyprus. There are a total of eight drill holes that are being requested in this permit application. It is our desire to commence drilling activities as soon as possible, and complete these activities, as yearly budgets allow, over a period of two years. It is possible that not all holes may be drilled.

The appropriate regulations are referenced and underlined followed by Cyprus's response as per 43 CFR subpart 3482, Public Lands; Interior. References to figures and maps are italicized for easy recognition. Five copies of this plan are herewith submitted to the Utah State BLM office. One courtesy copy is also being forwarded to the Price Utah, BLM office.

The information contained in this exploration plan demonstrates that environmental protection and reclamation are integral parts of the proposed exploration program, and reclamation will progress as contemporaneously as practical with the exploration program. Sufficient information is provided in this exploration plan to substantiate the effectiveness of the proposed reclamation method.

3482.1(a) (3) <u>Exploration plans shall contain all of the following:</u>

3482.1(a) (3) (I) <u>the name, address, and telephone number of the applicant, and, if applicable the operator/lessee of record</u>.

Applicant and Operator:
Cyprus Plateau Mining Corporation
P.O. Drawer 7007
Price, UT 84501-7007
Telephone: (801) 637-2875

3482.1(a) (3) (ii) <u>The name, address, and telephone number of the applicant who will be representation and be responsible for conducting the exploration.</u>

John M. Mercier
1232 West 1625 South
Price, UT 84501
Telephone: (801) 637-4434

3482.1(a) (3) (iii) <u>A narrative description of the proposed exploration area, cross-referenced to the map required under paragraph (a) (3) (viii) of this section, including</u>

applicable federal lease and license serial numbers; surface topography; geologic, surface water, and other physical features; vegetative cover; endangered or threatened species listed pursuant to the endangered Species Act of 1973 (16 U.S.C. 1531, et seq.); districts, sites, buildings, structures, or objects listed on, or eligible for listing on, the National Register of Historic Places; and known cultural or archeological resources located within the proposed exploration area.

Narrative Description of the Proposed Exploration Area

The proposed exploration area consists of two federal coal leases UTU-73975 and U-0146345, that are currently controlled by Cyprus. All eight of the proposed drill holes are located within these two leases.

Legal Description

Legal descriptions of the area of interest for this Exploration Plan are as follows:

Federal Coal Lease UTU-73975
E1/2 of E1/2, Sec 26, all of Section 25, Township 12 South, Range 9 East, and all of Section 30, except SE1/4 of SE1/4, Township 12 South, Range 10 East. and all of Section 28, except NW1/4, NW1/4, Township 12 S, Range 10 East.

Federal Coal Lease U-0146345
N1/2 of Sec 33, Township 12 South, Range 10 East.

Check descriptions ownership

Federal Coal Lease SL-071737
NW1/4 and the W1/2, NE1/4, and the NW1/4, SE1/4, and the N1/2, SW1/4, Section 26, Township 12 South, Range 9 East.

If siting problems require locating the hole in Blackhawk Coal Co's lease (SL-071737), permission is granted and attached as Appendix C.

The attached *Surface Ownership* Map shows location of lands within the proposed tract controlled by the two surface owners, BLM / USA and the Cyprus Plateau Mining Corporation.

Proposed Site Locations

Site designation nomenclature is "P" for "Proposed" drill hole site (Table 1). A permanent designation will be given when the hole is actually drilled.

Table 1 Proposed Drill Site Locations

Site Designation	Approximate Legal Description
P97-30-4	N1/2, SE1/4, NE1/4SW1/4 Sec 30, T 12 S, R 10 E.
P97-26-1	SW1/4, SW1/4, SE1/4, NE1/4, Sec. 26, T 12 S, R 9 E.
P97-28-1	NE1/4, SE1/4, SW1/4, SE1/4, Sec. 28, T 12 S, R10 E.
P97-25-4	E1/2, NW1/4, SE1/4, SW1/4, Sec. 25, T 12 S, R 9 E.
P97-25-5	W1/2, SW1/4, SW1/4, Sec. 25, T 12 S, R 9 E.
P97-33-3	SE1/4, SW1/4, NW1/4, NE1/4, Sec. 33, T 12 S, R 9 E.
P97-33-2	NE1/4, NW1/4, NW1/4, NE1/4, Sec.33, T 12 S, R 10 E.
P97-33-4	NE1/4, NE1/4, SW1/4, NW1/4, Sec.33, T12 S, R10 E.

Surface Topography Features

The area is characterized as deeply incised "plateau topography", existing as flat-topped ridges elevated above the adjacent desert lands. This topography is the result of advanced erosion carving up a flat top "plateau" forming steep-walled canyons cutting into the federal leases. Elevations range from over 8,000 feet above sea level on the tops of the flat topped ridges to 6,000 feet above sea level in the bottom of the deepest canyon.

Geologic Features

The lease tract lies within the Book Cliff Coal Field which contains minable coal only within the lower, Cretaceous Age, Blackhawk Formation *(Figure 1, Generalized Stratigraphic Column)*.

Stratigraphic units present are, in ascending order, Mancos Shale, overlain by the deltaic and coastal plain sediments of the Blackhawk, Price River and North Horn Formations.

The Mancos Shale forms the valley floor and lower slopes of the south facing escarpment and is over 4,000 feet thick in the area, and contains the interfingered, eastward thinning delta

sandstones of the Lower Blackhawk Formation. Locally the Blackhawk Formation is comprised of five shoreline deltaic cliff forming sandstone members in ascending order, Panther, Storrs, Spring Canyon, Aberdeen, and Kenilworth.

The aggregate thickness of the Blackhawk formation in this area is 1,200 feet. The Blackhawk Formation is the primary coal-bearing formation within the area where thick and laterally extensive seams are closely associated with shoreline delta sandstone units.

Overlying the Blackhawk Formation is the lower Castlegate Sandstone (massive cliff-forming sandstones 500-600 feet thick) overlain by lenticular sandstone and mudstones of the Price River Formation (600 feet thick) which grade upwards into the North Horn Formation.

The North Horn Formation, which is approximately 1500-2000 feet thick, is composed of lenticular sandstones and clay-rich mudstones is the uppermost unit present in the lease tract, and can only be seen on the extreme northeastern side of the exploration area.

Stratigraphic units in this part of the Book Cliff Coal Field typically dip about 8° North-Northeast. Evidence of faults within the Willow Creek mine permit is absent.

Surface Water

The Price River and Willow Creek are the only perennial streams in the area. The six smaller side canyons draining into Price River and Willow Creek are annual or ephemeral channels, only running in the Spring or in direct response to precipitation. A number of seeps and springs also occur along rock-soil interfaces, or along fracture/joint zones.

Vegetative Cover

The surface of this area is predominantly covered with sage brush, grasses and occasional conifers.

National Register of Historical Places Listings

No listed district, site, building, structure, or object is located within the proposed exploration areas.

Archeological Resource Inventory

A cultural and archaeological resource inventory May 9, 1996 of the proposed drill site P97-30-4 and access road was completed Keith Montgomery, consulting archeologist, with Abajo Archaeology. Results of the inventory were summarized in a report submitted to Mr. John Mecier, Cyprus Plateau Mining Corporation, on May 13, 1996, and is attached as Exhibit A.

Can't see where they surveyed for this site.

Apparently have no inventory for any of the other sites.

Copies of the inventory were also forwarded to Price BLM (Miller) and, Utah State Historic Preservation Office (Dykman).

Other proposed sites are stated to be investigated after initial BLM visits and approval and prior to planned startup of the 1997 drilling activities.

Other Physical Features

No significant physical features will be affected by the proposed drilling activities.

Soils

All soils within both the proposed lease and Project areas have been surveyed by the USDA, Soil Conservation Service. The results of area soil surveys were published as the Soil Survey of Carbon Area, Utah (USDA-SCS, 6/88). The exploration area contains a number of different soils derived from sandstone, and shale parent material. A generalized soils map of the Lease Area is shown on *Figure 2 (Generalized Soils Map)*. Due to the rocky nature of the terrain, the soils are quite variable, with drainage, texture, reaction, and land-use generally site-specific as a result of weathering and the parent rock materials.

The Argic Cryoborolls-Pachic Cryoborolls-Cyric Paleborolls Association, is found mainly to the west of the Price River on the Wasatch Plateau. It is characteristic of the high mountain landform, with steep slopes, moderate to deep soil depths, and highly variable permeabilities. Only a small amount of this soil type is found within the exploration area to the east of the Price River. The association consists generally of 25 percent Argic Cryoborolls, 25 percent Pachic Cryoborolls, and 25 percent Cyric Palebrolls, with the remaining 25 percent consisting of varying amounts of Typic Cryoborolls, Cyric Pachic Paleborolls, Lithic Cryoborolls, Mollic Cryoborolls, and rock outcrop.

The Majority of the area is covered by the Typic Argiborolls-Lithic Argiborolls-Typic Haploborolls Association. This association is characterized by steep slopes, shallow to deep soil cover (10 inches to 36 inches), and reasonably well-drained soils. The association generally is composed of 35 percent Typic Argiborolls, 20 percent Lithic Argiborolls, and 20 percent Typic Haploborolls. The remaining 25 percent consists of Pachic Argiborolls, Argic Cryoborolls, and rock outcrop.

Threatened or Endangered Species

There are no know threatened or endangered species within the proposed exploration areas.

In addition to vegetation community mapping and identification and characterization of plan communities, research was conducted to evaluate the potential or presence of any Threatened, Endangered or Protected (T&E) plant species. T&E evaluations included consultations under the Utah Natural Heritage Program, discussions with local botanists with both the BLM and USDA-Forest Service, review of the original 1981 Price River Coal Company Vegetation Inventory, and reconnaissance level field surveys. Research indicated that while several T&E plants are known to occur in the Carbon County area, specific habitat preferences limit potential T&E occurrences within the proposed lease and Project areas to only one specie of potential concern, the Canyon Western Sweetvetch, Hedysarum occidentalis canoe. The computer files of the Utah Natural Heritage Program show this specie as occurring in the upper reaches of Willow Creek several miles to the northeast of the site. The principal investigator for the recent vegetation inventories, who has worked extensively in this general area and is familiar with this species, has identified several small undocumented populations of Canyon Western Sweetvetch near Kenilworth but has never encountered this specie during field work on either the "Willow Creek North" Tract or the planned Willow Creek facilities area.

Kent Crofts doesn't find it.

Wildlife and Fish

Some of the predominate mammals which may occur in the general area include elk, mule deer, black bear, mountain lion, bobcat, coyote, badger, porcupine, snowshoe hare, golden mantled squirrel, Andy ground squirrel, red fox, gray fox, marmot, flying squirrel, and other species of small rodents.

Data from UDWR Fish and Wildlife information indicate the following birds may be found in this ecological zone:

Golden Eagle (protected, common)
Bald Eagle (endangered, rare)
Prairie Falcon (protected, common)
American Peregrine (endangered, rare)
American Kestrel, (protected, summer resident)
Goshawk (protected, uncommon)
Sharp-shinned Hawk (protected, uncommon)
Cooper's Hawk (protected, transient)
Red-tailed Hawk (protected, common)
Swainsons Hawk (protected, summer resident)
Marsh Hawk (protected, common)
Various species of owls (essentially all are protected and most show an abundance designation of common, summer resident, or transient)
Blue Grouse (protected as a gamebird, common)
Ruffed Grouse (protected as a gamebird, common)
Sage Grouse (protected as a gamebird, common)
California Quail (protected as a gamebird, common)

Gambel's Quail (protected as a gamebird, common)
Chukar (protected as a gamebird, common)
Great Blue Heron (protected, abundance unknown)
Various species of geese, ducks, teal scaups, mergansers, and widgeons
(essentially all are protected as gamebirds and most show an abundance designation of either common, summer resident, or transient)

The Price River and Willow Creek are the only perennial streams or bodies of water capable of supporting fish within or near the exploration area. Drilling water will be pumped from these streams using screened suction type pumps from the banks. Proposed hole P97-36-1 in Barns Canyon will take water from the Willow Creek preperation plant facilities, while proposed holes in Willow Creek and Dry Canyon will take water from Willow Creek. Cyprus Plateau Mining Corp. has water rights from the Price River. The volume removed (10,000 gallons from each source) and the methods used to remove the water form these streams insure that fish and other inhabitants will not be harmed.

Reptiles and amphibians of the area may include: boreal toad, leopard frog, northern sagebrush lizard, rocky mountain rubber boa, great basin gopher snake and great basin rattlesnake.

3482.1 (a) (3) (iv) A narrative description of the methods to be used to conduct coal exploration, reclamation, and abandonment of operations including, but not limited to-

Coal exploration, reclamation, and hole abandonment.

Drill pads will be constructed as small as is practical to accommodate drilling equipment and afford an environmentally safe operation (see Figure 3). Mud pits will be constructed large enough to contain all of the drilling effluent and sediment produced. Top soil will be separated from other lower quality horizons and stored along side the drill pad, where it will be protected from erosional process until the drill pad has been reclaimed.

Drill holes will be drilled using either a conventional truck mounted, Gardner Denver 2000 or similar rig, and/or a skid mounted, such as a Longyear 44 or similar continuous wireline core drill. This will depend which method of drilling best meets the needs of the individual drill holes, or expedites the project in a more timely or cost effective way (for a more detailed explanation of each drill hole to be drilled see Appendix C). The holes will be drilled to a predetermined depth, a certain number of feet past the last targeted coal seam of interest. The coal seam and immediate floor and roof strata will be core sampled for chemical and physical testing. Drill holes will also be logged using bore hole geophysical logging equipment. Water to be used during the drill operation will be provided by Cyprus. Cyprus has various water rights in the general area, and temporary changes in the point of diversion will be obtained, when needed, from the State Engineer prior to start up of the exploration program.

Each hole will be cemented completely from the bottom to the collar. Reclamation will take place at each site, as soon as fluids in the mud pit have evaporated or has been pumped out and the mud pit is dry. The pad will be reclaimed and the mud pit back filled. Stored top soil, at the side of the drill pad, will then be spread evenly over the drill pad. Roads constructed for this project will be scarified and re-seeded as determined by the BLM.

3482.1 (a) (3) (iv) (A) <u>The types, sizes, numbers, capacity and uses of equipment for drilling and blasting, and the road or other access route construction:</u>

Equipment

A variety of equipment is expected to be utilized during this drilling project. As indicated above, three different types of rigs may be required, dependant upon individual drill hole evaluation, together with a variety of ancillary or support equipment. Equipment to be used during this project by not limited to- one backhoe (a rubber tire or a small trackhoe), one dozer equivalent in size to a D-8 or D-9 (size will depend on the task that will need to be completed), truck mounted, skid, or helicopter type drill (Gardner Denver 2000, Longyear, or similar types of drilling equipment), pipe trailer or flat bed truck used for that purpose, compressors or boosters, light pack, water truck = 1000 gal, 4X4 trucks for transportation, and a core/trailer. Size, types, numbers, and capacity of equipment might be variable due to the need of each drill hole; each hole may or may not use the same equipment. Access limitations will require that two of the proposed sites be accessed by helicopter (Bell Longranger L3 or M204). Reclamation at these sites will principally involve hand tools.

Seed Mixtures

Reclaimed drill pads and roads constructed during this project will be seeded with the approved seed mix as part of the reclamation. The seed mix listed below on *Table 2* was provided by the BLM specifically for sites in this area.

TABLE 2

SEED MIX

Shrubs	Pounds per Acre
Symphoricarpus albus	1.0
Artemesia tridentata wyomingensis	0.5
Cercocarpus ledifolius	1.0
Forbs	
Achillea millefolium	0.5
Balsamorhiza saggitata Hedysarum boreale	0.5
Penstemon strictus	0.5
Grasses	
Poa secunda Poa ampla	1.5
Bromus carinatus	1.5
Agropyron spicatum	1.5
A. smithii	1.5
A. trachycaulum	1.5
Total Pure Live Seed	**11.5**

3482.1 (a) (3) (iv) (B) Excavated earth or debris disposal activities:

All soils excavated in any phase of the proposed exploration activities will be treated the same. Unless otherwise required, the topsoil and native vegetation at the drill sites will be removed, if present, and stockpiled for re-distribution during site reclamation. Topsoil will only be removed where required; generally where soils would be directly impacted at the drill site.

A competent and responsible person, knowledgeable about soils, will be on the site during excavation and reclamation in order to minimize environmental impacts and assure proper soil extraction (depth, etc.) and replacement. This person will be on the drill site during any type of excavation, construction, or reclamation. Methods used to extract topsoil from drill pad locations will be mechanical equipment such as a front-end loader, backhoe, medium to small dozer, or other method.

Stockpiled soil will be protected from erosion loss by containment berms or silt fencing. Wind erosion is not anticipated to be a problem. If the topsoil pile is dry and deflating, it will be wet down. Weathered rock and/or subsoils excavated from the mud pits will be stockpiled separately from the topsoil and will be used to backfill the mudpits after coring and plugging activities are complete. Drill cuttings will be contained and buried in the mud pit. Mudpits will not be backfilled until drilling fluids are pumped out or evaporated.

Soil loss off the drill site will be controlled by berms, straw bales, or silt fences.

The sites and roads will be graded/reclaimed to approximate original contour and recovered with topsoil in a roughened and scarified state. Reclamation parameters of existing roads will be determined by BLM personnel. Drainage will be controlled to prevent runoff across exposed soils.

All debris and trash will be disposed of properly and in a timely manner. Location of disposal will be completely off the exploration area. Areas on the drill site which might be contaminated by fuels or toxic substances will be protected by groud tarps or other means. Contaminated soils will be removed from the sites and transported to an approved disposal facility.

3482.1 (a) (3) (iv) (C) The proposed method for plugging drill holes:

All drill holes will be grouted from the bottom to the surface with a slurry of portland cement and bentonite.

3482.1 (a) (3) (iv) (D) Estimated size and depth of drill holes, trenches and test pits:

The size of the core holes will range from a maximum of ten inches in diameter for surface casing to about 3.7 inches for the cored intervals. The deepest hole should not exceed about 2,600 feet in depth.

No trenches or test pits are planned.

3482.1 (a) (3) (iv) (E) Plans for transfer and modification of exploration drill holes to be used as surveillance, monitoring, or water wells.

None of the proposed drill holes will be considered for monitoring, surveillance, or water wells at this time.

3482.1 (a) (3) (v) An estimated timetable for conducting and completing each phase of the exploration, drilling and reclamation.

TABLE 3

TIMETABLE FOR PROPOSED 1997-98 EXPLORATION ACTIVITIES

Phase of Program	**July** week	**August** week	**Sept.** week	**Oct.** week	**Nov.** week
	2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Drilling	**********	**********			
Reclamation		**********	**********	**********	

This is the estimated timetable for the proposed exploration activities. Where wild life would be sensitive to the drilling operations, they will not start until or would terminate before a reasonably deemed less stressful time. An example would be Elk calving grounds; drilling would not start until after the prime calving time had passed.

3482.1(a) (3) (vi) The estimated amounts of coal to be removed during exploration, a description of the method to be used to determine those amounts, and the proposed use of the coal removed.

The proposed exploration plan calls for eight drill holes. Three-inch diameter coal core with length equal to the seam thickness will be removed from each of the anticipated seams encountered. Because continuous core will be taken from at least two of the eight holes, and possibly from all eight holes, coal seams less than 5 feet in thickness will be cored along with the minable thick seams greater than 5 feet in thickness. It is estimated that a maximum total of 30 feet cumulative thickness of coal will be removed from each hole. It is estimated that 1000 pounds of coal will be removed. This is only an estimate as some hole will core two seams, other will core three.

Calculation for lbs. of coal per hole based on the equation: $\pi r^2 L$ x coal density = weight of coal.

$(1.5^2$ in.) X $\pi/144$ x 30 ft.=(est. Cubic ft. Coal/hole)
X 85 lbs./cu. ft. = **125 lbs. coal / hole**

Total for Program = 125 x 8 = 1000 lbs of coal removed.

The core sampled will be used for quality, methane disorptions, and geotechnical testing. The results of these tests will aid in thickness, seam geometry, coal quality determinations, mine planning and future exploration planning.

3482.1 (a) (3) (vii) A description of the measures to be used during exploration for Federal coal to comply with the performance standards for exploration (3481.1 (a) and applicable requirements of 30 CFR 815.15 or an approved state program.

3484.1 (a) (2) The operator/lessee, if required by the authorized officer, shall set and cement casing in the hole and install suitable blowout prevention equipment when drilling on lands valuable or prospectively valuable for oil, gas, or geothermal resources.

If required by the authorized officer, casing will be set and cemented in the hole and suitable blowout prevention equipment will be installed.

3484.1 (a) (3) All exploration drill holes must be capped with at least 5 feet of cement and plugged with a permanent plugging material that is unaffected by water and hydrocarbon gases and will prevent the migration of gases and water in the drill hole under normal hole pressures. For exploration holes drilled deeper than stripping limits the operator/lessee, using cement or other suitable plugging material approved by the authorized officer shall plug the hole through the thickness of the coal bed(s) or mineral deposits(s) and through aquifers for a distance of at least 50 feet above and below the coal bed(s) or mineral deposit(s) and aquifers, or to the bottom of the drill hole. A lesser cap or plug may be approved by the authorized officer. Exploration activities shall be managed to prevent water pollution and mixing of ground and surface waters and ensure the safety of people, livestock, and wildlife.

As noted above in 3482.1(a) (3) (iv) (C), this stipulation will be complied with if the drill hole is not to be completed as a water monitoring well site. The possibility of contamination of surface waters by drilling materials is low because of location. Adequate precautionary measures (such as berms, bales, and/or silt fences) to prevent the escape of drilling materials into stream drainages will be incorporated into individual site designs. The potential for contamination of surface waters will be minimized by constructing waste pits of sufficient size to contain all effluent drilling materials. To prevent overflow, the waste pits will be pumped out and waste fluids will be disposed of properly. Waste pits will be lined if percolation of fluids through the walls into stream drainages appears possible.

In accordance with the revised stipulations of 43 CFR 3482.2 (b), all coal exploration drill holes will be: 1.) "Cemented from the total depth of the hole to the surface and, 2.) the surface and the intermediate casing (if used) will be fully pressure grouted in the annulus from the bottom of the string to the surface". These measures will be taken to prevent intermixing of ground water. Detail on encountered groundwater flow will be noted on appropriate form for the BLM records. When monitoring wells are no longer needed, they will be plugged with portland cement and sealed.

3484.1(a) (4) The operator/lessee shall retain for one (1) year, unless a shorter time period is authorized by the authorized officer, all drill and geophysical logs and shall make such logs available for inspection or analysis by the authorized officer, if requested. The authorized officer, at his discretion, may require the operator/lessee to retain representative samples of drill cores for one (1) year. Confidentiality of such information will be accorded pursuant to the provisions of 3481.3 of this title.

Drill and geophysical logs as well as representative core samples obtained from the proposed exploration program will be available for inspection or analysis by the authorized officer for one year. An exception to the above will be those cores samples consumed during quality or geotechnical testing. Splits of the samples will be maintained by the testing labs. Typically all collected data including seam depth, thickness, quality, geophysical logs, structure, geotechnical, drilling logs, etc. have been copied and transferred to the appropriate personnel at the BLM offices for review and confidential storage, pursuant to 43 CFR 3485.1.

3484.1 (a) (5) The operator/lessee may utilize exploration drill holes as surveillance wells for the purpose of monitoring the effects of subsequent operations on the quantity, quality, or pressure of groundwater or mine gases only with the written approval of the authorized officer, in consultation with the regulatory authority. The operator/lessee may convert exploration drill holes to water wells only after approval of the operator/lessee's written request by the authorized officer and the surface owner or authorized officer in consultation with the regulatory authority. All such approvals shall be accompanied by a corresponding transfer of responsibility for and liability including eventual plugging, reclamation, and abandonment. Nothing in this paragraph shall supersede or affect the applicability of any state law requirements for such a transfer, conversion, or utilizations a supply for domestic consumption.

Refer to response to 3482.1 (a) (3) (iv) (E)

3482.1 (a) (3) (viii). A map at a scale of 1:24,000 or larger showing the areas of land to be affected by the proposed exploration and reclamation. The map shall show

existing roads, occupied dwellings, and pipelines; proposed location of trenches, roads, and other access routes and structures to be constructed; applicable federal lease and license boundaries; the location of land excavating to be conducted; coal exploratory holes to be drilled or altered; earth or debris-disposal areas; exiting bodies of surface water; and topographic and drainage features.

Regional Coal Ownership 1995 Drill Sites & Access Map is attached to this application. The map is at a scale of 1:24,000 and contains the requested information (proposed drill hole locations, access routes, etc.).

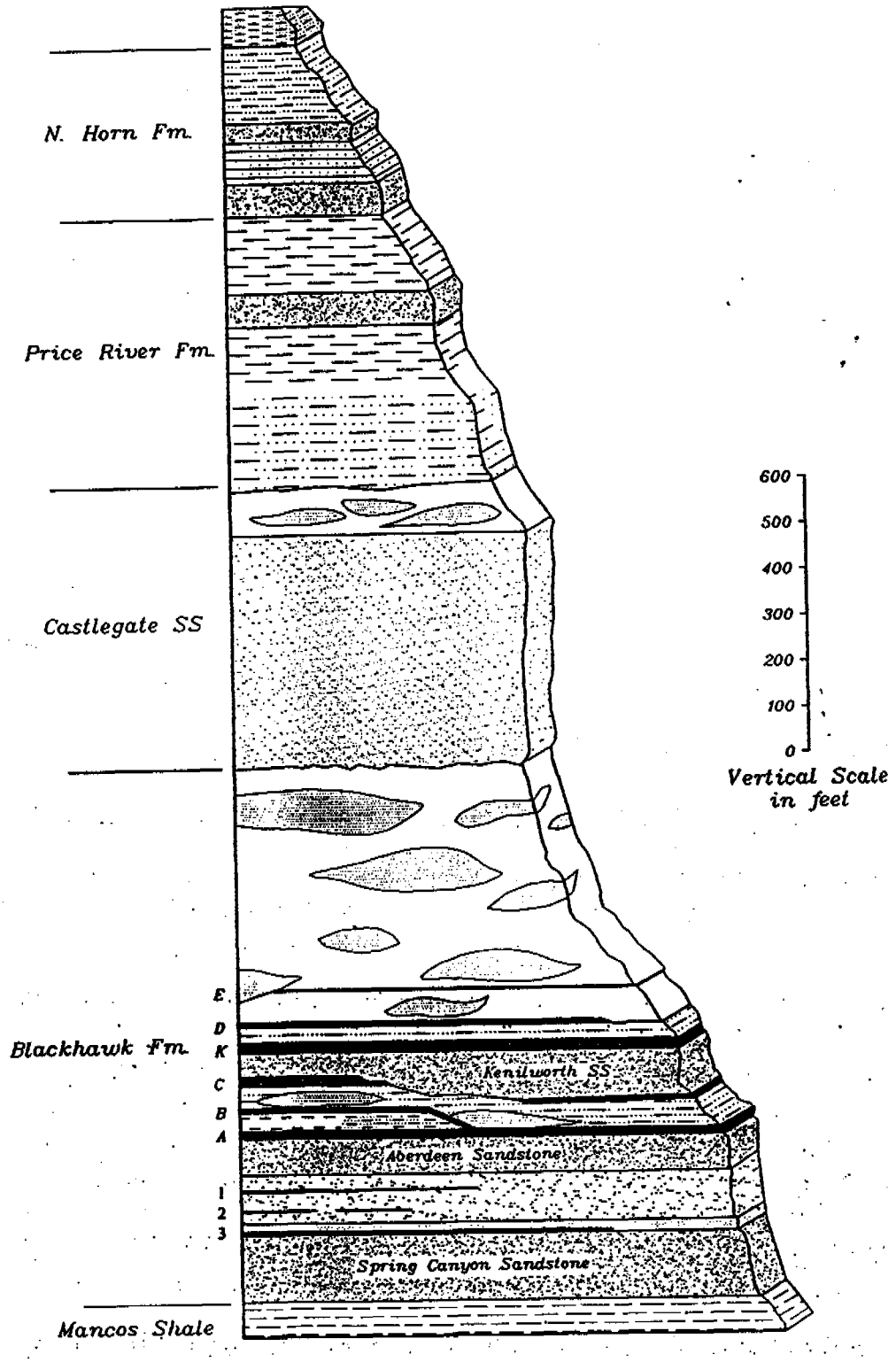
3482.1 (a) (3) (ix) The name and address of the owner of record of the surface land, if other than the United States. If the surface is owned by a person other than the applicant or if the federal coal is leased to a person other than the applicant, a description of the basis upon which the applicant claims the right to enter that land for the purpose of conducting exploration and reclamation.

All lands on which drill pads and roads are to be constructed for execution of this exploration plan are owned by the BLM. There are three parcels of private surface land which lie adjacent to the permitted federal leases, which will be crossed, on existing roads, as access to certain drill sites. The first is owned by Cyprus Amax Minerals Co. and lies adjacent to (south of) UTU-73975 lease in Barn Canyon which provides access to drill holes in sec 25 T 12 S, R 9 E,. The second is owned by Boyd Marsing located in Dry Canyon which provides access to drill holes located in Secs. 28 and 33 of T 12 S, R 10 E. A written agreement is already on file, from the 1994 Willow Creek Drill Program, for access to drill sites through the Marsing land

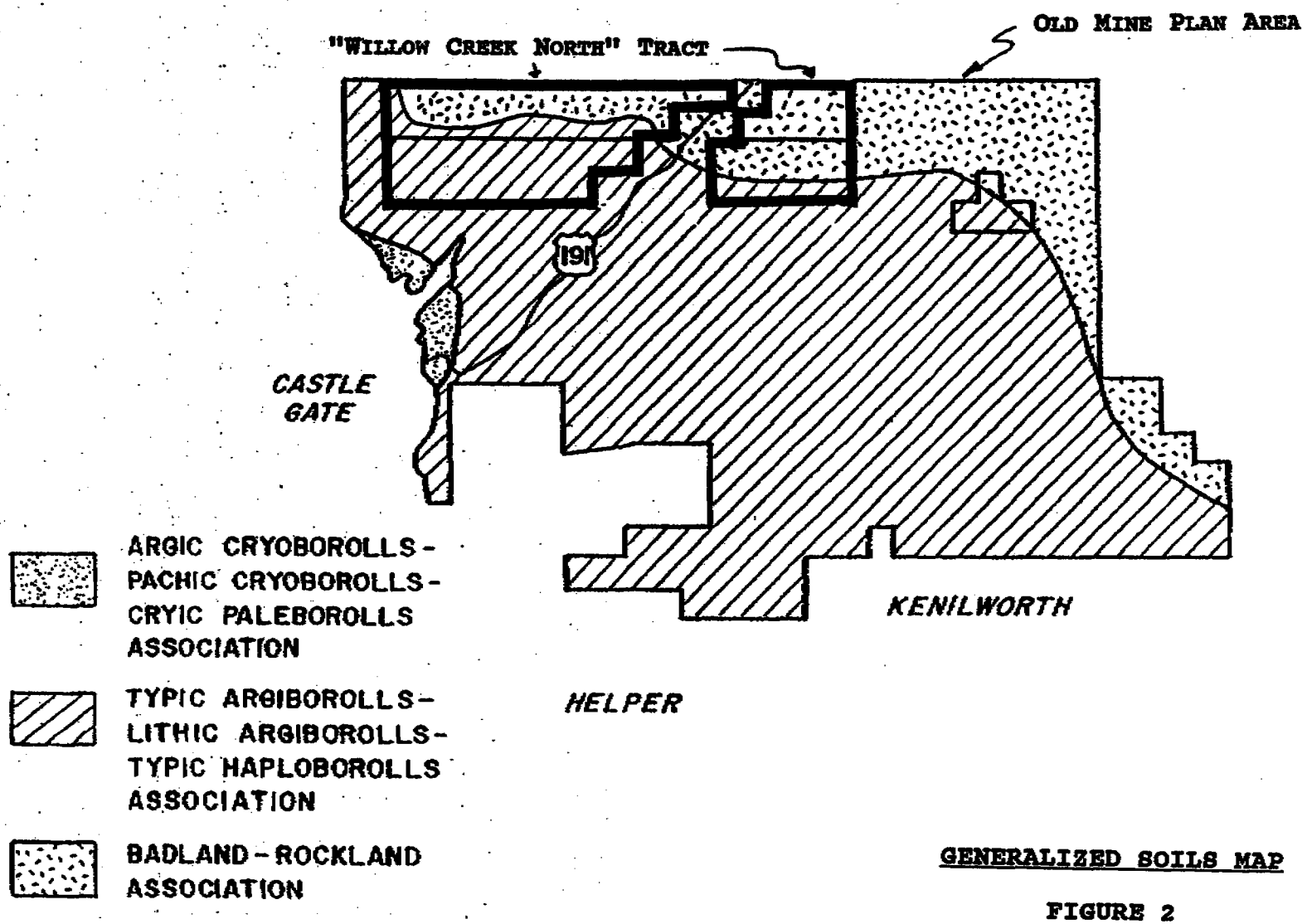
The third land parcel is owned by T.N. Jensen and lies immediately north of the UTU-73975 lease, and provides access to drill holes that are on the top of the plateau (on "Central Ridge"). A letter of permission to access will be secured before mobilization.

8432.1 (a) (3) (x) Such other data as may be required by the authorized officer.

Other data that may be required will be made available as soon as possible upon the request of the BLM.



Project No.:	Design By:	Scale: AS SHOWN	CYPRUS Plateau Mining
File: STRAT.DWG	Drawn By: K.CONRATH	Date: JANUARY, 1995	GENERAL STRATIGRAPHIC COLUMN
	Figure -1		



GENERALIZED SOILS MAP

FIGURE 2

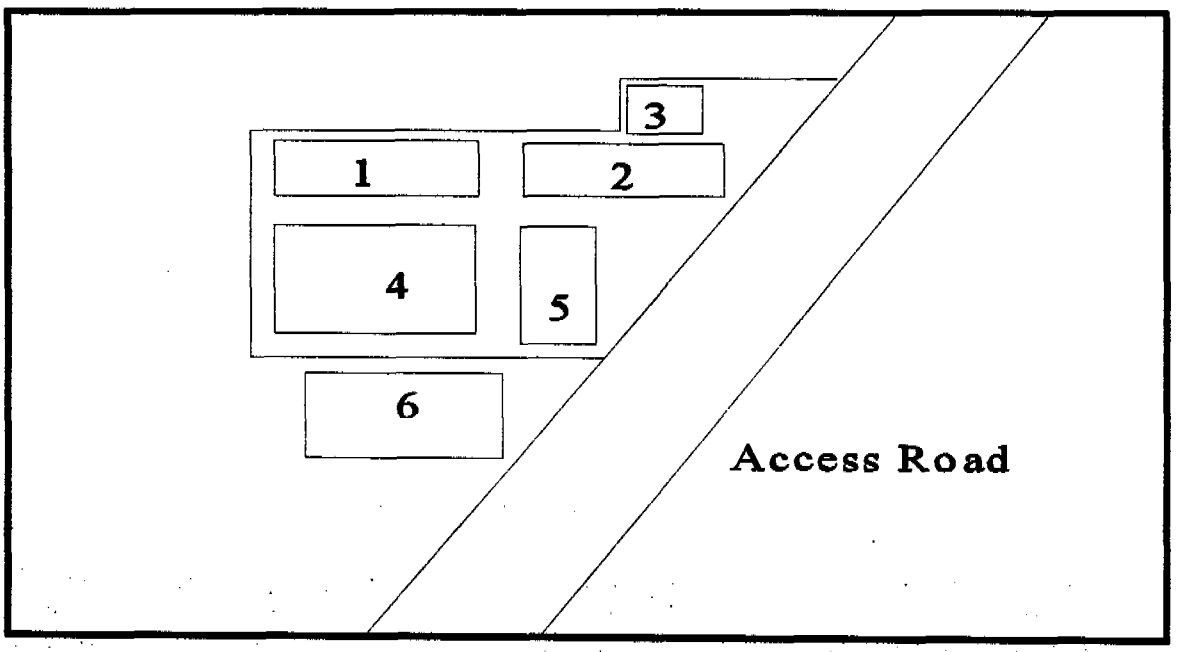


Figure 3. Plan view of a typical drill pad with equipment in place. Truck mounted drill rig 1, pipe trailer 2, light plant 3, booster equipment 4, mud pit 5, and top soil storage 6.

Appendix A

MONTGOMERY
ARCHAEOLOGICAL
CONSULTANTS
Box 147, 322 East 100 South, Moab, Utah 84532 (801) 259-5764 Fax (801) 259-5608

May 13, 1996

John M. Mercier
Supervisor Geology
Cyprus Plateau Mining Corporation
Post Office Box PMC
Price, UT 84501

Dear Mr. Mercier:

On May 9, 1996, a cultural resource inventory was conducted by Montgomery Archaeological Consultants for five proposed Willow Creek North Exploration core drill locations (P96-25-3, P96-30-3, P96-30-4, P96-30-4 (ALT), and P96-30-5) and access routes. The survey was implemented at the request of Mr. Gregory L. Hunt, Geo-Hunt Consulting, Castle Rock, Colorado. The project area is located in Carbon County, Utah, on public lands administered by the Bureau of Land Management (BLM), Price River Resource Area.

The objective of the inventory was to locate, document and evaluate any cultural or paleontological resources occurring within the project area in order to attain compliance with a number of federal and state antiquity related laws. The fieldwork was performed by Jacki A. Montgomery, under the authority of U.S. Department of the Interior (FLPMA) Permit No. 96-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-96-MQ-0238b, issued to Montgomery Archaeological Consultants, Moab, Utah.

A file search for previous cultural resource inventories and documented archaeological sites was completed by the field archaeologist on May 9, 1996, at the BLM Price River Resource Area Office, Price, Utah. The results indicated that several seismograph lines were surveyed in the area by La Plata Archaeological Consultants (Harden 1984). In the immediate project area, a number of drill locations and access roads were inventoried by Archeological-Environmental Research Corporation (Hauck 1979), and by Abajo Archaeology (Montgomery 1994). Also, a paleontological file search was requested of Martha Hayden, Utah Geological Survey, Salt Lake City. No cultural resources or paleontological localities have been recorded within the project area.

In general, the project area lies within the Bookcliffs-Roan Plateau physiographic subdivision of the Colorado Plateau (Stokes 1986:232). The Roan Cliffs dominating the uplands are of Paleocene and Eocene river and floodplain deposits. The topography is characterized by rugged steep-sided ridges and narrow canyons. The nearest permanent water source is Willow Creek, flows southwest through the project area. The vegetation community is a mixed conifer forest including Ponderosa Pine, Douglas Fir, Pinyon, and Utah juniper, with some limber pine above 7500 ft. Elevation ranges from 6800 to 8100 ft a.s.l.

The Willow Creek North Exploration core drill locations occur north of the town of Helper, Carbon County, Utah (Figures 1 and 2). Location P96-25-3 is situated in upper Barnes Canyon in the SW1/4, SW1/4, NE1/4 of S. 25, T. 12S., R. 9E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). The access to the location is along an existing two-track. A 200 by 200 ft area was surveyed at this location. Location P96-30-3 is situated in upper Skinny Canyon in the NW1/4, SE1/4, NE1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). A 200 by 200 ft area was inspected at the location along with a proposed 2100 ft access route leading up the canyon. Location P96-30-4 is located north of Matts Summit along a narrow finger ridge in the SW1/4, SW1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Helper, UT 7.5', 1972). A 300 by 400 ft area was inspected at the location along with a proposed access route measuring

approximately 1600 ft long. Location P96-30-4 (Alternate) is also situated in the SW1/4, SW1/4, SW1/4 and NW1/4, SW1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Helper, UT 7.5', 1972). A 300 by 400 ft area was inspected at the location along with a proposed access route measuring approximately 200 ft long. Location P96-30-5 is situated on a lower bench of the same ridge as the two previous proposed drill locations. The legal description is the SW1/4, NW1/4, SE1/4 and SE1/4, NE1/4, SW1/4 of S. 30, T. 12S., R. 10E. (USGS Quadrangle Matts Summit, UT 7.5', 1969). An area measuring 400 by 400 ft was inspected at the location along with a 2400 ft proposed access route.

The drill locations were surveyed by the field archaeologist walking parallel transects spaced no more than 10 meters apart. A 100 foot wide corridor was inventoried along each of the flagged access routes. Visibility ranges from fair to good, with most areas hampered by forest duff. The total acreage surveyed for this project is 26 acres.

The survey of the Willow Creek North Exploration core drill locations and access routes resulted in no cultural resources or paleontological localities. A determination of "no effect" is recommended pursuant to Section 106, CFR 800.

Sincerely,

Keith Montgomery

Keith R. Montgomery
Principal Investigator

cc: Blaine Miller, BLM Price River Resource Area
James Dykman, Utah State Historic Preservation Office
Gregory Hunt, Geo-Hunt, Castle Rock

References Cited

Harden, Patrick
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Montgomery, Jacki A.
1994 Cultural Resource Inventory of Six Proposed Drill Locations for Cyprus-Plateau Mining Corporation in Carbon County, Utah. Abajo Archaeology, Bluff, UT. BLM Report No. 94-675, on file at the BLM Price River Resource Area, Price, Utah.

Stokes, William L.
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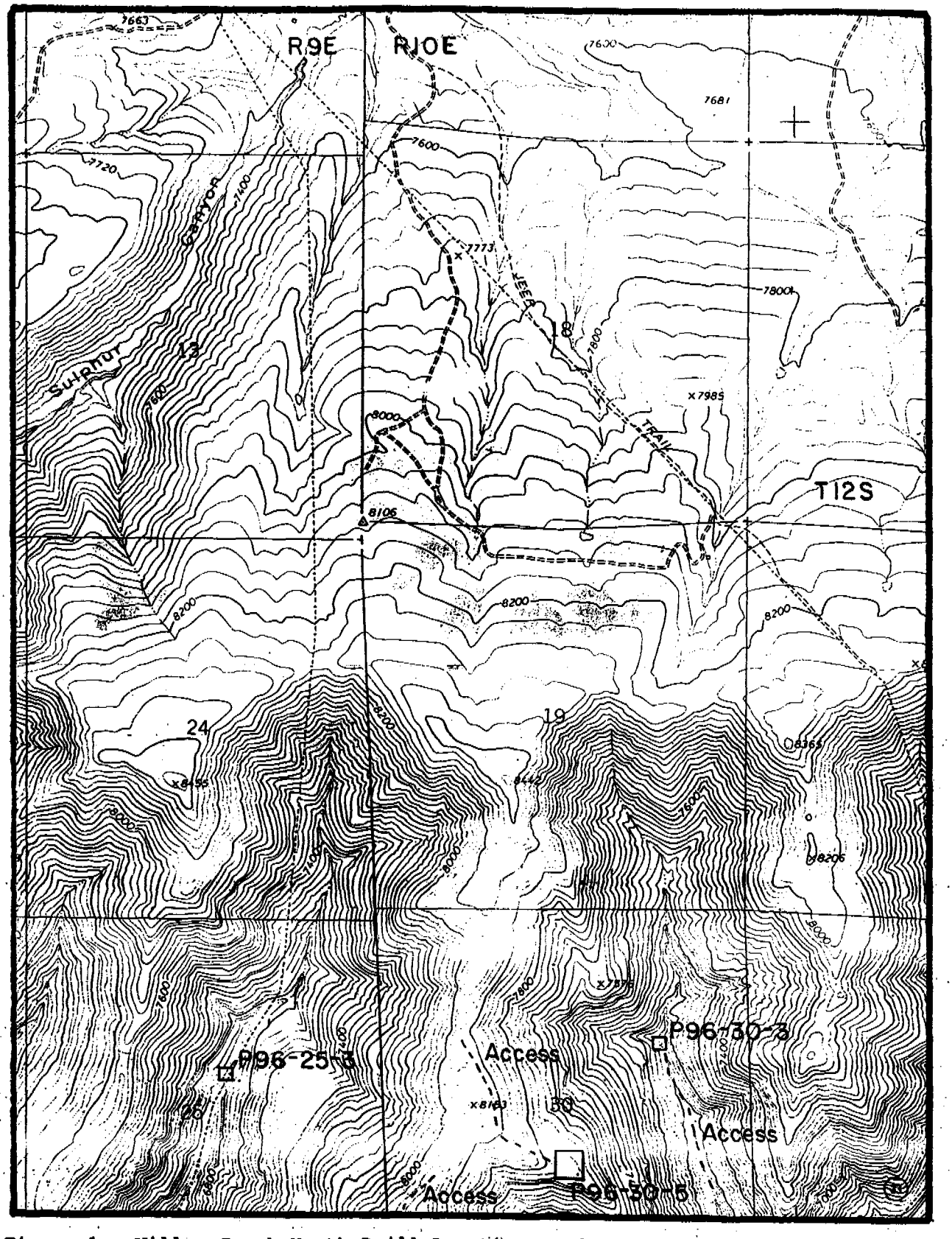


Figure 1. Willow Creek North Drill Locations and Access Routes.
USGS Quadrangle Matts Summit, UT 7.5', 1969.
Scale 1:24,000

MONTGOMERY
ARCHAEOLOGICAL
CONSULTANTS
Box 147, 322 East 100 South, Moab, Utah 84532 (801) 259-5764 Fax (801) 259-5608

May 14, 1996

John M. Mercier
Supervisor Geology
Cyprus Plateau Mining Corporation
Post Office Box PMC
Price, UT 84501

Dear Mr. Mercier:

Please find enclosed the Willow North Exploration Core Drill Location archaeological report. We have mailed the required copies of the "no finds" letter report to the appropriate BLM (Price Resource Area) and Utah SHPO. Our company has recommended a determination of "no effect" pursuant to Section 106, CFR 800 for this project. We appreciate the opportunity to consult for your company. Please call me if you have any questions.

The invoice (No. GSC-WC0014) has been mailed to Ms. Vickie Byars of Accounts Payable.

Sincerely yours,

Keith Montgomery

Keith R. Montgomery
Principal Investigator

Appendix B

Appendix B

Willow Creek Proposed Drill Program

Priority 1

P97-30-4: Located on the east side of the Willow Creek Heart Area central ridge. This site was previously permitted under the modified 1995 federal exploration permit but not completed. Approximate coordinates of site are 2184945E, 517429N with a surface elevation of 7790 feet. Approximately 2400 feet of new road will need to be constructed from the ridge road to the new site. The drill pad should be 50 x 150 in size.

The projected total depth of the hole is estimated to be 2500 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and development, methane disorption, horizontal stress testing, TDR monitoring, coal quality, and strata strength testing in the area of the first six D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). The upper 700' to 800' of the hole will have to be cased due to soft strata. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is highly recommended.

As noted, access to the site will be by rehabilitating an existing ridge road and developing about 2400 feet of moderately steep hillside to the proposed site. The new road may or may not need to be reclaimed this season, as needed.

Water will have to be hauled to the central ridge road on the old drill site of 95-30-2 by 4x4 1000 gallon water truck and piped about 2000 feet overland to the proposed drill site to avoid the steep drill road. Water would have to be procured from the Price River or from the Willow Creek portal location.

Communications should be attempted via cellular phone if possible. Otherwise driving to the Willow Creek site may be the only alternative means of communicating to other mine personnel. Communication between the water and rig personnel should be maintained by hand held walkie talkies.

Priority 2

P97-25-4: Located in Barn Canyon midway between MC-16 and 95-25-1. Approximate coordinates of site are 2179278E, 516293N with a surface elevation of 6580 feet. The site will be located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. A nearby turn-around will be utilized.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of the last four D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended.

Assess to the site can be easily made by quickly rehabilitating the existing Barn Canyon road. The existing road parallels an active power line along the side and bottom of the canyon. Energized high tension lines run 40 to 60 feet above the ground.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek prep plant less than 2 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel.

Priority 3

P97-26-1: Located in a narrow canyon designated Castlegate Notch Canyon on the west side of the property off of Price River Canyon. Approximate coordinates of this site are 2176494E, 518396N with a surface elevation of about 6740 feet. The site is located in the middle of the western D panels and can logically only be drilled by air-mobile (helicopter) drilling equipment. The drill pad will have to be hand-cleared (20 x 20 feet) in the narrow canyon bottom and drill equipment brought in from the central ridge to

the east and out to the Price River Canyon to the west. This site will fill in a significant void in the drill spacing.

The projected total depth of the hole is estimated to be 1800 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams. Nearby holes indicate the lowermost A Seam could be thickening to the west in this area. The site will used for seam thickness and correlation, coal quality checks, methane disorption, and strata strength testing in the area of the last four D panels.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 40 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel will generally be required to face a strenuous 40 minute hike in and out of the area each shift. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water will be pumped to the site via rubber hose from the Price River about 2500 feet to the west. Hoses can be lifted to central sites, assembled and strung over a ridge, connecting the the water source to the drill site.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. A repeater on the ridge top may be necessary. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 4

P97-33-2: Located in Dry Canyon about 750 feet NE up the canyon from MC-119. This site was previously permitted under the 1995 federal exploration permit but not completed. Approximate coordinates of site are 2196475E, 515559N with a surface elevation of 7220 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site can be easily made by quickly rehabilitating the existing Dry Canyon road and the removal of some boulder and timber barriers. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 5

Not applicable to this permit.

Priority 6

Not applicable to this permit.

Priority 7

P97-25-5: Located on the ridge between Castlegate Notch Canyon and Barn Canyon. This site is a possible backup contingency location. Approximate coordinates of the site are 2177848E, 516527N with a surface elevation of approximately 7570 feet. As noted, the site is located on a narrow ridge and accessible only by air. The drill pad should be about 20 x 20 feet in size. May be drilled in 1998 or beyond, if needed.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams.

If drilled, the site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of western D and K panel development.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 10 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel may also have to be airlifted at significant expense or camp at the site. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water would likely have to be lifted in for the Price River at considerable expense.

Communications from the ridge could be carried on from the ridge by cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 8

P97-33-3: Located in Dry Canyon on the hillside about 1000 feet southeast of MC-119 and 94-33-1. This site was previously prepared and accessed in the 1970's but not completed. Approximate coordinates of site are 2197174E, 514375N with a surface elevation of 7760 feet. A previously developed wireline site exists. The drill pad should be about 50 x 80 feet in size. May be drilled in 1998 or beyond.

The projected total depth of the hole is estimated to be 1900 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR

monitoring, and strata strength testing in the area of K panel development. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will require the cleanup of existing (steep) access beyond proposed site P97-33-2. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about 2.5 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 9

P97-33-4: Located in Dry Canyon about 1200 feet south of hole 94-33-1. Approximate coordinates of site are 2194360E, 514318N with a surface elevation of 6960 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 80 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The K, C, and A Seams.

The site will used for seam thickness and correlation, coal quality checks, methane disorption, possible horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet

of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will be by the existing Dry Canyon road. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 10

P97-28-1: Located in Dry Canyon about 1400 feet NE up the canyon from MC-119. This site would be roughly located above the projected K East Mains. Approximate coordinates of site are 2196968E, 516478N with a surface elevation of 7385 feet. The proposed site is situated about 600 feet further up canyon from proposed drill hole P97-33-2. The drill pad should be about 40 x 40 feet in size. Access up the rugged and bouldered canyon will be both difficult and expensive. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3. Could be drilled after 1997, if needed.

The projected total depth of the hole is estimated to be 1650 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

As noted earlier, structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. The A Seam heights may be thicker than previously thought. The site could be used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized because of limited space. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. Twenty-four hour operation is recommended but not essential.

The 600 foot access to the site will require steep side hill cuts and extensive reclamation. The existing road in Dry Canyon below the proposed road is easily accessible.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 11

Not applicable to this permit.

Appendix C

DRILLING SERVICES CONTRACT

This Drilling Services Contract ("Contract") is entered into as of June 1, 1997 between Blackhawk Coal Company ("**Company**") and Cyprus Plateau Mining Corporation ("**Contractor**").

RECITALS

WHEREAS, **Company** is the lessee under federal coal lease ~~SL-029093-040053~~ SL-071737 ("Lease") issued by the Bureau of Land Management; and

WHEREAS, **Contractor** is the lessee under federal coal lease UTU-73975 adjacent to the Lease; and

WHEREAS, **Contractor** may, at some time in the future, wish to obtain from Company the Lease by way of assignment or otherwise; and

WHEREAS, it would benefit **Company** to obtain additional information on the coal under the Lease at no additional cost or risk to **Company**; and

WHEREAS, **Contractor** may wish to drill one or more exploration holes on the Lease in Township 12 South, Range 9 East, Section 26, S.L.B.M., in order to test the quantity and quality of coal in said Section 26 (the "Exploration"); and

WHEREAS, a portion of both the Lease and federal coal lease UTU-73975 are within Section 26, and the Exploration may take place on one or both of said leases depending upon topography, access and other pertinent factors.

NOW WHERFORE, in consideration of the foregoing recitals, the terms and conditions of this Contract, and other good and valuable consideration, **Company** and **Contractor** agree as follows:

1. HIRING AS CONTRACTOR; TERM

With respect to the Lease only, and subject to all the terms of this Contract, Company hereby hires **Contractor** to conduct any activity necessary to complete the Exploration; provided, however, that **Contractor** will have no obligation to conduct the Exploration on the Lease if Contractor elects not to. The term of this Contract shall run from June 1, 1997 through December 31, 1998, and so long thereafter as access may necessary for Contractor to complete any required reclamation or restoration obligations.

2. GRANT OF ACCESS

Company grants to **Contractor** the right of access to the Lease to the extent necessary to conduct the Exploration, and to the full extent allowed pursuant to the terms of the Lease and applicable laws and regulations. This right of access shall also include the right of access necessary to conduct any reclamation or restoration activity that may be necessary as a result of the Exploration. While conducting the Exploration, Contractor will be acting as the limited agent of Company as the lessee under the Lease; said agency being subject to all the terms and conditions of this Contract. By entering into this Contract, **Company** is granting to **Contractor** the right to work with the Bureau of Land Management, to post any required bonds, to submit any required applications or forms related to the Exploration, and to obtain and have access to any and all confidential and proprietary information regarding the Lease. This Contract shall constitute the agreement of Company pursuant to 43 C.F.R. §3481.3 for Contractor and its employees to have access to all privileged or confidential or other information regarding the Lease.

3. CONTRACTING

All activity related to the Exploration, including but not limited to, any required reclamation or restoration, shall be at the sole risk, cost and expense of **Contractor**. Any contracts with third parties necessary to conduct the Exploration shall be a subcontract between **Contractor** and the subcontractor, and **Company** shall not be a party thereto. **Contractor** shall not have the authority to bind **Company** to any contract or arrangement without the prior written consent of **Company**. If any bonds have to be posted in the name of **Company**, **Contractor** shall be obligated to reimburse **Company** for any premium paid related thereto.

4. EXPLORATION RESULTS

With respect to any of the Exploration conducted on the Lease, and at no cost to **Company**, **Contractor** will provide **Company** with a full set of any report, logs, analyses or other results obtained or generated. **Company** and **Contractor** will each own these materials and may use them in any manner in the future.

5. INDEMNIFICATION

Contractor shall defend, indemnify and save harmless **Company**, its joint venturers and its affiliated entities, and each of their employees, officers, directors, and agents, from and against any and all claims, loss, damage, injury, liability, costs and expenses of whatsoever kind or nature, including attorney's fees, demands, recoveries and judgments ("costs"), howsoever the same may be caused by reason of any act or omission of **Contractor**, **Contractor's**

subcontractors, agents or employees, in the execution of the Exploration, or in consequence of any negligence or carelessness relating to the Exploration. Without limiting the generality of the foregoing, any such costs shall include injury or death to any person or persons. Further, any costs in conjunction with the Exploration relating to neglect or violation of any state or federal law or municipal rule, regulation or order shall be borne by **Contractor**. **Contractor** shall give to the proper authorities all required notices relating to the Exploration, obtain all official permits and licenses, and pay all proper fees in conjunction therewith. **Contractor** shall assume no liability for the sole acts or omissions of **Company**.

6. INSURANCE

Minimum Insurance Requirements: **Contractor** shall maintain the following minimum insurance coverages at all times. Such insurance coverages shall not act to limit **Contractor's** liability under this Contract:

A) Workers' Compensation:
Insurance required.

B) General Liability Insurance, including contractual liability, completed operations liability and, if applicable, explosion, collapse, and underground ("xcu") liability. The policy shall allow cross liability suits and shall be endorsed to name **Company** as an additional insured as respects this Contract:

$2,000,000 combined single limit per occurrence.

C) Employer's Liability:

$1,000,000 each accident;
$1,000,000 for disease;
$1,000,000 each employee for disease.

D) Automobile Liability Insurance which shall allow cross liability suits:

$1,000,000 combined single limit per accident.

At all times, **Company** shall have the right, but not the obligation, to approve **Contractor's** insurance coverages. Such approvals shall be based on standard coverages available within the industry, except as may be otherwise required by this Contract. Such approval shall not be unreasonably withheld.

7. COMPENSATION

As full and complete compensation for all services provided hereunder, **Contractor** shall be allowed to retain any data obtained as a result of the Exploration, and shall be allowed access to the Lease as provided herein. **Contractor** shall not be entitled to any other compensation or reimbursement for any activity or purchases related to the Exploration.

8. MISCELLANEOUS MATTERS

A. **Contractor** shall be an independent contractor and **Company** shall have no right of supervision, direction or control over **Contractor** except in the results to be obtained. **Contractor** shall not be, or represent itself as, an agent, servant, or representative of **Company** for any purpose. The independent contractor is not entitled to workers' compensation benefits and the independent contractor is obligated to pay federal and state income taxes on any monies earned pursuant to the contract relationship.

B. All information in **Company's** possession concerning the physical condition of the surface on the Lease has been or shall be made available to **Contractor**. **Contractor** represents that **Contractor** has independently examined and evaluated all such information, and has inspected the potential worksites, to the extent necessary to satisfy itself that **Contractor** is able to complete performance of the Work within all existing conditions and limitations. **Contractor** has not relied and shall not rely upon any representations by **Company** concerning such information. **Contractor** shall not be entitled to relief from **Contractor's** obligations hereunder, or to additional compensation, for any failure of **Contractor** in making the examination, evaluation and inspection contemplated above.

C. **Contractor** shall perform all work in such a manner as to cause a minimum of interference with **Company's** operations, if any, and shall take all necessary precautions to protect all persons and property from damage or injury. Upon completion of the Exploration, **Contractor** shall leave the worksite clean and free of all tools, equipment, waste materials and rubbish.

D. **Contractor** shall abide by all applicable federal, state and local laws, rules, regulations and governmental orders governing the performance of this Contract, and shall be liable for any fines or assessments levied thereunder against **Contractor** or **Company**. **Contractor** shall secure a Mine Safety and Health Administration independent contractor identification number, if applicable.

E. **Contractor** shall pay and discharge all taxes, lienable claims, charges or other impositions imposed and to be imposed by law on **Contractor** or on

the location or equipment thereon arising out of, in connection with, or resulting from the Exploration.

F. Any assignment or delegation of this Contract, or any part thereof, without the prior written consent of **Company**, shall be void. Notwithstanding the foregoing sentence, any assignment or delegation shall not relieve **Contractor** of **Contractor's** obligations hereunder, and any assignee or delegatee shall be bound by this Contract as if its name were substituted for all references to **"Company"** herein.

G. **Company** shall have the right to appoint a representative (**"Company's** Representative") to be present during any phase of the Exploration. **Company** may change its designated representative from time to time. **Company's** Representative may, upon notice to **Contractor**, delegate portions of his responsibilities to other representatives of **Company**.

H. No change orders, modification to, addition to, or waiver of any of the provisions of this Contract shall be binding upon **Company** or **Contractor** unless in a writing signed by an officer or authorized representative of **Company** and **Contractor**. No waiver by either party of any breach of a provision of this Contract shall be a waiver of any subsequent breach, whether of the same or a different provision of this Contract. No presumption shall be deemed to exist in favor or against either party hereto as a result of the preparation and/or negotiation of this Contract.

I. Any duty or obligation which has been incurred and which has not been fully observed, performed, or discharged, and any right, unconditional or conditional, which has been created and has not been fully enjoyed, enforced, or satisfied shall survive termination of this Contract.

J. This Contract shall inure to the benefit of and be binding upon the parties' successors and permitted assigns.

K. All notices to be given hereunder shall be in writing, and shall be hand-delivered or mailed to the following addresses:

If to Company:

Blackhawk Coal Company
1 Memorial Drive
P. O. Box 700
Lancaster, OH 43130-0700
Attention: President

If to Contractor:

Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, UT 84501
Attention: President

L. In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, Contractor and Company shall negotiate an equitable adjustment to effect the purpose of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

M. This Contract sets forth the parties' entire agreement with respect to the subject matter hereof and supersede all prior negotiations and dealings.

N. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Whereas, Contractor and Company have executed this Contract effective as of the date first written above.

BLACKHAWK COAL COMPANY	CYPRUS PLATEAU MINING CORP.
BY:_____	BY:_____
TITLE:_____	TITLE:_____

CYPRUS AMAX MINERALS COMPANY

Cyprus Amax Minerals Company
9100 East Mineral Circle
Post Office Box 3299
Englewood, Colorado 80155
303/ 643-5000

FACSIMILE TRANSMISSION

Date: May 28, 1997

TO		FROM	
Name	D. Michael Miller	Name	Greg A. Walker
Company	AEP	Department	Law Department
City/State/Country	Columbus, OH	City/State/Country	Englewood, CO
Facsimile No.	614-223-1687	Telephone No.	303/ 643-5215
Verification No.		Facsimile No.	303/ 643-5181

THIS TRANSMISSION CONSISTS OF -- 7 -- PAGE(S) (INCLUDING THIS PAGE)

Mike:

I tried to put together a simple agreement that will protect Blackhawk and its affiliates, but give us the flexibility we need with BLM under the law. Please give me your thoughts. Thanks.

CC: John Mercier – Cyprus Plateau

Please deliver to:

The information contained in this communication is CONFIDENTIAL, may be ATTORNEY-CLIENT PRIVILEGED, may constitute INSIDE OR PROPRIETARY INFORMATION, and is intended only for the use of the individual(s) or company(ies) named above. Unauthorized use, disclosure or copying is strictly prohibited and may be unlawful. If you have received this communication in error, please immediately notify us at (303) 643-5153 and return the original message to us at the address above via the United States postal service. We will reimburse any cost you incur in notifying and returning the message to us. Thank you!

If any problems occur during transmission, Please call Susan Dicarlo at (303) 643-5153.

Appendix D

GOSHAWK INVENTORY OF NORTH WILLOW CREEK AREA
CARBON COUNTY, UTAH

INTRODUCTION

Plateau Mining Company proposes to locate a series of exploratory drill holes within the North Willow Creek area to be situated along established access roads in Barn Canyon, Skinny Canyon and along the ridge that seperates the two canyons (See Map). This area is characterized by steep, rocky ridges and cliff faces, with vegetation consisting mostly of mature pinyon-juniper at the lower elevations and Douglas fir, ponderosa pine and limber pine within the upper valley floors and ridge tops. The area has been identified by the USDI Bureau of Land Management (BLM) and Utah Division of Wildlife Resources (UDWR) as being potential nesting goshawk (*Accipiter gentilis*) and golden eagle (*Aquila chrysaetos*) habitat Since the proposed project would occur prior to the date established by the BLM as that before any construction activity could be started if active, nesting raptors are within a half-mile of the proposed activity; a specific inventory designed to locate the presence of, or use by nesting goshawks was implemented. A helicopter survey for golden eagle nests was conducted on May 9, 1995 and is include as Attachment A.

METHODS

On May 18 and 19, 1995, an intensive goshawk survey was conducted by the staff of EIS. The area of the survey was determined by establishing a half-mile perimeter around each drill site. Prior consultation between the BLM, UDWR and EIS yielded various survey methods. The methodology selected included the use of a taped nesting goshawk distress call provided by UDWR, and taped rabbit distress call. A portable Johnny Stewart, MS512MR Wildlife Caller was used to play each call for 2 minutes every 10 minutes at various positions within the half-mile buffer zone being surveyed. During calling, survey members would listen for a response and attempt to identify the location of potential nest sites.

Survey team members identified access routes within the area, selecting those that allowed for the greatest coverage. The survey members remained within 200 to 300 yards of each other, communicating with portable radios along a route chosen and ploted using a Garmin 50 Global Positioning System. Routes of each survey member are shown on the enclosed map.

RESULTS

Barn Canyon

Access to the half-mile perimeter was gained by four-wheel travel up an existing road in the canyon bottom to a point approximately a half-mile below PRP-2. The survey began on the northernly facing slope and continued on to the end of the canyon (Approximately 3/4 mile past

PRP-1). The southerly facing slope was accessed at the top of the canyon, but due to its steepness and extensive cliff faces covered with pinyon-juniper, was only partially surveyed along its length. Areas of extensive pinyon-juniper do not provide the closed canopy suitable as for goshawk habitat, and thus were not surveyed as extensively as those covered by the denser stands of fir and pine found on the northerly slopes and ridge tops. The survey within this canyon did not locate any goshawks. Two red-tailed hawks (*Buteo jamaicensis*) were identified flying near PRP-1 along the southerly facing cliffs (See Map). Seven turkey vultures (*Cathartes aura*) were also identified flying within the same area (Map).

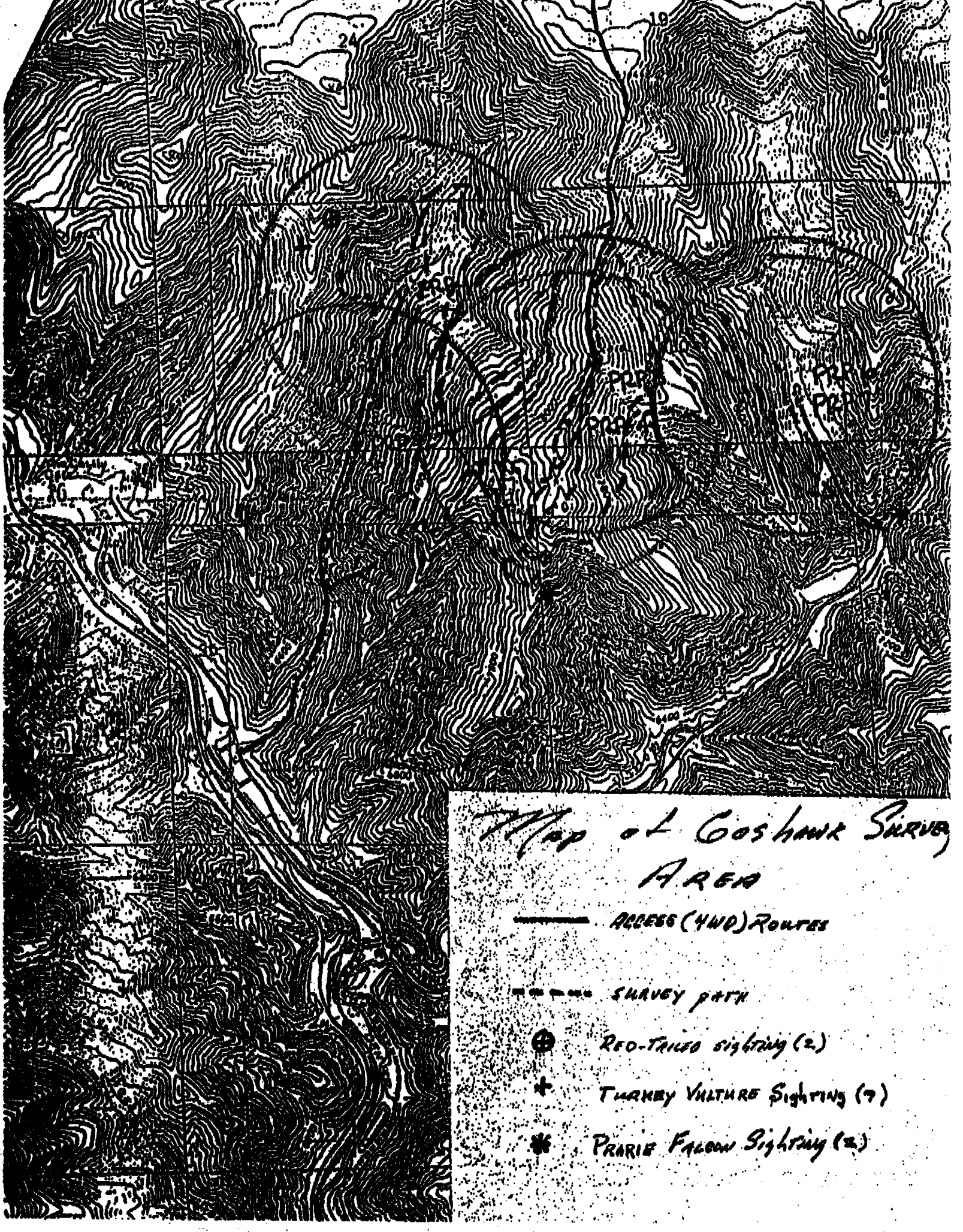
Ridge Top and Skinny Canyon

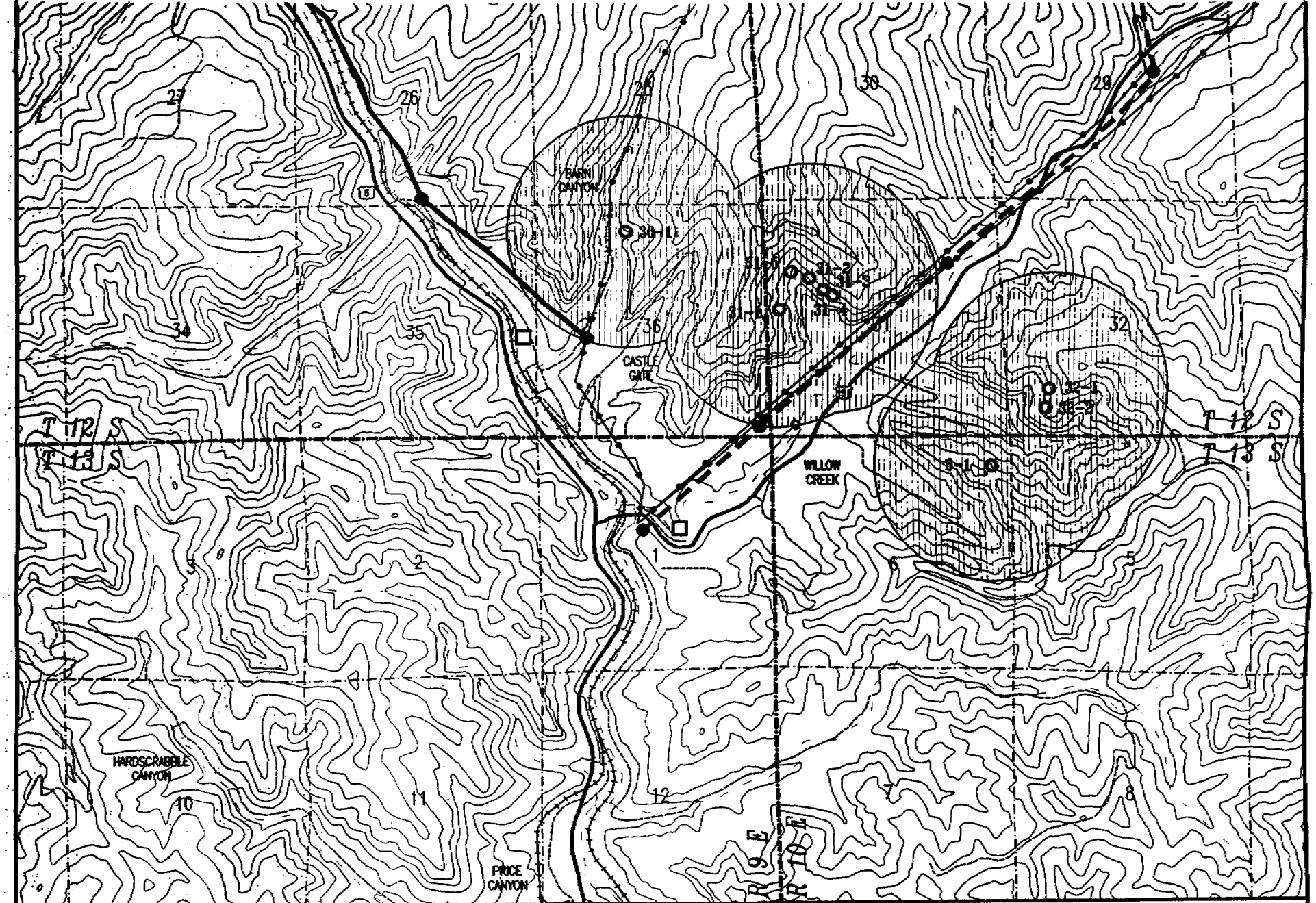
Access to PRP-3 and PRP-4 along the ridge top between Barn Canyon and Skinny Canyon was reached by travel through the Jensen property northwest of the survey area. Survey crew members chose routes along the contour below the ridge top, accessing the upper slope of Barn Canyon and upper reaches of the various side canyons to the south. Procedures for calling was followed as previously discussed. A prarie falcon (*Falco mexicanus*) responded to the distressed rabbit call near the western end of the perimeter boundary of PRP-4 (See Map). Neither nesting activity or goshawks was located within the ridge area.

Access to Skinny Canyon was gained by foot travel from the ridge top. Two survey members maintained a route down the southeasterly facing slope covered with dense douglas fir, aspen and pine into the canyon bottom near the mouth into Willow Creek. Another survey member accessed the bottom drill sites, PRP-6 and PRP-7, in Skinny Canyon from its junction with Willow Creek. A prarie falcon was sighted at the mouth of Skinny Canyon (Map). No other raptor species or signs of nesting activity were identified.

DISCUSSION

Habitat required by nesting goshawks was lacking over the majority of the area in question. Suitable nesting areas of dense, closed canopy was limited to the higher elevations along the ridge and canyon tops. The survey was concentrated within these areas, yet did not yield the presence of goshawk nesting activity or any other nesting raptor activity. Due to the lack of response and failure to locate any goshawk activity, EIS recommends clearence for the proposed drilling operations within the North Willow Creek area.


Map of Goshawk Survey Area
Access (4WD) Routes
Survey path
Red-Tailed sighting (2)
Turkey Vulture Sighting (7)
Prarie Falcon Sighting (2)



ENVIRONMENTAL ASSESSMENT
SULPHUR CANYON 138 kV POWERLINE
RAPTORS

LEGEND:

SAGE GROUSE NESTING HABITAT:
RAPTOR NEST SITE:
1/2 MILE RAPTOR BUFFER ZONE:
HISTORIC SAGE GROUSE LEK:

750' 0' 1500' 3000'

N

PLATE VI

RAPTOR NEST STATUS

YEAR	CYPRUS #	SPECIES	STATUS
1995:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	36-1	Golden Eagle	Inactive
1996:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	32-1	Golden Eagle	Tended
	32-2	Golden Eagle	Active with Young
	36-1	Golden Eagle	Not Found
1997:			
	6-1	Golden Eagle	Not Found
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Inactive
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Tended
	31-5	Golden Eagle	Tended
	32-1	Golden Eagle	Inactive
	32-2	Golden Eagle	Inactive
	36-1	Golden Eagle	Not Found

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

ACT/007/038 #2
ACT/007/038-97D

Moab District
Price River/San Rafael Resource Area
125 South 600 West
Price, Utah 84501

3482
(UT-066)

RECEIVED
JUL 11 1997
DIV. OF OIL, GAS & MINING

JUL 10 1997

Ms. Pam Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Dear Ms. Grubaugh-Littig:

Cyprus Plateau Mining Corporation proposes to conduct a two-year coal exploration drilling program on Willow Creek coal lands in Carbon County, Utah. A total of eight exploration holes would be drilled. The holes would be located on Federal coal leases UTU-73975, UTU-0146345, and UTU-071737. Please review the enclosed exploration plan and provide any recommended conditions of approval to this office.

If you have any questions regarding this matter, contact Don Stephens at the Price River/San Rafael Resource Area (636-3608).

Sincerely,

Don Nyffeler

Acting Area Manager

Enclosure
Exploration Plan (45 pp)

cc: UT-920, Minerals, Utah State Office

This is an extra copy of 79D

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

July 29, 1997

Richard Manus, Area Manager
Price River/San Rafael Resource Area
Bureau of Land Management
125 South 6th West
Price, Utah 84501

Re: Comments on Exploration Project, Cyprus Plateau Mining Company, Willow Creek Mine, ACT/007/038-97D, Folder #3, Carbon County, Utah

Dear Mr. Manus:

The Division has completed a review of an exploration project recently proposed for the Willow Creek Mine. It is our understanding that the BLM has the lead on this project and the Division is providing comments and recommendations. The enclosed memo provides information that should be considered when processing the application for exploration.

Thank you for the opportunity to comment. Please call if you have any questions.

Sincerely,

Daron R. Haddock
Permit Supervisor

tat
Enclosure
cc: P. Hess
O:\007038.WIL\FINAL\EXP97D.WPD

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

July 10, 1997

Ben Grimes, Sr. Staff Project Engineer
Cyprus Plateau Mining Corp
P.O. Drawer PMC
Price, Utah 84501

Re: Federal Lease UTU-73975, UTU-0146345, & UTU-071737, Cyprus Plateau Mining Corp., Willow Creek Mine, ACT/007/038-97D, Folder #2, Carbon County, Utah

Dear Mr. Grimes:

We have received the above-referenced amendment. Our agency anticipates reviewing this amendment by July 22, 1997. A copy is available for review at our Salt Lake and Price offices.

If you have any questions please call me at 538-5290.

Sincerely,

Joseph C. Helfrich
Permit Supervisor

tt
cc: Dave Ariotti, Health
Bill Bates, DWR
Richard Manus, BLM
Mark Page, Water Rights
Ranvir Singh, OSM
David T. Terry, SITLA
Price Field Office
O:\007038.WIL\FINAL\TRNSMITL.97D

RECEIVED
JUN 30 1997
DIV. OF OIL, GAS & MINING

EXPLORATION PLAN

WILLOW CREEK FEDERAL COAL LANDS

CARBON COUNTY, UTAH

BLM Surface

RECEIVED
SAN RAFAEL & PRICE RIVER
MANAGEMENT AREAS
97 JUN 13 PM 4:21
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CYPRUS PLATEAU MINING CORPORATION

JUNE 1997

Appendix B

Willow Creek Proposed Drill Program

Priority 1

P97-30-4: Located on the east side of the Willow Creek Heart Area central ridge. This site was previously permitted under the modified 1995 federal exploration permit but not completed. Approximate coordinates of site are 2184945E, 517429N with a surface elevation of 7790 feet. Approximately 2400 feet of new road will need to be constructed from the ridge road to the new site. The drill pad should be 50 x 150 in size.

The projected total depth of the hole is estimated to be 2500 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and development, methane disorption, horizontal stress testing, TDR monitoring, coal quality, and strata strength testing in the area of the first six D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). The upper 700' to 800' of the hole will have to be cased due to soft strata. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is highly recommended.

As noted, access to the site will be by rehabilitating an existing ridge road and developing about 2400 feet of moderately steep hillside to the proposed site. The new road may or may not need to be reclaimed this season, as needed.

Water will have to be hauled to the central ridge road on the old drill site of 95-30-2 by 4x4 1000 gallon water truck and piped about 2000 feet overland to the proposed drill site to avoid the steep drill road. Water would have to be procured from the Price River or from the Willow Creek portal location.

Communications should be attempted via cellular phone if possible. Otherwise driving to the Willow Creek site may be the only alternative means of communicating to other mine personnel. Communication between the water and rig personnel should be maintained by hand held walkie talkies.

Priority 2

P97-25-4: Located in Barn Canyon midway between MC-16 and 95-25-1. Approximate coordinates of site are 2179278E, 516293N with a surface elevation of 6580 feet. The site will be located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. A nearby turn-around will be utilized.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, and C Seams. Nearby holes indicate the lowermost A Seam is non-economic. The site will used for seam thickness and possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of the last four D panels.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended.

Assess to the site can be easily made by quickly rehabilitating the existing Barn Canyon road. The existing road parallels an active power line along the side and bottom of the canyon. Energized high tension lines run 40 to 60 feet above the ground.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek prep plant less than 2 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel.

Priority 3

P97-26-1: Located in a narrow canyon designated Castlegate Notch Canyon on the west side of the property off of Price River Canyon. Approximate coordinates of this site are 2176494E, 518396N with a surface elevation of about 6740 feet. The site is located in the middle of the western D panels and can logically only be drilled by air-mobile (helicopter) drilling equipment. The drill pad will have to be hand-cleared (20 x 20 feet) in the narrow canyon bottom and drill equipment brought in from the central ridge to

the east and out to the Price River Canyon to the west. This site will fill in a significant void in the drill spacing.

The projected total depth of the hole is estimated to be 1800 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams. Nearby holes indicate the lowermost A Seam could be thickening to the west in this area. The site will used for seam thickness and correlation, coal quality checks, methane disorption, and strata strength testing in the area of the last four D panels.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 40 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel will generally be required to face a strenuous 40 minute hike in and out of the area each shift. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water will be pumped to the site via rubber hose from the Price River about 2500 feet to the west. Hoses can be lifted to central sites, assembled and strung over a ridge, connecting the the water source to the drill site.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. A repeater on the ridge top may be necessary. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 4

P97-33-2: Located in Dry Canyon about 750 feet NE up the canyon from MC-119. This site was previously permitted under the 1995 federal exploration permit but not completed. Approximate coordinates of site are 2196475E, 515559N with a surface elevation of 7220 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 100 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site can be easily made by quickly rehabilitating the existing Dry Canyon road and the removal of some boulder and timber barriers. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 5

Not applicable to this permit.

Priority 6

Not applicable to this permit.

Priority 7

P97-25-5: Located on the ridge between Castlegate Notch Canyon and Barn Canyon. This site is a possible backup contingency location. Approximate coordinates of the site are 2177848E, 516527N with a surface elevation of approximately 7570 feet. As noted, the site is located on a narrow ridge and accessible only by air. The drill pad should be about 20 x 20 feet in size. May be drilled in 1998 or beyond, if needed.

The projected total depth of the hole is estimated to be 1700 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D, K, C, and A Seams.

If drilled, the site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of western D and K panel development.

It is recommended that an air-mobile continuous core rig, Longyear LF70 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Less than 10 feet of surface casing is estimated to be needed. B size core (1.6" diameter) could be taken. Single shift (12 hour) operations could be utilized.

Assess to the site, as noted, will have to be by helicopter for equipment. Personnel may also have to be airlifted at significant expense or camp at the site. Helicopter services will likely require a Model 204 (200 - 2500 lb lift) or possibly a Bell Longranger L3 (800 - 900 lb lift). The larger unit may be available in the area on logging (forest) operations. Site set up and breakdown flight time should be less than 10 hours total for all equipment. Geophysical logging equipment will also have to be ferried in and out.

Water would likely have to be lifted in for the Price River at considerable expense.

Communications from the ridge could be carried on from the ridge by cellular phone if possible. Access to the Willow Creek prep plant offices will be alternative means of communicating to other mine personnel after a strenuous and time-consuming hike.

Priority 8

P97-33-3: Located in Dry Canyon on the hillside about 1000 feet southeast of MC-119 and 94-33-1. This site was previously prepared and accessed in the 1970's but not completed. Approximate coordinates of site are 2197174E, 514375N with a surface elevation of 7760 feet. A previously developed wireline site exists. The drill pad should be about 50 x 80 feet in size. May be drilled in 1998 or beyond.

The projected total depth of the hole is estimated to be 1900 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

Structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. A Seam heights may be thicker than previously thought. The site will used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, horizontal stress testing, TDR

monitoring, and strata strength testing in the area of K panel development. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will require the cleanup of existing (steep) access beyond proposed site P97-33-2. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about 2.5 miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 9

P97-33-4: Located in Dry Canyon about 1200 feet south of hole 94-33-1. Approximate coordinates of site are 2194360E, 514318N with a surface elevation of 6960 feet. The site is located on and adjacent to an existing dirt access road. The drill pad should be about 50 x 80 feet in size. Adjacent existing road can be utilized for turn-around space.

The projected total depth of the hole is estimated to be 1200 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The K, C, and A Seams.

The site will used for seam thickness and correlation, coal quality checks, methane disorption, possible horizontal stress testing, TDR monitoring, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. If a truck mounted rotary rig is utilized; Gardner-Denver 2000, or similar, the hole will be rotary drilled to within 200 feet

of key coal seams and than conventionally spot cored. Twenty-four hour operation is recommended but not essential.

Assess to the site will be by the existing Dry Canyon road. The existing road crosses Willow Creek and is in good condition.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 10

P97-28-1: Located in Dry Canyon about 1400 feet NE up the canyon from MC-119. This site would be roughly located above the projected K East Mains. Approximate coordinates of site are 2196968E, 516478N with a surface elevation of 7385 feet. The proposed site is situated about 600 feet further up canyon from proposed drill hole P97-33-2. The drill pad should be about 40 x 40 feet in size. Access up the rugged and bouldered canyon will be both difficult and expensive. The proposed site could give additional data augmenting results gained from proposed hole P97-33-3. Could be drilled after 1997, if needed.

The projected total depth of the hole is estimated to be 1650 feet which includes a 50 foot zone below the deepest seam of interest. Seams of interest include The D?, K, C, and A Seams.

As noted earlier, structural projections from surrounding holes indicate the earlier correlations may be incorrect. K East Mains may encounter six foot coal heights of unknown extent in the area of MC-119 due to seam splits. The A Seam heights may be thicker than previously thought. The site could be used for seam thickness and correlation of possible parting development, coal quality checks, methane disorption, and strata strength testing in the area of K panel development.

It is recommended that a 4x4 mounted continuous core rig, Longyear 44 or similar, be utilized because of limited space. The upper portion of the hole will be rotary drilled if possible to speed the drilling process. Recovered core will be "N" series size (about 2" diameter). Less than 40 feet of surface casing is estimated to be needed. Twenty-four hour operation is recommended but not essential.

The 600 foot access to the site will require steep side hill cuts and extensive reclamation. The existing road in Dry Canyon below the proposed road is easily accessible.

Water will be hauled to the site by 4x4 1000 gallon water truck from the Willow Creek stream crossing about two miles down the canyon.

Communications in the deep canyon will be difficult but should be attempted via cellular phone if possible. Access to the Willow Creek portal offices will be alternative means of communicating to other mine personnel and contractors.

Priority 11

Not applicable to this permit.

Appendix C

DRILLING SERVICES CONTRACT

This Drilling Services Contract ("Contract") is entered into as of June 1, 1997 between Blackhawk Coal Company ("**Company**") and Cyprus Plateau Mining Corporation ("**Contractor**").

RECITALS

WHEREAS, **Company** is the lessee under federal coal lease ~~SL-029093-040053~~ SL-071737 ("Lease") issued by the Bureau of Land Management; and

WHEREAS, **Contractor** is the lessee under federal coal lease UTU-73975 adjacent to the Lease; and

WHEREAS, **Contractor** may, at some time in the future, wish to obtain from Company the Lease by way of assignment or otherwise; and

WHEREAS, it would benefit **Company** to obtain additional information on the coal under the Lease at no additional cost or risk to **Company**; and

WHEREAS, **Contractor** may wish to drill one or more exploration holes on the Lease in Township 12 South, Range 9 East, Section 26, S.L.B.M., in order to test the quantity and quality of coal in said Section 26 (the "Exploration"); and

WHEREAS, a portion of both the Lease and federal coal lease UTU-73975 are within Section 26, and the Exploration may take place on one or both of said leases depending upon topography, access and other pertinent factors.

NOW WHERFORE, in consideration of the foregoing recitals, the terms and conditions of this Contract, and other good and valuable consideration, **Company** and **Contractor** agree as follows:

1. HIRING AS CONTRACTOR; TERM

With respect to the Lease only, and subject to all the terms of this Contract, Company hereby hires **Contractor** to conduct any activity necessary to complete the Exploration; provided, however, that **Contractor** will have no obligation to conduct the Exploration on the Lease if Contractor elects not to. The term of this Contract shall run from June 1, 1997 through December 31, 1998, and so long thereafter as access may necessary for Contractor to complete any required reclamation or restoration obligations.

2. GRANT OF ACCESS

Company grants to **Contractor** the right of access to the Lease to the extent necessary to conduct the Exploration, and to the full extent allowed pursuant to the terms of the Lease and applicable laws and regulations. This right of access shall also include the right of access necessary to conduct any reclamation or restoration activity that may be necessary as a result of the Exploration. While conducting the Exploration, Contractor will be acting as the limited agent of Company as the lessee under the Lease; said agency being subject to all the terms and conditions of this Contract. By entering into this Contract, **Company** is granting to **Contractor** the right to work with the Bureau of Land Management, to post any required bonds, to submit any required applications or forms related to the Exploration, and to obtain and have access to any and all confidential and proprietary information regarding the Lease. This Contract shall constitute the agreement of Company pursuant to 43 C.F.R. §3481.3 for Contractor and its employees to have access to all privileged or confidential or other information regarding the Lease.

3. CONTRACTING

All activity related to the Exploration, including but not limited to, any required reclamation or restoration, shall be at the sole risk, cost and expense of **Contractor**. Any contracts with third parties necessary to conduct the Exploration shall be a subcontract between **Contractor** and the subcontractor, and **Company** shall not be a party thereto. **Contractor** shall not have the authority to bind **Company** to any contract or arrangement without the prior written consent of **Company**. If any bonds have to be posted in the name of **Company**, **Contractor** shall be obligated to reimburse **Company** for any premium paid related thereto.

4. EXPLORATION RESULTS

With respect to any of the Exploration conducted on the Lease, and at no cost to **Company**, **Contractor** will provide **Company** with a full set of any report, logs, analyses or other results obtained or generated. **Company** and **Contractor** will each own these materials and may use them in any manner in the future.

5. INDEMNIFICATION

Contractor shall defend, indemnify and save harmless **Company**, its joint venturers and its affiliated entities, and each of their employees, officers, directors, and agents, from and against any and all claims, loss, damage, injury, liability, costs and expenses of whatsoever kind or nature, including attorney's fees, demands, recoveries and judgments ("costs"), howsoever the same may be caused by reason of any act or omission of **Contractor**, **Contractor's**

subcontractors, agents or employees, in the execution of the Exploration, or in consequence of any negligence or carelessness relating to the Exploration. Without limiting the generality of the foregoing, any such costs shall include injury or death to any person or persons. Further, any costs in conjunction with the Exploration relating to neglect or violation of any state or federal law or municipal rule, regulation or order shall be borne by **Contractor**. **Contractor** shall give to the proper authorities all required notices relating to the Exploration, obtain all official permits and licenses, and pay all proper fees in conjunction therewith. **Contractor** shall assume no liability for the sole acts or omissions of **Company**.

6. INSURANCE

Minimum Insurance Requirements: **Contractor** shall maintain the following minimum insurance coverages at all times. Such insurance coverages shall not act to limit **Contractor's** liability under this Contract:

A) Workers' Compensation:
Insurance required.

B) General Liability Insurance, including contractual liability, completed operations liability and, if applicable, explosion, collapse, and underground ("xcu") liability. The policy shall allow cross liability suits and shall be endorsed to name **Company** as an additional insured as respects this Contract:

$2,000,000 combined single limit per occurrence.

C) Employer's Liability:

$1,000,000 each accident;
$1,000,000 for disease;
$1,000,000 each employee for disease.

D) Automobile Liability Insurance which shall allow cross liability suits:

$1,000,000 combined single limit per accident.

At all times, **Company** shall have the right, but not the obligation, to approve **Contractor's** insurance coverages. Such approvals shall be based on standard coverages available within the industry, except as may be otherwise required by this Contract. Such approval shall not be unreasonably withheld.

7. COMPENSATION

As full and complete compensation for all services provided hereunder, **Contractor** shall be allowed to retain any data obtained as a result of the Exploration, and shall be allowed access to the Lease as provided herein. **Contractor** shall not be entitled to any other compensation or reimbursement for any activity or purchases related to the Exploration.

8. MISCELLANEOUS MATTERS

A. **Contractor** shall be an independent contractor and **Company** shall have no right of supervision, direction or control over **Contractor** except in the results to be obtained. **Contractor** shall not be, or represent itself as, an agent, servant, or representative of **Company** for any purpose. The independent contractor is not entitled to workers' compensation benefits and the independent contractor is obligated to pay federal and state income taxes on any monies earned pursuant to the contract relationship.

B. All information in **Company's** possession concerning the physical condition of the surface on the Lease has been or shall be made available to **Contractor**. **Contractor** represents that **Contractor** has independently examined and evaluated all such information, and has inspected the potential worksites, to the extent necessary to satisfy itself that **Contractor** is able to complete performance of the Work within all existing conditions and limitations. **Contractor** has not relied and shall not rely upon any representations by **Company** concerning such information. **Contractor** shall not be entitled to relief from **Contractor's** obligations hereunder, or to additional compensation, for any failure of **Contractor** in making the examination, evaluation and inspection contemplated above.

C **Contractor** shall perform all work in such a manner as to cause a minimum of interference with **Company's** operations, if any, and shall take all necessary precautions to protect all persons and property from damage or injury. Upon completion of the Exploration, **Contractor** shall leave the worksite clean and free of all tools, equipment, waste materials and rubbish.

D. **Contractor** shall abide by all applicable federal, state and local laws, rules, regulations and governmental orders governing the performance of this Contract, and shall be liable for any fines or assessments levied thereunder against **Contractor** or **Company**. **Contractor** shall secure a Mine Safety and Health Administration independent contractor identification number, if applicable.

E. **Contractor** shall pay and discharge all taxes, lienable claims, charges or other impositions imposed and to be imposed by law on **Contractor** or on

the location or equipment thereon arising out of, in connection with, or resulting from the Exploration.

F. Any assignment or delegation of this Contract, or any part thereof, without the prior written consent of **Company**, shall be void. Notwithstanding the foregoing sentence, any assignment or delegation shall not relieve **Contractor** of **Contractor's** obligations hereunder, and any assignee or delegatee shall be bound by this Contract as if its name were substituted for all references to **"Company"** herein.

G. **Company** shall have the right to appoint a representative (**"Company's** Representative") to be present during any phase of the Exploration. **Company** may change its designated representative from time to time. **Company's** Representative may, upon notice to **Contractor**, delegate portions of his responsibilities to other representatives of **Company.**

H. No change orders, modification to, addition to, or waiver of any of the provisions of this Contract shall be binding upon **Company** or **Contractor** unless in a writing signed by an officer or authorized representative of **Company** and **Contractor**. No waiver by either party of any breach of a provision of this Contract shall be a waiver of any subsequent breach, whether of the same or a different provision of this Contract. No presumption shall be deemed to exist in favor or against either party hereto as a result of the preparation and/or negotiation of this Contract.

I. Any duty or obligation which has been incurred and which has not been fully observed, performed, or discharged, and any right, unconditional or conditional, which has been created and has not been fully enjoyed, enforced, or satisfied shall survive termination of this Contract.

J. This Contract shall inure to the benefit of and be binding upon the parties' successors and permitted assigns.

K. All notices to be given hereunder shall be in writing, and shall be hand-delivered or mailed to the following addresses:

If to Company:

Blackhawk Coal Company
1 Memorial Drive
P. O. Box 700
Lancaster, OH 43130-0700
Attention: President

If to Contractor:

Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, UT 84501
Attention: President

L. In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, Contractor and Company shall negotiate an equitable adjustment to effect the purpose of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

M. This Contract sets forth the parties' entire agreement with respect to the subject matter hereof and supersede all prior negotiations and dealings.

N. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Whereas, Contractor and Company have executed this Contract effective as of the date first written above.

BLACKHAWK COAL COMPANY	CYPRUS PLATEAU MINING CORP.
BY:_____	BY:_____
TITLE:_____	TITLE:_____

CYPRUS AMAX MINERALS COMPANY

Cyprus Amax Minerals Company
9100 East Mineral Circle
Post Office Box 3299
Englewood, Colorado 80155
303/ 643-5000

FACSIMILE TRANSMISSION

Date: May 28, 1997

TO		FROM	
Name	D. Michael Miller	Name	Greg A. Walker
Company	AEP	Department	Law Department
City/State/Country	Columbus, OH	City/State/Country	Englewood, CO
Facsimile No.	614-223-1687	Telephone No.	303/ 643-5215
Verification No.		Facsimile No.	303/ 643-5181

THIS TRANSMISSION CONSISTS OF -- 7 -- PAGE(S) (INCLUDING THIS PAGE)

Mike:

I tried to put together a simple agreement that will protect Blackhawk and its affiliates, but give us the flexibility we need with BLM under the law. Please give me your thoughts. Thanks.

CC: John Mercier – Cyprus Plateau

Please deliver to:

The information contained in this communication is CONFIDENTIAL, may be ATTORNEY-CLIENT PRIVILEGED, may constitute INSIDE OR PROPRIETARY INFORMATION, and is intended only for the use of the individual(s) or company(ies) named above. Unauthorized use, disclosure or copying is strictly prohibited and may be unlawful. If you have received this communication in error, please immediately notify us at (303) 643-5153 and return the original message to us at the address above via the United States postal service. We will reimburse any cost you incur in notifying and returning the message to us. Thank you!

If any problems occur during transmission, Please call Susan Dicarlo at (303) 643-5153.

Appendix D

GOSHAWK INVENTORY OF NORTH WILLOW CREEK AREA
CARBON COUNTY, UTAH

INTRODUCTION

Plateau Mining Company proposes to locate a series of exploratory drill holes within the North Willow Creek area to be situated along established access roads in Barn Canyon, Skinny Canyon and along the ridge that seperates the two canyons (See Map). This area is characterized by steep, rocky ridges and cliff faces, with vegetation consisting mostly of mature pinyon-juniper at the lower elevations and Douglas fir, ponderosa pine and limber pine within the upper valley floors and ridge tops. The area has been identified by the USDI Bureau of Land Management (BLM) and Utah Division of Wildlife Resources (UDWR) as being potential nesting goshawk (*Accipiter gentilis*) and golden eagle (*Aquila chrysaetos*) habitat Since the proposed project would occur prior to the date established by the BLM as that before any construction activity could be started if active, nesting raptors are within a half-mile of the proposed activity; a specific inventory designed to locate the presence of, or use by nesting goshawks was implemented. A helicopter survey for golden eagle nests was conducted on May 9, 1995 and is include as Attachment A.

METHODS

On May 18 and 19, 1995, an intensive goshawk survey was conducted by the staff of EIS. The area of the survey was determined by establishing a half-mile perimeter around each drill site. Prior consultation between the BLM, UDWR and EIS yielded various survey methods. The methodology selected included the use of a taped nesting goshawk distress call provided by UDWR, and taped rabbit distress call. A portable Johnny Stewart, MS512MR Wildlife Caller was used to play each call for 2 minutes every 10 minutes at various positions within the half-mile buffer zone being surveyed. During calling, survey members would listen for a response and attempt to identify the location of potential nest sites.

Survey team members identified access routes within the area, selecting those that allowed for the greatest coverage. The survey members remained within 200 to 300 yards of each other, communicating with portable radios along a route chosen and ploted using a Garmin 50 Global Positioning System. Routes of each survey member are shown on the enclosed map.

RESULTS

Barn Canyon

Access to the half-mile perimeter was gained by four-wheel travel up an existing road in the canyon bottom to a point approximately a half-mile below PRP-2. The survey began on the northernly facing slope and continued on to the end of the canyon (Approximately 3/4 mile past

PRP-1). The southerly facing slope was accessed at the top of the canyon, but due to its steepness and extensive cliff faces covered with pinyon-juniper, was only partially surveyed along its length. Areas of extensive pinyon-juniper do not provide the closed canopy suitable as for goshawk habitat, and thus were not surveyed as extensively as those covered by the denser stands of fir and pine found on the northerly slopes and ridge tops. The survey within this canyon did not locate any goshawks. Two red-tailed hawks (*Buteo lamaicensis*) were identified flying near PRP-1 along the southerly facing cliffs (See Map). Seven turkey vultures (*Cathartes aura*) were also identified flying within the same area (Map).

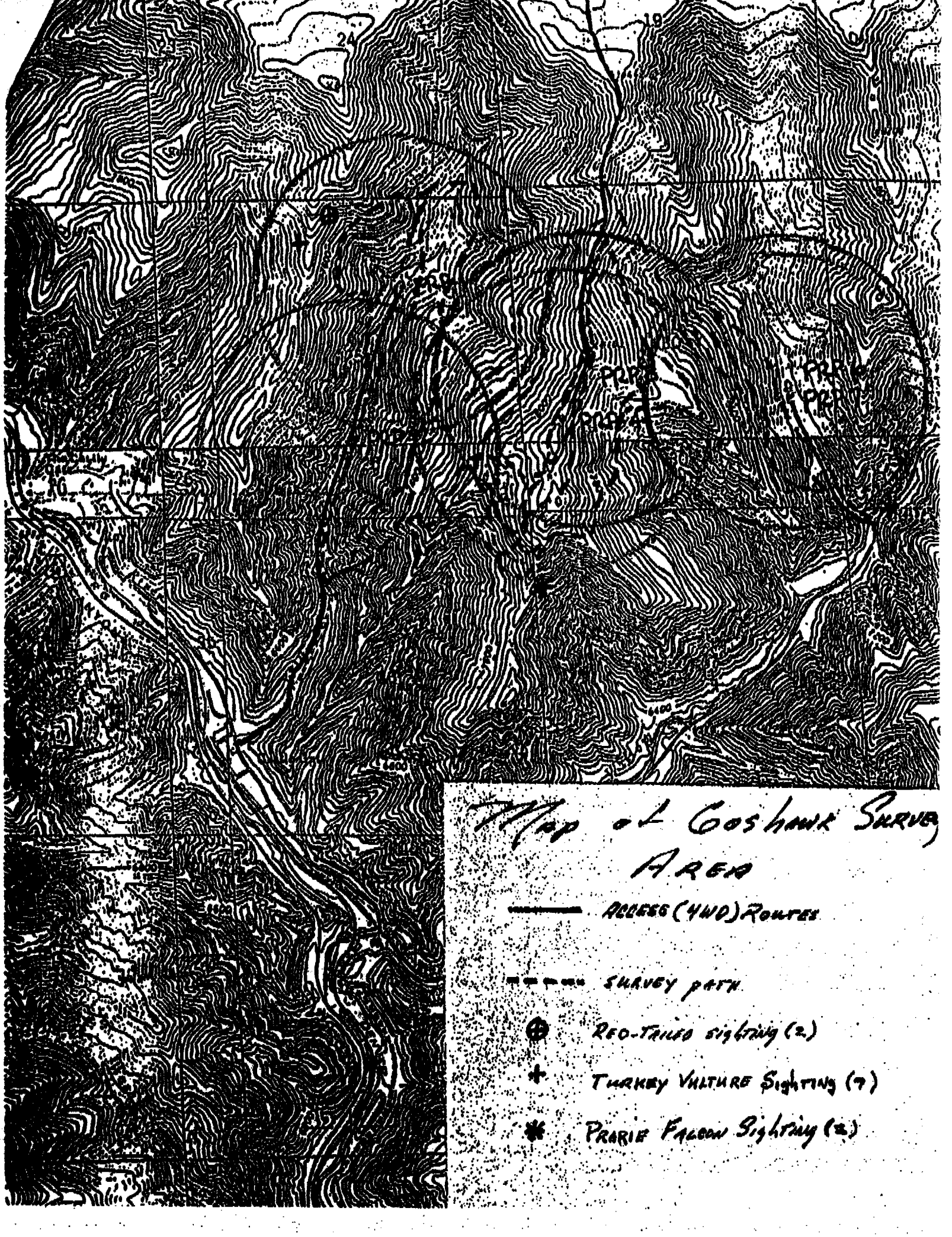
Ridge Top and Skinny Canyon

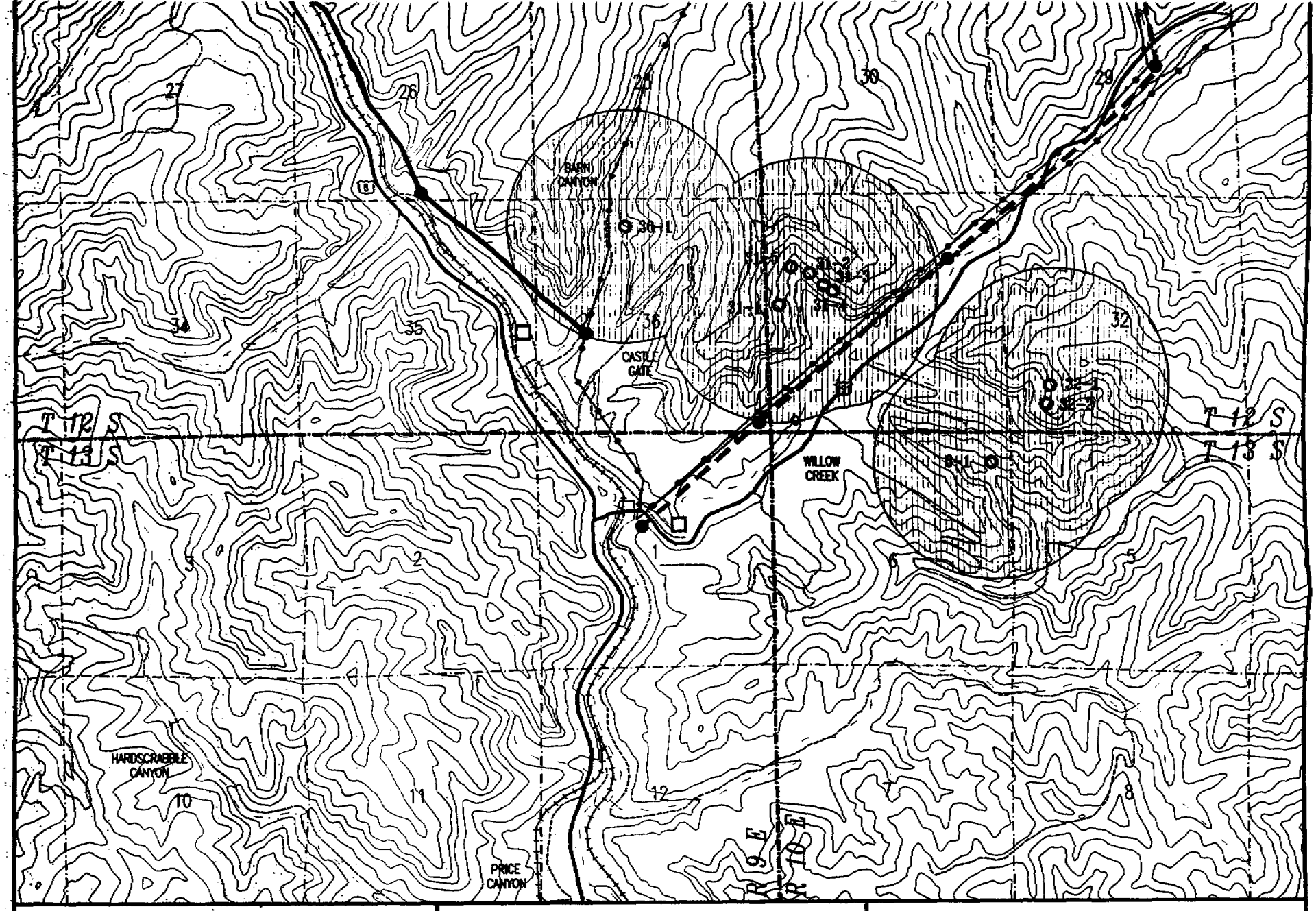
Access to PRP-3 and PRP-4 along the ridge top between Barn Canyon and Skinny Canyon was reached by travel through the Jensen property northwest of the survey area. Survey crew members chose routes along the contour below the ridge top, accessing the upper slope of Barn Canyon and upper reaches of the various side canyons to the south. Procedures for calling was followed as previously discussed. A prarie falcon (*Falco mexicanus*) responded to the distressed rabbit call near the western end of the perimeter boundary of PRP-4 (See Map). Neither nesting activity or goshawks was located within the ridge area.

Access to Skinny Canyon was gained by foot travel from the ridge top. Two survey members maintained a route down the southeasterly facing slope covered with dense douglas fir, aspen and pine into the canyon bottom near the mouth into Willow Creek. Another survey member accessed the bottom drill sites, PRP-6 and PRP-7, in Skinny Canyon from its junction with Willow Creek. A prarie falcon was sighted at the mouth of Skinny Canyon (Map). No other raptor species or signs of nesting activity were identified.

DISCUSSION

Habitat required by nesting goshawks was lacking over the majority of the area in question. Suitable nesting areas of dense, closed canopy was limited to the higher elevations along the ridge and canyon tops. The survey was concentrated within these areas, yet did not yield the presence of goshawk nesting activity or any other nesting raptor activity. Due to the lack of response and failure to locate any goshawk activity, EIS recommends clearence for the proposed drilling operations within the North Willow Creek area.


Map of Goshawk Survey Area
Access (4WD) Routes
Survey path
Red-Tailed sighting (2)
Turkey Vulture Sighting (7)
Prarie Falcon Sighting (2)



ENVIRONMENTAL ASSESSMENT
SULPHUR CANYON 138 kV POWERLINE
RAPTORS

LEGEND:

SAGE GROUSE NESTING HABITAT:

RAPTOR NEST SITE:

1/2 MILE RAPTOR BUFFER ZONE:

HISTORIC SAGE GROUSE LEK:

750' 0' 1500' 3000'

N

PLATE VI

RAPTOR NEST STATUS

YEAR	CYPRUS #	SPECIES	STATUS
1995:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	36-1	Golden Eagle	Inactive
1996:			
	6-1	Golden Eagle	Inactive
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Tended
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Inactive
	32-1	Golden Eagle	Tended
	32-2	Golden Eagle	Active with Young
	36-1	Golden Eagle	Not Found
1997:			
	6-1	Golden Eagle	Not Found
	31-1	Golden Eagle	Inactive
	31-2	Golden Eagle	Inactive
	31-3	Golden Eagle	Inactive
	31-4	Golden Eagle	Tended
	31-5	Golden Eagle	Tended
	32-1	Golden Eagle	Inactive
	32-2	Golden Eagle	Inactive
	36-1	Golden Eagle	Not Found

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Price River/San Rafael Resource Area
125 South 600 West
Price, Utah 84501

3482
(UT-066)

RECEIVED
JUN 30 1997
DIV. OF OIL, GAS & MINING

Ms. Pam Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Dear Ms. Grubaugh-Littig:

Cyprus Plateau Mining Corporation proposes to conduct a two-year coal exploration drilling program on Willow Creek coal lands in Carbon County, Utah. A total of eight exploration holes would be drilled. The holes would be located on Federal coal leases UTU-73975, UTU-0146345, and UTU-071737. Please review the enclosed exploration plan and provide any recommended conditions of approval to this office.

If you have any questions regarding this matter, contact Don Stephens at the Price River/San Rafael Resource Area (636-3608).

Sincerely,

Blair A. Miller

Area Manager

Enclosure
Exploration Plan (45 pp)

cc: UT-920, Minerals, Utah State Office