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DIVISION OF OIL, GAS AND MINING

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October 25, 2000

TO: Minerals File

FROM: D. Wayne Hedberg, Permit Supervisor DWH

RE: Documentation of October 24, 2000 Conference Call, Assessment Review & Status of Closure & Reclamation Activities, North Lily Mining Company, Tintic Project, M/023/007, Juab County, Utah

Date of Call/Meeting: October 24, 2000
Location: Division Offices
Time of Call/Meeting: 9:40 - 11:00 a.m.
Participants: Steven Flechner, Gene Webb - North Lily Mining Company; Bob Bayer - JBR Consultants; Beth Wondimu and Dennis Frederick - DWQ; Pam Grubaugh-Littig, Wayne Hedberg, and Doug Jensen - DOGM

Purpose of Call/Meeting: The purpose of this conference call was to document the progress that has been made at the Tintic Project site since our last conference call on October 10, 2000.

On October 24, 2000, a conference call was held between the representatives identified above to discuss the status of ongoing closure and reclamation activities at the Tintic Project site. The discussion focused on activities that had been performed since our last conference call. A summary of the discussion item details follow:

- Wayne asked if all parties had received a copy of DWQ's October 23rd review letter to the draft Post-Closure Fluid Management Plan, dated October 2, 2000. JBR and North Lily acknowledged recent receipt of the document. Receipt of DOGM's meeting minutes from the October 10th conference call was also acknowledged by all parties.

- Bob stated that there had been little onsite activity other than a continuation of the evaporation process for the heap drain down solutions since our last conference call. Doug and Beth confirmed this as per yesterday's onsite inspection.

- Steve briefly discussed the status of the recent purchase of North Lily by their new parent company, Captains Management Corp. He telefaxed a copy of a news release announcing the purchase to DOGM and DWQ this morning. He stated that North Lily would continue to be a public reporting company to the SEC for at least the next 18 months. After that, he wasn't sure if there might be a change or not. He also stated that Captains would become a publically traded company soon as well by their acquisition of North Lily.

- Beth asked for a clarification of the chart/graph which shows the periodic pump back rates of solutions from the leachate collection sump in the pregnant pond. The graph represents a return flow expressed in gallons per minute (gpm). Bob confirmed that this should be *gallons per week* not gallons per minute.

- Wayne advised all parties that we are discouraging the use of the stockpiled topsoil (which has been infected by spotted knapweed) for reclamation of the heap. We recommend that the operator amend the existing heap material with composted manure instead.

- DWQ told North Lily that they would need a letter from them formally requesting permission to grade the heap leach materials off from the liner around the outer edge. Dennis reminded Bob to be sure that sufficient technical justification was also provided to support the request. We strongly emphasized the need to schedule and begin regrading activities as soon as possible following DWQ and DOGM authorization to proceed.

- Bob stated he hadn't put together the draft regrading specs for Blue Rock yet. He would like to chat with Doug some more before doing same.

- We took some time to go through the comments contained in DWQ's 10/23/00 review letter as follows:

<u>Design Considerations</u>

1. Bob agreed to reevaluate the design considerations for the leach field system using the criterion outlined under UAC R317-5-3.2, rules for large underground wastewater disposal systems.
2. Bob also agreed to perform 2 or 3 more infiltration tests within the proposed location for the leach field. North Lily will contract with Blue Rock Excavating to dig several test pits.
3. Based upon an apparent reduction trend in the cyanide analyses, Bob stated he wasn't certain if a cyanide neutralization pre-treatment would be necessary. He said he would respond accordingly to DWQ's request for more information on pre-treatment methods.
4. Bob agreed to perform the fate-transport analysis and address the other informational requirements under this question.

<u>System Design</u>

1. Bob explained why they were proposing to use a pumping scenario from the pregnant pond versus initial construction of a passive gravity fed system. It was agreed that the pumping system with pond used for surge capacity and continued evaporation might be acceptable on a temporary basis, with the understanding that the final design would be a passive system.
2. Bob agreed that a conservative estimate of the anticipated draindown could probably be made based upon the information collected to date. He stated that they would prepare an estimate accordingly.
3. Final designs for the post-closure fluid management system are anticipated by the end of October (depending upon equipment availability to conduct the new percolation tests).

- We stressed the urgency of installing the leach field system as soon as possible, to avoid anticipated weather related construction and installation problems in the winter months. Bob agreed that this work could probably be started about the same time that the regrading work was conducted to compress the construction time period. It was hoped that construction could start as early as mid-November.

- We asked Bob how soon they would be scheduling the removal and transport of the hazardous chemicals to KUCC. Bob said as soon as he received additional funding from North Lily as promised, they would schedule same. Steve indicated sufficient funds would be available within the next 48-72 hours. Bob said with this understanding he would begin scheduling arrangements for pickup and transport by tomorrow.

- Bob said he had spoken with someone from DEQ's Hazardous Waste Section last week regarding dealing with the Barren pond sludge residue and the use of the pond for disposal of construction waste debris. He was advised to provide a copy of the approved DOGM reclamation plan for the site/pond and provide a demonstration that the waste is Bevel exempt. The pond could then be approved for the intended disposal use, including the existing sludge.

- We went over the reclamation and closure schedule and made a few changes to the dates. These changes will be reflected in a revised schedule prepared by DOGM.

- We ended the conference call with DOGM agreeing to type up the conference call minutes and revised closure schedule, which would be sent to all participants. We confirmed the next conference call for November 8, 2000 at 3:00 p.m.

jb
attachment: revised closure schedule
cc: Steve Flechner, NLMC
Bob Bayer, JBR
Beth Wondimu, DWQ
Pam Grubaugh-Littig, DOGM
Doug Jensen, DOGM
Tom Munson, DOGM
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Exhibit A - Stipulation and Consent Order
North Lily Mining Company - M/023/007
Please Note: Revisions to schedule are ***bolded and italicized***. New assessment dates added.

Reclamation and Closure Plan Schedule NORTH LILY MINING COMPANY Silver City, Utah Heap Leach Facility ***(Revised 10/25/00)***			
	Component	Start Date	Anticipated Completion Date
1.	Restore Pad Perimeter Solution Collection System	May 8	May 9 (completed)
Assessment Review & Schedule Readjustment		**May 16**	**Completed**
2.	Design, Build & Start-up Enhanced Evaporation Systems	April 12	Aug 21
	2.1 System Design Schematic	April 12	Completed - 4/28
	2.2 Solution Channel Liner Repairs	July 31	Aug 18
	2.3 Reinstall ADS pipe underdrain in pad solution channel	Aug 15	August 29
	2.4 Site Clean-up	May 14	August 11
	2.5 Flow meter and weir or flume	May 12	July 28
	2.6 Install new pump	June 15	Completed (back-up only)
	2.7 Install and Start-up Pad Margin Evaporation System	May 12	Abandoned
	2.8 Relocate Evap. away from margin	May 22	Completed
	2.9 Install Overflow Pond Evap. if needed	July 10	July 21
	2.10 Repair Pregnant Pond Liner	July 5	July 21
	2.11 Reestablish Pregnant Pond Leak Detection System	July 21	July 28
	2.12 Construct, Install In-pond Preg-pond Evaporation System	July 17	July 28
	2.13 Estimate Post-Closure Draindown Rate	August 14	September 15
Assessment Review & Schedule Readjustment		**June 13**	**Completed**
3.	Design Post-closure Fluid Management System		
	3.1 Conceptual Design	April 15	August 25
	3.2 Final Design	August 10	***October 31 (equip. dependent)***

4.	Characterize, Identify, and Quantify Stockpile Topsoil & Topsoil Substitute, Finalize Seed Mix 4.1 Nutrient characterization of stockpiled topsoil and estimate stockpile volume 4.2 Determine topsoil thickness requirements 4.3 Identify source of topsoil substitute and perform nutrient characterization 4.4 Finalize seed mix	July 17 July 17 July 17 July 17 July 17	September 6 August 31 September 6 September 6 September 6
Assessment Review & Schedule Readjustment		**July 13**	**Completed**
5.	Assess Adequacy of Natural Revegetation in Former Land Application Area		OGM staff to schedule/perform
Assessment Review & Schedule Readjustment Date		**August 15**	**Completed**
Assessment Review & Schedule Readjustment Date		**August 29**	**Completed**
6.	Regrade Heap Leach Pad	Oct. 30	November 20
Assessment Review & Schedule Readjustment Date		**Sept. 12**	**Completed**
Assessment Review & Schedule Readjustment Date		**Sept. 26**	**Completed**
Assessment Review & Schedule Readjustment Date		**Oct. 10**	***Completed***
7.	Inventory and Dispose of Salvageable, Recyclable, and Unusable Materials 8.1 Inventory 8.2 Disposal	 July 10 July 30	 Aug. 30 November 30
Assessment Review & Schedule Readjustment Date		**Oct. 24**	***Completed***
Assessment Review & Schedule Readjustment Date		***Nov. 8***	***3:00 PM***
8.	Apply amendments ***(composted manure)*** & seed	Nov. 30	December 20
9.	Decommission ~~***and Reclaim***~~ Barren and Overflow Ponds (if not necessary for post-closure fluid management system)	Sept. 1	December 31
Assessment Review & Schedule Readjustment Date		***Nov. 21***	***9:30 AM***
10.	Construct Post-Closure Fluid Management System	November 1	December 31
On-site Review		**December 5**	(on/before)
11.	All reclamation/closure work to be completed except for facilities/features required for post closure monitoring (or post closure fluid management system).		December 31