Wayne

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 14, 1992

Ms. Cindy S. Emmons
Director, Environmental Affairs
Kennecott Utah Copper Corporation
P.O. Box 525
Bingham Canyon, Utah 84006-0525

Dear Ms. Emmons:

Re: Tentative Approval, Permit Amendment, Fourth Line Mill Expansion, Kennecott Utah Copper (KUC), M/035/011, Salt Lake County, Utah

The Division has reviewed your December 6, 1991, technical response to our September 23, 1991 review letter. Thank you for the updated pages which were provided with your latest response. This makes it much easier to consolidate and update the information pertaining to this plan. The response adequately addresses the Division's remaining concerns. The Division hereby grants its tentative approval of this amendment for the Fourth Line Expansion.

Before we can issue final approval of this amendment, Kennecott must provide us with a revised reclamation surety for the Fourth Line Expansion. The $5,400,000 surety amount has been reduced to $5,300,000. The reduction is based upon a decrease of the annual escalation factor from 1.84% to 1.45% (please see attached surety estimate). A revised surety and updated reclamation contract must be submitted for approval by the Board of Oil, Gas and Mining. After Board approval, the permit amendment will be deemed complete and Kennecott will be notified accordingly. The Division requests that all information pertaining to the change in surety be submitted no later than February 14, 1992.

Presently, the Copperton Concentrator/Mill & Fourth Line Expansion is permitted under the Bingham Canyon Mine permit (M/035/002). The Division would like to sever this part of the mining project from the Bingham Canyon permit and assign a separate file number to it (M/035/011). We believe this will help simplify future permitting changes/revisions to the Copperton Concentrator & Fourth Line Project. It will also reduce the complexity and maintain the integrity of the original 1977 Bingham Canyon Permit. Please utilize file number M/035/011 in all future correspondence regarding the Copperton Concentrator & Fourth Line Project.

Please contact me or Holland Shepherd if you have further questions regarding the contents of this letter. Thank you for your cooperation in completing this permitting action.

Sincerely,

D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment
cc: Kiran Bhayani, DWQ
Lowell Braxton, DOGM
Holland Shepherd, DOGM
M035011

SURETY ESTIMATE UPDATE

Fourth Line Amendment **M/035/002**
Kennecott Utah Copper
Salt Lake County, Utah

Prepared by Utah Division of Oil, Gas & Mining
January 14, 1992

Description:
-New surtey estimate using the most current escalation factor of 1.45%

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
-Year Surety Was Posted-	1992	(i)	$4,930,000
-Formula used for escalation F = P(1 + i)**n			
Three Yr Average = 1.45%	1993	0.0145	$5,001,485
Used to Project 5 Yrs	1994	0.0145	$5,074,007
Into the Future	1995	0.0145	$5,147,580
From the Year 1992	1996	0.0145	$5,222,220
	1997	0.0145	$5,297,942

Updated Surety Amount Rounded (1997 $) $5,300,000

Increase From Base 1992 Bond Amount = $370,000