United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Cedar City Field Office
176 East DL Sargent Drive
Cedar City, Utah 84720

M/001/027

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OCT - 8 2002
DIV. OF OIL, GAS & MINING

In Reply Refer To:
UT-040
3809: UTU-80276

September 5, 2002

Mr. O.Jay Gatten, President
North American Mine Services, Inc.
472 North Main
Kaysville, Utah 84037

Re: Proposed Permit Amendment, Basin Perlite's Large Mine Permit M/001/027

Dear Mr. Gatten:

I appreciate you and Mr. Hall taking the time to meet with me yesterday, regarding Basin Perlite's proposed Pearl Queen and Schoo Mine permit expansion.

I have submitted the proposed BLM expansion areas (Schoo mine site, waste disposal area, and haulage road re-routing) to our archeologist for surface clearance. He will be doing an on-the-ground inspection of the expansion areas. While we won't know for sure whether or not the expansion areas will contain cultural sites until that inspection is done, our archeologist presently believes that there shouldn't be any significant sites in those identified areas. I think this is a good indication that the areas can be included as proposed in our meeting in the permit amendment.

I read through the new 43 CFR 3809 plan of operation submission requirements with the goal of identifying any issues that are applicable to your mine plan that will need additional submissions to satisfy those regulations. I do not have a copy of the current large permit that you are submitting the amendment for, so I have had to make some assumptions that the narrative previously submitted for the existing approved permit will also satisfy our submission requirements. At our earliest convenience please send me a copy of the current approved State permit. so I can confirm these assumptions. At present, the only issues I am aware of that need to be addressed in more detail are listed below. They can be addressed either as part of the State permit amendment or within a separate submission directly to BLM in conjunction with the permit amendment.

1. Provided our archeologist does not find any significant cultural sites (requiring mitigation) on any of the proposed BLM expansion areas, BLM's biggest concern with the amendment will be with the waste perlite disposal area. Given the consistency of the bulk of the waste perlite to be placed in the area, BLM management will want reasonable assurance that the material as placed will not serve as a unmanageable source of fugitive dust or be unreclaimable. They will also be very concerned if the disposal area would represent a hazard to the public / livestock / wildlife that venture out onto the disposal surface. You will need to state / demonstrate that the material can be placed and maintained in a compact rather than a fluid-like form. Given the low and erratic amount of precipitation at the mine

site, it appears it will be necessary to pre-wet the fines to the consistency of damp sand before they are hauled to the disposal area. Small sample of the baghouse fines I have collected seem to be very coherent and compactable once ~20% or more by weight of water is added. Even with water added before it is placed, if extended periods of no-precipitation occur, I would think the surface layer (~1') of the disposal area will dry out. As heavy equipment operates on the disposal area surface, the surficial material will revert to a dust-like consistency. While a ~1' layer of this dust won't present any hazard to people / livestock / wildlife, I see it being a serious source for fugitive dust during windy conditions, unless it is periodically re-wetted by the operator. So unless it can be demonstrated that it can be dry placed without problems, I would recommend writing into the amendment that the waste finesl will be pre-wetted before placement and the surface of the disposal area re-wetted by the operator on a regular basis if natural precipitation isn't keeping the upper layer crusted over.

BLM will need cross sections of the perlite disposal area profile pre and post disposal. There will need to be a detailed narrative of how the material will be placed and how the surface will be maintained in a compacted state. The active disposal area structure will need to be capable of either impounding the runoff from a 100 year, 24 hr. storm water event from the applicable watershed area, or that runoff will need to be diverted around the disposal area.

2. While I realize it will be the company's intent to conduct mining and hauling activity on a regular ongoing basis, we need to have some plan to deal with temporary closure or suspension of mine site activity should market conditions or processing plant problems prevent operation of the site. If temporary closure of the mine site or disposal area will lead to safety or surface management problems of a different degree or nature than those present during ongoing operations, I would suggest submitting some narrative to address how these issues will be dealt with. This could be as simple as stating that company personnel will inspect the site at regular intervals to insure no change in site conditions while it is inactive.

Please feel free to give me a call at 435-865-3040 if you have any questions or concerns with the above guidance.

Sincerely

Ed Ginouves
Mining Engineer