State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

m/017/001

December 29, 2003

TO: Minerals File

FROM: D. Wayne Hedberg, Permit Supervisor DWH

RE: Site Inspection, Plateau Resources, Inc. Tony M/Lucky Strike & Frank M Mines, M/017/001 & S/017/017, Garfield County, Utah

Date of Inspection: November 19, 2003
Time of Inspection: 9:30 AM to 12:30 PM
Conditions: Clear, Sunny, 50's
Participants: Fred Craft – U.S. Energy Corp, Jim Butt – Contractor; Tom Munson & Wayne Hedberg, DOGM

Purpose of Inspection:

The operator is in the process of reclaiming these mine sites and requested that the Division come down to inspect the progress and offer any suggestions for improvement. They also are seeking partial release of the current reclamation bond to enable them to pay their contractor for the work performed with the released funds.

Observations:

Tony M Complex – M/017/001

We met Mr. Craft at the Ticaboo Lodge Motel, had breakfast and proceeded out to the mine complex. Our first stop was at the main Tony M mine complex area where the bulk of the reclamation work has taken place. All of the structures and facilities have been demolished and removed from the site. Significant re-contouring of the waste dumps have occurred and the main portals have been backfilled and closed.

We were very impressed with the recent contouring work, but encouraged the operator and his contractor to leave the surface as rough as possible before seeding. The contractor had a loader, two caterpillar dozers, and a small mine tram dozer used to backfill and tamp the fill material back into the portals. He did not have a trackhoe/excavator as part of his

heavy equipment fleet. The general contouring of this area is nearly finished. Deep ripping and seeding activities will follow next. Mr. Craft said that they have taken soils samples for analysis to see if fertilizer or mulch might be advisable. Topsoil resources are quite limited. Numerous photos were taken to document the current condition of this area.

We looked at the two explosive magazines and noted that one had been completely buried with backfill material. The contractor is using the 2nd magazine temporarily to store oil and hydraulic fluids. He will bury this one similarly when the reclamation work is complete. The access road culvert leading to the magazines will be left in place. Some exposed rebar extending from the concrete apron on the downstream end, will be cut off. Some riprap material will be emplaced below the culvert where some erosion is occurring in the natural channel. This culvert apparently was not required to be removed in the approved plan. Photos were taken to document the status of these areas.

Lucky Strike Mine – M/017/001

Next, we looked at the re-graded work on the low grade ore pile located just up gradient from the Tony M processing area, and adjacent to the access road leading up to the Lucky Strike north portals mine area. Of the seven ore piles inventoried, only two have been re-contoured thus far. Three portals at the Lucky Strike were closed that lead completely through the mountain, as per the approved plan. Several others that were apparently pre-law developments were not closed and remain an attractive nuisance. These open portals are located on BLM lands, and most have older warning signs placed on metal T-posts labeled, "Danger - Do Not Enter". The access road leading up to these portals had to be reopened after it had been reclaimed several years ago. The road was ripped, water-barred and seeded again. Without a trackhoe, it is not possible to pull the road back to approximate original contour. Evidence of recent seeding work was observed on the road and portal pad areas. Backfilling of the three portals appeared to be adequate and secure. Mr. Craft stated these portals were covered with chicken wire back in September (per direction of Mark Mesch, AMR Program) to assist in removing any bats that may have been using these entries. After a month or so, the wire was pushed back into the openings as part of the portal backfilling process. A series of large boulders have been placed at the lower end to preclude vehicular passage. Several photos were taken to document the reclamation work in these areas.

Next we visited the portals on the south side of the Lucky Strike Mine complex. Four portals that interconnected through the mountain with the north entries were backfilled adequately. The access road was ripped, water-barred and seeded a couple weeks ago. A couple rainstorms have occurred since this work was completed and the seed was more difficult to see at the surface. The rains had smoothed some of the surface roughness already. Evidence of four-

wheel ATV activity on the recently ripped road was noted. A series of large boulders have been placed at the lower end of the access road more recently, which should limit this activity in the future. We photo documented current conditions in this area as well.

We did not go up on top of the project area plateau to observe some of the other mining features, because Mr. Craft stated this reclamation work had not been performed yet. This completed our inspection of the Tony M/Lucky Strike areas. We left the site and proceeded to travel to the Frank M mine site to investigate the reclamation work recently completed by the contractor.

Frank M Mine – S/017/017

We followed the operator and contractor to the Frank M Mine site which is located on top of the plateau several miles to the northeast of the Tony M & Lucky Strike mine site. We stopped at two locations where re-contouring work had been performed and recent seeding. The seeding was quite evident on the roughened surface. No surface facilities remain and any signs of the old decline have been completely obliterated. Re-contouring and surface roughness was complete and determined adequate. Several photos were taken to document the current conditions. We GPS'd the locations and the main access road leading back out to the main highway from the site (~1.5 miles). The rough, pre-existing single track road will remain unreclaimed, because it has a continued post-mining land use.

Conclusions and Recommendations:

Mr. Craft asked how soon they could receive partial bond release for the reclamation work performed to date. We told him to file a formal written request for a partial bond release to cover those reclamation actions that have been completed thus far. We said we would process the request as soon as practicable from its receipt. We estimated at least two-three weeks to draft a response following receipt of their request. We will likely need to seek concurrence for release from the local BLM office and SITLA where applicable.

jb
Attachments – site photos
cc: Fred Craft, U.S. Energy
Buzz Rakow, BLM Office – Hanksville
Will Stokes, SITLA
Tom Munson, OGM
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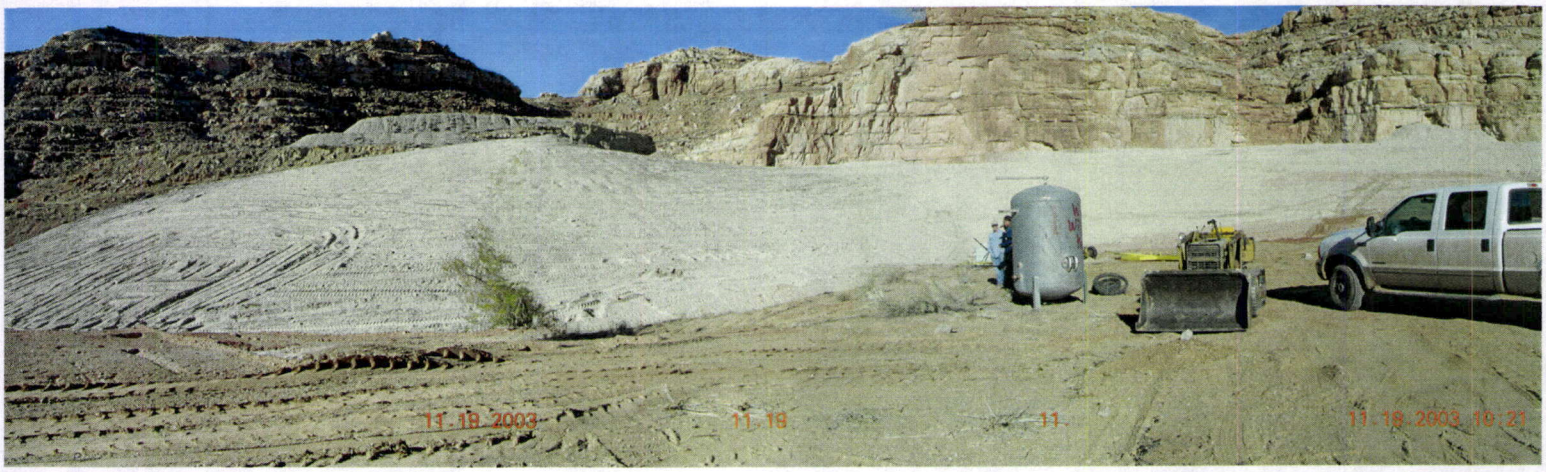
Pano 1



Tony M Mine & processing facilities area - contoured

Pano 2

Low-grade ore stockpile recontoured
(located adjacent to Tony M facilities)
area and Lucky Strike - North portal
access road

Pano 3

Backfilled portal - Tony M Mine area

PANO3.JPG

Pano 4

Backfilled portal (main entries) - Tony M

Pano 5

Tony M Mine & Facilities area (recontoured - prior to ripping & seeding)
(view looking SE)
down canyon

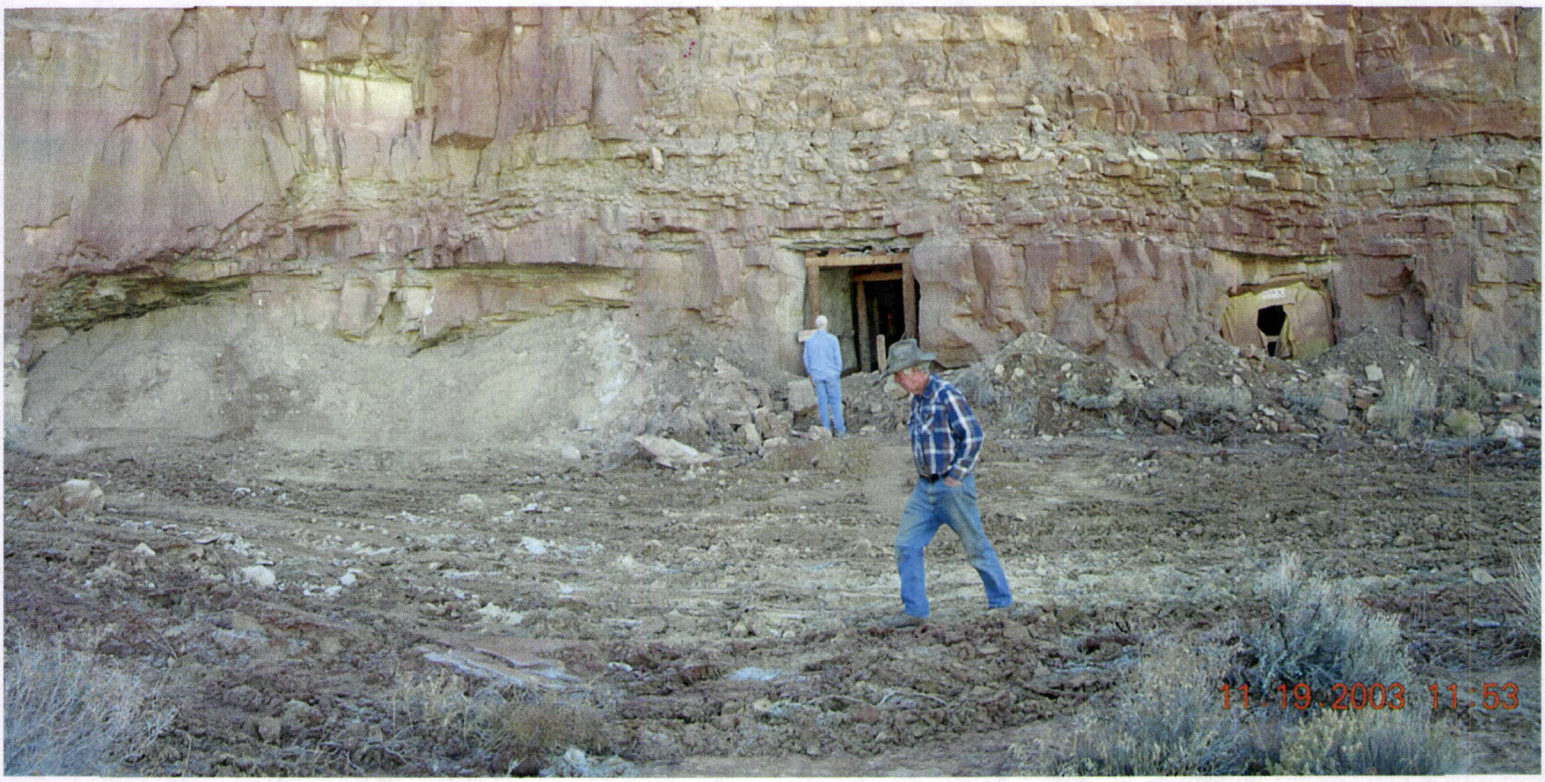
Pano 6

Tony M Mine & Facilities area (recontoured)
(View looking NW)
up canyon

Pano 7

Low-grade Ore stockpile (recontouring work)
(View looking North from Lucky Strike)
mine access road - up canyon

Pan 08



Lucky Strike Mine area portals

Pano 9

Tony M Mine Complex area (overview of recontouring work) - taken from Lucky Strike Mine bench area

Fabricated Shaft/Vent Plug

DSCN0745.JPG 2003/11/19 10:19:33

Tony M - contouring

DSCN0747.JPG 2003/11/19 10:21:14

Tony M/Lucky Strike (Low-grade ore pile)

DSCN0752.JPG 2003/11/19 10:30:27

Tony M - recontoured

DSCN0756.JPG 2003/11/19 10:32:52

Tony M - recontouring

DSCN0757.JPG 2003/11/19 10:33:05

Tony M - recontouring

DSCN0758.JPG 2003/11/19 10:42:55

Tony M - backfilled portal

DSCN0760.JPG 2003/11/19 10:44:14

Tony M - prelaw portals

DSCN0761.JPG 2003/11/19 10:50:00

Tony M- Main Portals (backfilled)

DSCN0762.JPG 2003/11/19 10:51:47

Tony M facilities area

DSCN0763.JPG 2003/11/19 10:52:03

Tony M Complex - Contoured

DSCN0764.JPG 2003/11/19 10:52:15

Tony M- recontoured

DSCN0769.JPG 2003/11/19 10:54:49

Tony M- recontoured

DSCN0770.JPG 2003/11/19 10:57:17

Tony M Complex - recontoured

DSCN0771.JPG 2003/11/19 10:57:29

Explosives Magazine-1 (buried)

DSCN0774.JPG 2003/11/19 11:03:40

Explosive Magazine-2

DSCN0775.JPG 2003/11/19 11:03:50

Magazine access road culvert (to remain)

DSCN0776.JPG 2003/11/19 11:04:27

Magazine-1 (buried)

DSCN0777.JPG 2003/11/19 11:17:09

Explosive Mag-1 (buried)

DSCN0778.JPG 2003/11/19 11:17:18

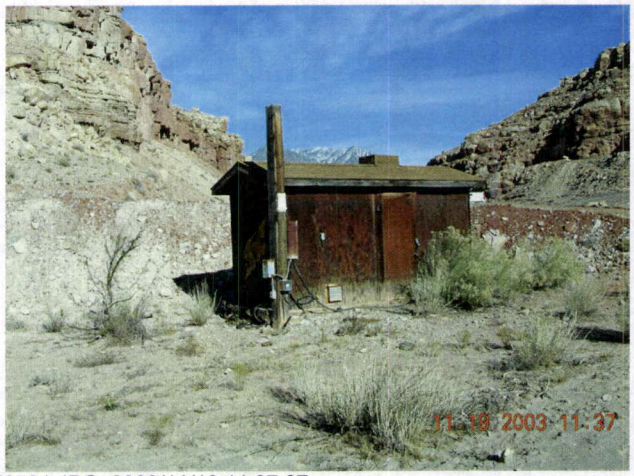
Tony M (view from explosives Mag.) up canyon

DSCN0779.JPG 2003/11/19 11:18:09

Lucky Strike - South access rd

DSCN0780.JPG 2003/11/19 11:18:28

Tony M (water well & pump house)



DSCN0784.JPG 2003/11/19 11:37:07

Lucky Strike North (access road)

DSCN0787.JPG 2003/11/19 11:48:51

Lucky Strike North (access rd. & pad area)

DSCN0788.JPG 2003/11/19 11:49:31

Lucky Strike (North access road)

DSCN0789.JPG 2003/11/19 11:49:44

Lucky Strike (North bench area)

DSCN0790.JPG 2003/11/19 11:49:56

Lucky Strike (North bench sealing)

DSCN0791.JPG 2003/11/19 11:51:48

Lucky Strike (Access Road North-ripped)

DSCN0792.JPG 2003/11/19 11:51:55

Lucky Strike (North area open portals)

DSCN0793.JPG 2003/11/19 11:52:37

Lucky Strike (North Portals & bench area)

DSCN0794.JPG 2003/11/19 11:53:11

Lucky Strike (North portal)

DSCN0797.JPG 2003/11/19 12:02:50

Low grade ore stockpile (reconfigured)

DSCN0798.JPG 2003/11/19 12:03:51

Lucky Strike South (Lower access road)

DSCN0802.JPG 2003/11/19 12:20:47

Lucky Strike (South access road)

DSCN0803.JPG 2003/11/19 12:21:26

Lucky Strike (South access road ripped & seeded)

DSCN0804.JPG 2003/11/19 12:23:49

Low-grade ore stockpile (SE below Lucky Strike south)

DSCN0805.JPG 2003/11/19 12:24:00

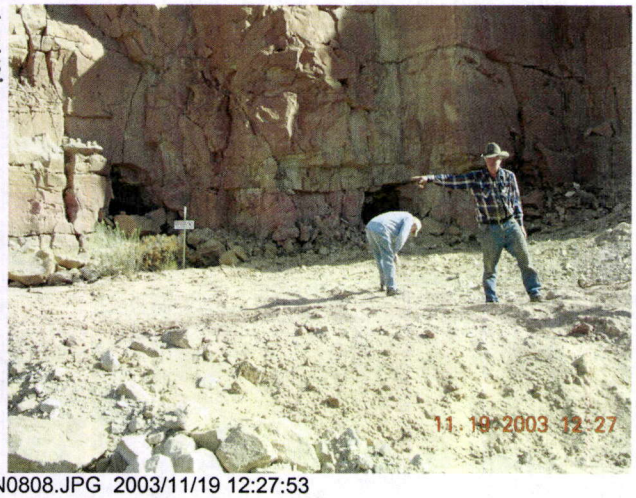
Tony M (South end) recontoured

DSCN0806.JPG 2003/11/19 12:25:42

Open portal (pre-law?) - Lucky Strike South

DSCN0807.JPG 2003/11/19 12:27:46

Lucky Strike (South - open portals pre-law?)



DSCN0808.JPG 2003/11/19 12:27:53

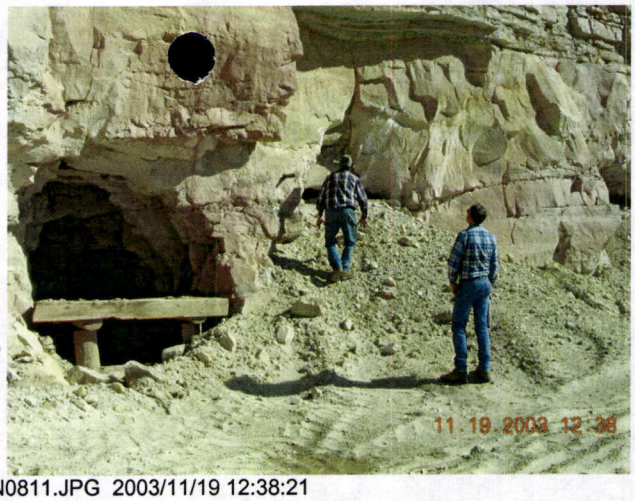
Low-grade ore stockpile south of L.S. under contouring

DSCN0809.JPG 2003/11/19 12:33:32

Backfilled portal – Lucky Strike south

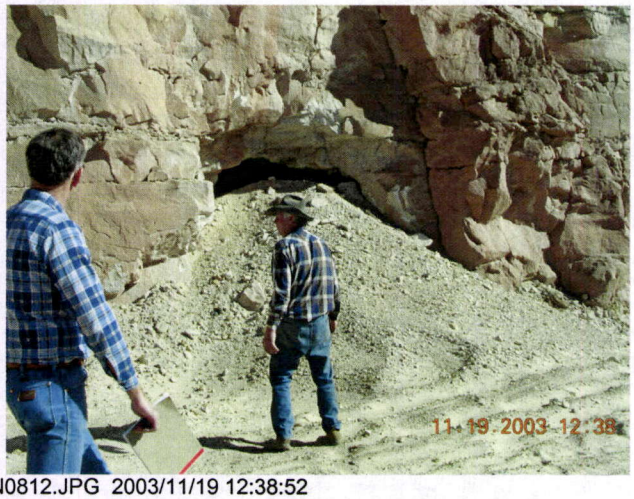
DSCN0810.JPG 2003/11/19 12:38:14

Open & backfilled portals Lucky Strike south



DSCN0811.JPG 2003/11/19 12:38:21

Backfilled portal – Lucky Strike south



DSCN0812.JPG 2003/11/19 12:38:52

Close-up of backfilled portal (Lucky Strike-S)

DSCN0813.JPG 2003/11/19 12:39:15

Backfilled & open portals – Lucky Strike south

DSCN0814.JPG 2003/11/19 12:39:45

Lucky Strike (south) back-filled portal

DSCN0815.JPG 2003/11/19 12:40:18

Open portals (pre-law?) Lucky Strike south

DSCN0816.JPG 2003/11/19 12:40:30

Overview photo of low-grade ore stockpiles below Stony Mt & Lucky Strike (to be reclaimed)

DSCN0817.JPG 2003/11/19 12:40:48