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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

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Partial: Complete: XXX Exploration:

Inspection Date & Time: 12/8/97 / 9:30a.m.-12:30p.m.

Date of Last Inspection: 11/21/97

Mine Name: Willow Creek Mine County: Carbon Permit Number: ACT/007/038

Permittee and/or Operator's Name: Cyprus Plateau Mining Corporation

Business Address: P. O. Drawer PMC, Price, Utah 84501

Type of Mining Activity: Underground XXX Surface Prep. Plant Other

Company Official(s): Ben Grimes

State Officials(s): Peter Hess Federal Official(s): None

Weather Conditions: Cold, Snowing

Existing Acreage: Permitted- 14.670 Disturbed- 132.9 Regraded- Seeded- Bonded- 132.9

Increased/Decreased: Permitted- Disturbed- Regraded- Seeded- Bonded-

Status: Exploration/ XXX Active/ Inactive/ Temporary Cessation/ Bond Forfeiture

Reclamation (Phase I/ Phase II/ Final Bond Release/ Liability Year)

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

Instructions

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4th Quarter-April, May, June) _____ (date)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



INSPECTION REPORT
(Continuation sheet)

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PERMIT NUMBER: ACT/007/038

DATE OF INSPECTION: 12/8/97

(Comments are Numbered to Correspond with Topics Listed Above)

NOTE: The wash plant and mine site areas were covered with approximately three inches of snow this A.M.; flurries continued during the inspection.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The review of the following amendments is currently underway at the DOGM Salt Lake Office.

- 1) ACT/007/038-97J, the redesign of the wash plant thickener pond;
- 2) ACT/007/038-97I, the expansion of the clean coal storage area & runoff control;
- 3) The review of the "as-builts" for the mine's drainage and runoff controls.

Mr. Grimes indicated on 12/9/97, that due to some unforeseen geologic conditions, the redesign of the underground workings may be necessary and will require the future submittal of two new amendments; one will be to permit two new exploration holes in Skinny Canyon to determine if a redesign is necessary. The second amendment will permit a new air shaft/fan installation in Barn Canyon, should the redesign require this.

4b. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The third quarter impoundment inspections for the site were conducted by Mr. Ben Grimes on 9/26/97. No signs of instability or hazard were noted. Erosion was noted as being minimal for 15 ponds which were noted on the inspection report form. Pond 011 was reported to be in need of cleaning; this will probably be done during the enlargement of same following approval of ACT/007/038-97I as noted above. Inspections for pond 013A were reviewed; this is an MSHA pond which requires a weekly inspection. No problems were noted either with inspection frequency or stability. All of the ponds which were observed this day were snow covered.

4d. HYDROLOGIC BALANCE: WATER MONITORING

The third quarter water monitoring report for the site was submitted to the DOGM-SLO on 10/29/97. Data submitted was collected during the months of July, August, and September 1997.

A review of on site water monitoring data did not reveal any abnormalities in chemistries or frequency.

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Discharge monitoring reports for the sites UPDES points were reviewed for the months of September and October 1997. None of the sites ponds discharged. All reports were submitted in a timely manner. Points 003A and 009A have been deleted from the monitoring regime through an agreement with the Utah Department of Environmental Quality, Division of Water Quality dated 9/17/97. Pond 003A was never constructed; pond 009A (a Hardscrabble Canyon sediment pond) has been reclaimed.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The third and fourth quarter refuse pile inspections/certifications were conducted by Mr. Tom Hurst, P.E., (Utah P. E. #159412) on 9/29/97, and 12/5/97 respectively. All piezometer holes were noted as dry. No signs of instability or structural weakness were noted. A new report form (from MSHA) is being utilized in these inspections.

14. SUBSIDENCE CONTROL

Cyprus Plateau has installed approximately 156 subsidence monitoring points along ridges and in other strategic locations to monitor the subsidence associated with the extraction of coal from the Willow Creek Mine. It is anticipated that the first longwall panel will start up in January 1998.

19. AVS CHECK

It will be necessary for the permittee to make the following changes to their Corporate structure regarding the applicant violator system.

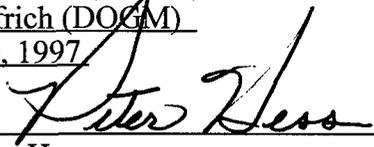
- 1) Keith Sieber, V.P. and General Manager is no longer employed by Cyprus.
- 2) John Boylen, General Manager is now in charge of the Willow Creek operation.

The SPCC plan should also be updated to reflect these changes.

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas, and Mining.

Copy of this Report:

Mailed to: Ben Grimes (Plateau) Henry Austin (OSM)
Given to: Joe Helfrich (DOGM) Filed to: Price Field Office
Date: December 9, 1997

Inspector's Signature:  #46
Peter Hess