

Outgoing 00150075

0052

From: Steve Christensen
To: Mark Reynolds
Date: 10/25/2006 2:56:09 PM
Subject: Re: Bear Canyon Lease

Mark,

How's it going? I went through the pages that you sent me. I'm a bit swamped at the moment, but here are some things that I noticed:

Page 7-61A- Water Rights and Replacement: You cite the correct reg. (R645-301-731.530) in the text of the first paragraph, but the heading reg. is incorrect. It's still R645-301-731.800.

Page 7-61A- You should check with Marc Stillson regarding the paragraph following the list of agencies. It's clear to me what you're getting at by identifying C.O.P., ANR, the Forest and HCIC as the "primary water rights owners", but in light of all these recent revelations about water rights, it may be unnecessary to include that language. Marc's here in Salt Lake for training today, but you might think about asking him if that paragraph is o.k.

Page 7-61A- states "all water resources identified for protection are shown on Figure 5C-3". Could you tell me what response Figure 5C-3 is in? I'm having a difficult time finding it. I'm assuming that it's located in one of your responses. If you could tell me which one, that would be great.

Page 7-61B- Under the US Forest Service heading, you state "Forest Service owns stock watering rights above the subsidence area". What do you mean above? I guess what I'm getting at is, do they not own stock watering rights within the subsidence area? I don't mean to split hairs, but this sentence doesn't make sense to me.

Page 7-61C- The second sentence under the HCIC heading should be removed for reasons already discussed in the previous e-mail I sent you. HCIC could potentially hold water rights within the subsidence area which they could establish with a diligence claim.

I couldn't find any language regarding weekly e-mail reports (via e-mail) that will be supplied to DOGM during the undermining of the perennial drainages.

It would be good for you to add the undermining monitoring schedule (one month prior, during, one month after, monthly for 6 months etc...) to the surface water section as sites FC-1 and FC-2 are included in that protocol.

I also wanted you to add some description as to how you will determine when you are one month away from the perennial drainages. I know you guys are always surveying in the mine and I'm assuming that is how you'll determine this, but if you could add that description in both the ground and surface water sections (731.210 and 731.220), it'd be helpful.

On page 7-61D, in the last paragraph the word 'interruption' should be 'interrupted'.

What is the agreement between C.W. Mining and C.O.P. regarding the replacement of water rights?

That's all I've got for now. Thanks for making the additions that you did. We're almost done. I can smell it!

Let me know if I can help out in any way.

Steve