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From: Wayne Hedberg
To: creynolds@etv.net; cwmining@etv.net
Date: 1/19/2007 5:28:13 PM
Subject: Bear Canyon Lease Addition - Technical Deficiency Response

Dear Mr. Reynolds,

Please find attached a draft letter that will be finalized and formally mailed out on Monday morning. It addresses our preliminary findings of the most recent information provided by C.W. Mining/Co-Op Mining Company this week in response to our December 8, 2006 deficiency review. If you have questions or concerns regarding this letter, please contact me at (801)538-5286.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas & Mining

CC: Dale Harber; james kohler; Joe Helfrich; Mark Reynolds; Mary Ann Wright

DRAFT

January 19th, 2007

Charles Reynolds, P.E.
C.W. Mining Company
P.O. Box 1245
Huntington, Utah 84528

Subject: Technical Deficiency Response, Bear Canyon Lease Addition Project, C. W. Mining Company, Bear Canyon Mine, C/015/0025, Task ID #2734, Outgoing File

Dear Mr. Reynolds,

On January 16th, 2007, C.W. Mining submitted one hard copy as well as six digital copies (CD's) of the entire Bear Canyon Mining and Reclamation Plan (MRP) with redlined text. In the last technical analysis provided to you (dated December 11, 2006) the Division of Oil, Gas and Mining (the Division) requested that an entire copy of the updated MRP be submitted for review. The request was made in order to insure that all revisions produced during the Bear Canyon Lease Addition permitting process were incorporated into the plan.

As you know, there have been four formal iterations conducted and numerous revisions/changes produced during this process to date. The Division felt it necessary at this point to review the entire plan, with all revisions/changes included, prior to issuance of final approval of the proposed lease addition. Upon receipt of the aforementioned hard and digital copies, Division personnel began their review of the documents. It became apparent that the digital and hard copies did not match. In addition, there were instances where revisions that had been previously agreed upon by the respective agencies and C.W. Mining were simply not included in either the digital or hard copy.

On Friday, January 19th, Division personnel reported the situation to C.W. Mining representatives. New updated pages and discs were hand delivered to our office that afternoon. Upon review of the material, Division personnel discovered that there were again conflicts and problems with the January 19, 2007 information.

As such, as of today, the Division has suspended its review of the Bear Canyon Mine's proposed lease addition information packages. The review process will resume upon receiving confirmation from C.W. Mining that all efforts have been made to double check the material being provided to the Division and that all the necessary corrections have been made to both the digital and hard copies.

The Division is willing to facilitate this effort by providing your staff access to a conference room, laptop, printer, etc. at our Salt Lake City offices if desired. Due to budget constraints and Division personnel re-assignments, there simply isn't time or resources available for the Division to correct these types of errors.

Please feel free to contact me at your convenience to discuss this matter further.

Sincerely,

D. Wayne Hedberg
Permit Supervisor

cc: Dale Harber, Manti-La Sal NF (PFO)
James Kohler, BLM (SLO)
Ranvir Singh, OSM (Denver)
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