



State of Utah
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DIVISION OF OIL, GAS AND MINING

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November 30, 2000

Johnny Pappas, Sr. Environmental Engineer
Plateau Mining Corporation
847 Northwest Highway 191
Helper, Utah 84526

Re: Approval of Eagle Canyon/Dinosaur Canyon Exploration, Plateau Mining Corporation,
Willow Creek Mine, G-001000-EX00K, G-001000-EX00K

Dear Mr. Pappas:

The above referenced exploration is approved, upon receipt of three copies for distribution, two of which should be in ring binders. Once we receive these copies a stamped approved copy will be returned to you for your records.

Enclosed is a copy of our technical analysis for you information. If you have any questions, please feel free to call Pete Hess at (435) 613-5622, or me at (801) 538-5258.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White".

Susan M. White
Acting Permit Supervisor

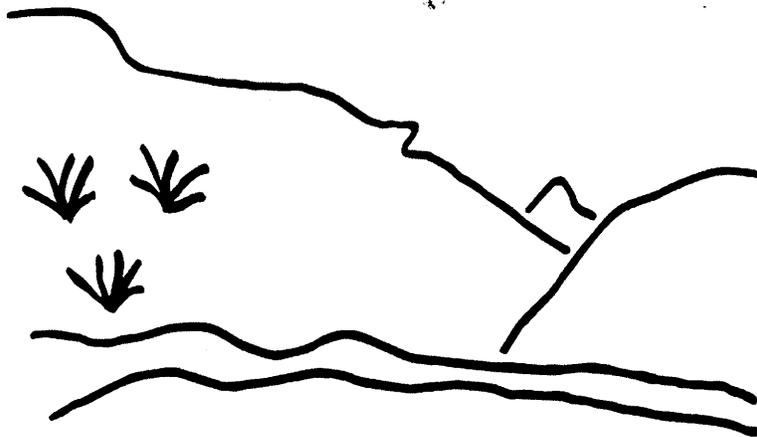
sd/sm

Enclosure:

cc: Price Field Office

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Willow Creek Mine
Eagle and Dinosaur Canyons Exploration
ACT/007/038-EX00K
Technical Analysis
October 5, 2000

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INTRODUCTION

INTRODUCTION

McCulloch Oil Company conducted an extensive coal exploration program in the Willow Creek Canyon area in the early 1970's, prior to the passage of SMCRA. Three holes, (MC-23 and MC-88 in Eagle Canyon, and MC-129 in Dinosaur Canyon) provided geologic data for McCulloch. The access roads were never reclaimed, per se, but revegetated themselves over the next twenty plus years. Evidence of the road cuts implemented was apparent until these access roads were reclaimed by Plateau Mining Corporation during the fall of 1999.

On November 25, 1998, an underground mine fire occurred in the D-1 section of the operating Willow Creek Mine, which was then owned and operated by Cyprus Plateau Mining Corporation. Shortly thereafter, the permittee, with verbal approval from the Utah Division of Oil, Gas, and Mining, reopened the pre-SMCRA exploration roads to install three boreholes with which to monitor the Mine's atmospheric conditions. Hole EDH-3 was installed in Dinosaur Canyon and EDH-4 was installed in Eagle Canyon. A third hole (called hole #2) was installed midway of the two previously described, on the hillside NW of the Willow Creek channel. According to Mr. John Mercier, chief geologist for the permittee, a coring type drill rig was used to directionally drill the holes, but no drill core was logged nor was coal quality analyzed from these holes.

During the recovery of the Mine, the permittee, in conjunction with the U. S. Department of Labor, Mine Safety and Health Administration decided to leave two of the existing boreholes in place, to retain the potential for Mine atmospheric monitoring, should it be necessary. The permittee also made the decision to reclaim the access roads and drill hole pads; hole #2 was plugged, and its associated access road was reclaimed, as were the roads and pads associated with EDH-3 and 4. This reclamation occurred in September/October of 1999.

The Willow Creek Mine resumed active coal production late in '99. On July 31, 2000, after having extracted approximately 225 feet of the D-3 longwall panel, a second fire, followed by a series of explosions erupted, which in turn caused the sealing of the operation. The permittee reopened the reclaimed access roads to EDH-3 and 4 to monitor the Mine's atmospheric conditions.

In order to monitor the status of, what are considered to be exploration boreholes located on fee ground owned by the permittee, the Utah Division of Oil, Gas and Mining requested that the permittee submit a "Notice of Intent to Conduct Minor Coal Exploration" for the two holes. That NOI was received by the Division on September 14, 2000 and was designated as ACT/007/038-EX00K.

This document is a technical analysis review of Amendment ACT/007/038-EX00K.

INTRODUCTION

EXPLORATION PLAN

COAL EXPLORATION: INTRODUCTION

Regulatory Reference: R645-200.

SCOPE

Regulatory Reference: R645-200-100., -200-110, -200-120, -200-121, -200-122, -200-123.

Analysis:

Minor Coal Exploration

The fire fighting process implemented the drilling of three boreholes to determine the levels of various mine gases associated with underground coal mine fires. Less than 250 tons of coal were removed as a result of the three hole exploration.

This submittal, therefore, qualifies as a minor coal exploration application.

Findings:

ACT/007/038-EX00K qualifies as a minor coal exploration amendment.

COAL EXPLORATION: REQUIREMENTS FOR EXPLORATION APPROVAL

Regulatory Reference: R645-201.

RESPONSIBILITIES FOR COAL EXPLORATION PLAN REVIEW

Regulatory Reference: R645-201-100., -201-110, -201-120, -201-130.

Analysis:

The three holes relative to this minor coal exploration will be drilled on land whose surface ownership is held by Plateau Mining Corporation.

Findings:

The Utah Division of Oil, Gas, and Mining is the sole party responsible for the review of this minor coal exploration application. All areas which were re-disturbed are on fee ground owned by Plateau Mining Corporation.

NOTICES OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: R645-201-200., -201-210, -201-220, -201-221, -201-222, -201-223, -201-224, -201-225.

Analysis:

This Notice of Intent to Conduct Minor Coal Exploration includes the following information.

- 1) Regulation 201-221; the name, address, and telephone number of the applicant seeking to explore, (see page 2 of the submittal).
- 2) Regulation 201-222; the name, address, and telephone number of the applicant's representative responsible for conducting the exploration activities, (see page 2 of the submittal).
- 3) Regulation 201-223; a narrative and map describing the exploration area and indicating where exploration will occur, (see Map 1, and pages 2 and 3 of the submittal).
- 4) Regulation 201-224; a statement of the period of intended Mine atmospheric monitoring is included, (see page 3).
- 5) Regulation 201-225; a description of the method of exploration to be used, the amount of coal to be removed, and the practices that will be followed to protect the area from adverse impacts of the exploration activities and to reclaim the area in accordance with the applicable requirements of R645-202. (See pages 2, 3, and 4 of the submittal).

Findings:

This notice of intent to conduct minor coal exploration includes sufficient information to adequately address the requirements of R645-201-210 through -201-225.

COAL EXPLORATION: COMPLIANCE DUTIES

Regulatory Reference: R645-202.

REQUIRED DOCUMENTS

Regulatory Reference: R645-202-100.

Analysis:

This notice of intent to conduct minor coal exploration includes a commitment to distribute copies of the approved finalized notice of intent to conduct minor coal exploration to those individuals (i.e., drillers, geologists, and other agents of the Company) directly associated with the exploration activities.

EXPLORATION PLAN

Findings:

The intent of R645-202-100, regarding distribution of required documents relative to this notice of intent to conduct minor coal exploration has been adequately met.

PERFORMANCE STANDARDS

Regulatory Reference: R645-202-200., -202-210, -202-220, -202-230, -202-231, -202-232, -202-233, -202-234, -202-235, -202-236, -202-240, -202-241, -202-242, -202-243, -202-244.

Analysis:

Conducting Minor Coal Exploration in Accordance With State Program

This application commits the permittee to conduct this minor coal exploration according to the performance standards mandated by the R645-202-210 rule. Core samples were not recovered; the exploration activities did not substantially disturb the natural land surface. Drill sites were reclaimed by backfilling mud pits, redistributing any soils removed, and by the scarifying and seeding of the area. Any minor drainages which were affected were reshaped and seeded. All seeding will utilize the permanent upland seed mixture previously approved from Table 5.3-2, Volume 3 of the Willow Creek MRP.

Findings:

This submittal's commitment to reclaim the drill sites according to the intent of the aforementioned regulation is adequate. As noted within the summary, the exploration roads and drill pads for hole #2 and EDH-3 and 4 were reclaimed for the first time during the fall of 1999. The roads were reopened in August of 2000 in order to monitor the Mine's atmospheric conditions, following the July 31, 2000 fire. The permittee's previous commitment is still felt to be adequate for R645-202-210.

Analysis:

Minor Coal Exploration Performance Standards Mandate

In this application, the permittee has made a commitment to conduct the minor coal exploration in accordance with the R645-202-220 performance standards relative to same.

Findings:

The submittal adequately addresses requirement R645-202-220.

Regulatory Reference: R645-202-231.

Analysis:

Operational Standards: Habitats of Unique or Unusually High Value/Threatened and Endangered Species

There are no known threatened or endangered species within the proposed area of exploration. This is verified on pages 5 and 6 of the applicant's submittal.

Findings:

The submittal adequately addresses the requirements of R645-202-231.

Regulatory Reference: R645-202-232.

Analysis:

Operational Standards: Roads

The applicant accessed the old McCulloch exploration roads from the Mine site disturbed area. As all work was performed on surface owned by the permittee, no other methods of easement or access procurement were necessary.

The permittee has committed to reclaim the ancillary road to holes EPH-3 and EPH-4. All roads associated with this minor exploration application are ancillary; all R645 rules relative to primary roads are inapplicable.

Findings:

This submittal adequately addresses the requirements of R645-202-232.

Regulatory Reference: R645-202-233.

Analysis:

Operational Standards: Protection of Topsoil Resource

The permittee has made a commitment in the application to remove and store the topsoil, which is in place at each exploration site. Topsoil removal was more than likely practiced by side-casting methods; as noted earlier, the original roads were not reclaimed, but did manage to revegetate themselves over the next twenty years. The second establishment of the roads merely removed vegetation, with a minimal amount of growth medium. The roads were reclaimed in the fall of 1999 (September/October) by redistributing what material had been pushed up in the newer berms,

EXPLORATION PLAN

roughening the roadway width, and re-seeding same with the seed mix approved within the Willow Creek mining and reclamation plan. Since these roads have been disturbed and reclaimed so many times, it appears that the permittee's commitment to reclaim the area through the redistribution of what soils and vegetation are available will be adequate, with additional seeding to reclaim the roads.

Findings:

This submittal adequately addresses the requirements of R645-202-233.

Regulatory Reference: R645-202-234.

Analysis:

Operational Standards: Diversions of Overland Flows and Streams

The exploration sites have been drilled in very tightly confined, narrow canyons with near vertical walls. There were no major diversions necessary for this project; overland flows were diverted around the drill pad locations through the use of berms, water bars, ditches, and culverts.

Findings:

This submittal adequately addresses the requirements of R645-202-234.

Regulatory Reference: R645-202-235. and R645-301-356.300 through R645-301-356.400.

Analysis:

Operational Standards: Coal Exploration Activities Relative to Maintenance of Prevailing Hydrologic Balance Maintenance of Siltation Structures Revegetation of Sites

This application commits the permittee to maintain all siltation structures until the reclamation (i.e., revegetation) of the sites has been completed.

Findings:

This submittal adequately addresses the requirements of R645-301-356.300 and -356.400.

IMPOUNDMENTS

Regulatory Reference: R645-301-512.240; -513.200; -514.300; -515.200; -533.100 through -533.600

Analysis:

Quarterly Monitoring Reports
Division Approval Requirements
Ground Water Monitoring through Bond Release
Minimizing Disturbance to Post Mining Land Use
Monitoring No Longer Necessary
Maintenance of Water Quality/Quantity Monitoring Equipment Required
Surface Water Monitoring
Implementation of Plan According to PHC
Identification of Surface Monitoring Parameters, Frequency, and Locations

This minor coal exploration application was conducted on fee land within the currently approved Willow Creek Mine permit area. The Division-approved surface water monitoring plan, as it exists within the mining and reclamation plan, adequately addresses the aforementioned R645 requirements.

Findings:

The aforementioned R645 rules, as they relate to surface and ground water monitoring regimes, have already been adequately addressed by the Cyprus Willow Creek mining and reclamation plan. They do not need to be addressed in this minor coal exploration application.

WATER RIGHTS

Regulatory Reference: R645-301-731.800.

Analysis:

Water Rights and Replacement Relative to Surface Coal Mining

This regulation is not applicable to this minor coal exploration application.

Findings:

This regulation is not applicable to this minor coal exploration application.

SILTATION STRUCTURES

Regulatory Reference: R645-301-742.200 through -742.214.

Analysis:

Siltation Structures

The construction of siltation structures, as they relate to this minor coal exploration application, has been previously addressed on pages 9 and 10 of this submittal under R645-202-235 and R645-301-

EXPLORATION PLAN

356.300 and -356.400. Same have been adequately addressed within this submittal.

Findings:

These regulations have been adequately addressed in a previous section of this submittal.

SEDIMENTATION PONDS

Regulatory Reference: R645-301-742.220; -742.221 through -742.240

Analysis:

Sedimentation Ponds

There are no sedimentation ponds in close proximity to, nor will there be any constructed in association with, this minor coal exploration application.

Findings:

These regulations are not applicable to this minor coal exploration application.

DIVERSIONS

Regulatory Reference: R645-301-742.300.

Analysis:

Diversions

These requirements have already been addressed within this submittal.

Findings:

These requirements have already been addressed within this submittal.

SILTATION STRUCTURES

Regulatory Reference: R645-301-763.100 and -763.200.

Analysis:

Siltation Structures

There are no siltation structures associated with this minor coal exploration application. These regulations are not applicable.

Findings:

R645-301-763.100 and -763.200 are not applicable to this minor coal exploration application.

Regulatory Reference: R645-202-236.

Analysis:

Operational Standards: Handling/Disposal of Acid-Toxic Forming Materials

The requirements of R645-202-236 have been addressed on a partial basis under R645-301-731.110, (see page 12 of the submittal). The application commits the permittee to cleaning up and disposing of any fuel contamination, off property, in an approved manner.

Findings:

This submittal adequately addresses the requirements of R645-202-236.

RECLAMATION STANDARDS

Regulatory Reference: R645-202-240;-202-241; -202-242; -202-242.100; -202-242.200

Analysis:

Reclamation Standards: Return Exploration Site to Approximate Original Contour

Reclamation Standards: Revegetation of Exploration Sites

Reclamation Standards: Revegetation/Utilization of Native Species

Reclamation Standards: Control of Erosion by Vegetation

Page 17 of the submittal commits the applicant to restoration of the drill pad areas to approximate original contour, scarifying, and re-seeding the roads with the seed mix shown in Table 5.3-2 in the Willow Creek MRP. This will occur in the first seeding window following completion of the Mine's atmospheric monitoring activities.

Findings:

ACT/007/038-EX00K adequately addresses the requirements of R645-202-241 through -242.200.

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Regulatory Reference: R645-202-243.

Analysis:

Reclamation Standards: Sealing of Exploration Boreholes

Page 18 of the submittal commits the applicant to cementing the monitoring holes from bottom to collar (for the entire depth) by the licensed driller, upon a determination which will be made by the applicant that said borehole is not needed for the monitoring of Mine atmospheric conditions.

Findings:

The submittal adequately addresses the requirements of R645-202-243.

Regulatory Reference: R645-202-244; -202-244.100; -202-244.200; -202-244.300

Analysis:

- Reclamation Standards: Removal of Drilling Apparatus**
- Reclamation Standards: Providing Additional Environmental Data**
- Reclamation Standards: Reduce or Control Impacts Due to Exploration**
- Reclamation Standards: Facilitate Future Mining and Reclamation**

All equipment associated with the drilling/mine monitoring activities will be removed from the site as soon as the determination has been made by the permittee that the borehole(s) is/are no longer needed for the monitoring of the mine's atmosphere. Reclamation activities (as they have been previously addressed within this submittal) can then commence. The borehole will be cemented for its entire depth, upon the permittee's determination that same is no longer needed for mine atmospheric monitoring. The reduction of impacts due to exploration will not be necessary.

The submittal adequately addresses the requirements of R645-202-244. through -244.300.

Findings:

ACT/007/038-EX00K adequately addresses the requirements of R645-202-244 through -244.300.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The permittee currently has \$11,949,205.00 worth of bond in place for the Willow Creek permit area. Based on the Division's 5% rule, there is sufficient bond in place for the reclamation of the disturbance associated with these exploration/monitoring boreholes.

Findings:

The current bond is adequate.