M/035/002

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Kennecott

Paula H. Doughty
Manager, Environmental Affairs and
Strategic Resources

January 5, 2004

Mr. D. Wayne Hedberg, Permit Supervisor
Minerals Regulatory Program
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED
JAN 07 2004
DIV. OF OIL, GAS & MINING

Dear Mr. Hedberg:

Re: Preliminary Cost Estimate for Interim Closure Plan

On June 11, 2003, your Division requested a preliminary cost estimate that mirrored the final updated interim closure and reclamation plan submitted to the Division of Oil, Gas and Mining (DOGM) by Kennecott Utah Copper Corporation (Kennecott) on April 30, 2003. A series of new reclamation plans have been submitted to DOGM since 1976 for new construction projects of land uses that are different from the original 1978 Permit. A new DOGM permit number was issued for each of these projects and bonding was required. These new permits include the Fourth Line/Copperton Concentrator (M/035/011 bonded for $19,029,000), Pine Canyon (M/045/004 bonded for $120,800), and the North Tailings Impoundment Expansion (M/035/015 bonded for $20,628,000). None of these new permit areas were discussed in the April 30, 2003, nor will cost estimates be provided herein because they each have their own detailed reclamation plan and bonding requirements.

The attached table provides closure costs associated with the facilities and structures within permit M/035/002 boundaries outlined in Table 2-1 of the 2003 Reclamation and Water Management Plan, as well as costs outlined for the waste rock dumps as outlined in Section 4.4. Although post-mining water treatment is expected in order to manage contact water and pit dewatering, costs associated with such waters are not included in

this cost estimate. Facilities to treat sulfate-laden waters and acidic waters will be constructed over the next few years to meet remediation objectives associated with contaminated groundwater managed under Comprehensive Environmental Response Compensation Liability Act (CERCLA) and a Natural Resource Damage (NRD) consent decree. Over time, the reduction in treatment needs for the plume waters will allow for treatment plant capacity to be available for the mine flows.

Should you have any questions regarding the attached cost estimate, please don't hesitate to contact me at 569-7120.

Sincerely,

Paula H. Doughty

Paula H. Doughty, Manager
Environmental Affairs and Strategic Resources

attachment

Cc: Vicky Peacey

File OP/RR/BCM/Reclamation Plan

Facility	Description	Quantity	Unit	Labor Manhours	Unit Costs	Total Costs
Mine						
Water Tanks	Water Tank Demo	84	TN	84	150	12,600
	Water Tank Steel Scrap	84	TN			(5,376)
General Buildings	Mine Office	4,500	SF		1	4,500
	Safety Office	2,000	SF		1	2,000
	Anaconda Storage Building	6,000	SF		1	6,000
	Safety Garage	600	SF		1	600
	Drill Core Storage/Geology Building	20,000	SF		1	20,000
Visitors Center and Parking	Leave-in-place					N/A
Lead Mine Townsite	Lead Mine- wood frame buildings (3)	2,700	SF	27	1.5	4,050
	Lead mine- block stores buildings (2)	4,000	SF	40	1.25	5,000
Lark Mine Buildings	Lark Mine buildings	222,222	SF	3,333	2.25	500,000
Yosemite Road	Leave-in-place					N/A
Yosemite Truckshop & Dispatch Tower	Dumped over in 2003 – complete					N/A
Explosive Storage	IRECO Explosive Storage – Office	1,800	SF	14	1	1,800
	IRECO Explosive Storage	3,200	SF	24	1	3,200
	IRECO Explosive Storage	10	TN	12	175	1,750
	IRECO Explosive Storage	10	TN	12	175	1,750
	IRECO Explosive Storage	750	SF	5	1	750
Dry Fork Warehouse/Shop	Will be dumped over during mine life.					N/A
In-Pit Crusher	In-Pit Crusher	10,000	WH	10,000	50	500,000
	Retaining walls @ crusher	740	CY	272	55	40,700
6190 Truck Shop	Truck shop	15,000	SF	113	1	15,000
	Truck shop	12,000	SF	90	1	12,000
Code 80 Fuel & Lube Shop	Building (Code 80)	500	SF	5	1.25	625
	Building (Code 80)	1,500	SF	14	1.15	1,725
	Gasoline Tanks	40	TN	40	150	6,000
	Spill Wall	22	CY	8	55	1,210
	Spill Slab	30	CY	11	55	1,650

Miscellaneous Shafts	Shaft Demo	3	EA	375	11,200	33,600
44 KC Power Dist. Line	Leave-in-place					N/A
Power Lines assoc. w/ dewatering	Leave-in-place					N/A
Miscellaneous Tunnels	Misc. tunnel abandonment	16	EA	3,200	12,500	200,000
Mine Access Road	Leave-in-place					N/A
Asphalt/Concrete Parking Areas	Asphalt chip miscellaneous	1,570,000	SF	4,710	0.5	785,000
	Concrete parking apron	9,167	CY	6,234	45.8	419,849
	Asphalt Disposal	35,889	CY	538	2.22	79,674
	Concrete Disposal	2,457	CY	37	2.22	5,455
	Asphalt Haul	35,889	CY	1,687	4.57	164,013
	Concrete Haul	2,457	CY	115	4.57	11,228
SUBTOTAL						**2,836,353**
Mine Waste Disposal						
Small Bingham Reservoir	Leave-in-place					N/A
Large Bingham Reservoir	Leave-in-place					N/A
Precipitation Plant	Soils Remediation Excavation	100,500	CY	503	0.83	83,415
	Soils Remediation Transport/Dispose	120,600	CY	10,010	8.2	988,920
	Precip Silo Structures	3,600	SF	54	1.75	6,300
	Precip Silo Structures	3,600	SF	54	1.75	6,300
	Precip Plant Machinery Bldg	400	SF	3	1	400
	Precip Plant Machinery Bldg	320	SF	2	1	320
	Precip Plant Machinery Bldg	3,200	SF	24	1	3,200
	Precip Plant Office	2,400	SF	24	1.25	3,000
	Precipitation Plant	10,000	SF	90	1.15	11,500
	Clarifier	100	TN	100	150	15,000
	Precip Silos (steel)	150	TN	175	175	26,250
	Concrete sumps	500	CY	183	55	27,500
	Water tank (concrete)	45	CY	17	55	2,475

Water Management System Facilities	Leave-in-place					N/A
ARD Collection System Facilities	Leave-in-place					N/A
Leach Water Pumping Fac.	Leave-in-place					N/A
6600 ARD Storage and Evap. Ponds	Leave-in-place					N/A
Pilot-Scale Water Treatment Facilities	Demo and reclaim – interim					N/A
SXEW Pilot Plant	Demo and reclaim – interim					N/A
Asphalt/Concrete Parking	Included above					-
SUBTOTAL						**1,174,580**
Excess Mine Water Disposal						
Evaporation Ponds and Associated Facilities	Demo, remed and reclaim – in progress					N/A
Ore Transfer- Mine to Process						
	Rail ballast excavation	215,111	CY	10,110	4.57	983,057
	Rail ballast haul	215,111	CY	12,692	5.8	1,247,644
	Ore conveyors (Mine-Copperton)	8,400	WH	8,400	50	420,000
	Demo of tracks and ties	290,400	LF	126,614	15.	4,588,320
	Regrading	333	AC	2,797	2000	666,000
	Hydroseeding	333	AC	666	1,742	580,086
SUBTOTAL						**8,485,107**

Ore Processing Facilities						
Magna Concentrator Area	Regrading	40	AC	336	2000	80,000
	Hydroseeding	40	AC	80	1742	69,680
	Building debris disposal	36,000	CY	540	2.22	79,920
	Building debris haul	36,000	CY	1,692	4.57	164,520
	Steel scrap	109	TN			(6,976)
	Water Tank demo	28	TN	28	150	4,200
	Water Tank steel scrap	28	TN			(1,792)
	Fence demo	7,150	LF	386	2.22	15,873
	Hazardous Waste hauling	38,950	CY	2,298	5.8	225,910
	Hazardous Waste disposal	38,950	CY	2,337	18.83	733,429
Magna Demo Reclaim	Floatation Plant	78,000	SF	975	2	156,000
	Central Garage	750	SF	6	1	750
	Central Garage	1,200	SF	9	1	1,200
	Central Garage	2,700	SF	20	1	2,700
	Central Garage	1,200	SF	9	1	1,200
	Rail Garage	28,500	SF	214	1	28,500
	Central Garage	5,000	SF	38	1	5,000
	Central Garage	2,700	SF	20	1	2,700
	Central Garage	750	SF	6	1	750
	Central Garage	40,000	SF	300	1	40,000
	Central Garage	4,000	SF	30	1	4,000
	Electric/Pipe Shop	25,000	SF	188	1	25,000
	Central Garage	800	SF	6	1	800
	Central Garage	700	SF	5	1	700
	Central Garage	300	SF	2	1	300
	Central Garage	2,400	SF	18	1	2,400
	Central Garage	1,600	SF	12	1	1,600
	Central Garage	6,000	SF	45	1	6,000
	Central Garage	600	SF	5	1	600
	Central Garage	1,500	SF	15	1.25	1,875
	Control Room	3,200	SF	32	1.25	4,000

	Central Garage	600	SF	6	1.25	750
	Central Garage- Office	10,800	SF	162	2.25	24,300
	Filter Plant	195,000	SF	1,950	1.5	292,500
	Central Garage	20	TN	20	150	3,000
	Central Garage	75	TN	75	150	11,250
	Central Garage	10	TN	10	150	1,500
	Central Garage	15	TN	15	150	2,250
	All equipment to scrap	20,000	WH	20,000	50	1,000,000
	Overhead Cranes	1,200	LF	400	50	60,000
	Pump Station Number 3 (allowance)	100,000	SF	750	1	100,000
Magna Asphalt/Concrete Parking Areas	Asphalt Chip Miscellaneous	521,550	SF	1,565	0.5	260,775
	Concrete Parking Apron	3,030	SY	2,074	45.8	139,690
	Asphalt disposal	11,590	CY	174	2.22	25,730
	Concrete disposal	817	CY	12	2.22	1,814
	Concrete haul	817	CY	38	4.57	3,734
	Asphalt haul	11,590	CY	545	4.57	52,966
SUBTOTAL						**3,631,098**
Bonneville Area	Regrading	57	AC	479	2000	114,000
	Hydroseeding	57	AC	114	1742	99,294
	Building debris disposal	43,000	CY	645	2.22	95,460
	Building debris haul	43,000	CY	2,021	4.57	196,510
	Steel scrap	80	TN			(5,120)
	Fence Demo	1,600	LF	86	2.22	3,552
Primary Crusher Building	Ore Dump Bldg. Total vol.	126,000	SF	1,575	1.75	220,500
	Ore Dump, Internal Office Bldg.	4,000	SF	40	1.75	5,000
	Ore Dump, equipment Demo	6,300	WH	6,300	50	315,000
	Ore Dump, Controls Demo	1,900	WH	1,900	50	95,000
	Ore Dump, Piping Demo	6,300	WH	6,300	50	315,000
	Ore Dump, Electrical Demo	6,300	WH	6,300	50	315,000

	Ore Dump Bldg. Crane	200	LF	67	50	10,000
	Ore Dump Bldg. Raildumper Pit	2,100	CY	2,100	150	315,000
	Ore Dump Bldg, Dumper Supts	800	CY	800	150	120,000
	Ore dump Bldg. Basements	2,800	CY	1,028	55	154,000
	Ore Dump Bldg. Struct. Steel	1,500	TN	1,250	125	187,000
Symons Building	Drum Storage	3,600	SF	27	1	3,600
	Support Building (6 small)	2,400	SF	18	1	2,400
	Conveyor House A	5,000	SF	63	1.75	8,750
	Conveyor House B	5,000	SF	63	1.75	8,750
	Mill Bldg. Total Volume	100,000	SF	1,250	1.75	175,000
	Mill Bldg. Interior Structures	4,000	SF	40	1.25	5,000
	Conveyor Houses, Elect Rm.	2,000	SF	20	1.25	2,500
	Conveyor Houses, Elect Rm.	2,000	SF	20	1.25	2,500
	Conveyor A	200	WH	200	50	10,000
	Conveyor Hs. Equipment Demo	750	WH	750	50	37,500
	Conveyor B	400	WH	400	50	20,000
	Conveyor C	200	WH	200	50	10,000
	Conveyor D	200	WH	200	50	10,000
	Mill Bldg. Equipment Demo	10,500	WH	10,500	50	525,000
	Conveyor E	200	WH	200	50	10,000
	Conveyor Hs, Controls Demo	250	WH	250	50	12,500
	Mill Bldg. Controls Demo	3,200	WH	3,200	50	160,000
	Conveyor Hs. Piping Demo	750	WH	750	50	37,500
	Mill Bldg. Piping Demo	10,500	WH	10,500	50	525,000
	Mill Bldg. Electrical Demo	10,500	WH	10,500	50	525,000
	Conveyor Hs. Electrical Demo	750	WH	750	50	37,500
	Concrete Pipe, 24" Dia	2,000	LF	1,600	67.5	135,000
	Concrete Standpipe 48" Dia	1,000	LF	800	67.5	67,500
	Lime Storage/Mixing	10	TN	12	175	1,750
	Mill Bldg.	1,280	CY	470	55	70,400
	Mill Bldg.	660	CY	242	55	36,300
	Mill Bldg.	1,260	CY	462	55	69,300

	Lime Storage/Mixing	60	CY	22	55	3,300
	Mill bldg. Struct Steel	1,147	TN	955	125	143,375
Fine Ore Storage	Ore Stg. Bldg. Total Volume	60,000	SF	750	1.75	105,000
	Ore Stg. Bldg. Equipment Demo	12,000	WH	12,000	50	600,000
	Ore Stg. Bldg. Controls Demo	3,600	WH	3,600	50	180,000
	Ore Stg. Bldg. Piping Demo	12,000	WH	12,000	50	600,000
	Ore Stg. Bldg. Electrical Demo	12,000	WH	12,000	50	600,000
	Ore Stg. Bldg.	1,457	CY	535	55	80,135
	Ore Stg. Bldg.	454	CY	167	55	24,970
	Ore Stg. Bldg Struct Steel	2,064	TN	1,719	125	258,000
Mill Building	Crusher Bldg. Total Volume	120,000	SF	1,500	1.75	210,000
	Crusher Bldg. Equipment Demo	12,000	WH	12,000	50	600,000
	Crusher Bldg. Controls Demo	3,600	WH	3,600	50	180,000
	Crusher Bldg. Piping demo	1,200	WH	1,200	50	60,000
	Crusher Bldg. Electrical Demo	12,000	WH	12,000	50	600,000
	Crusher Bldg. Crane	150	LF	50	50	7,500
	Crusher Bldg. Bldg. Fdns	2,000	CY	2,000	150	300,000
	Crusher Bldg. Equipment Fdns.	2,400	CY	2,400	150	360,000
	Crusher Bldg.	2,230	CY	818	55	122,650
	Crusher Bldg.	1,370	CY	503	55	75,350
	Crusher Bldg.	750	TN	625	125	93,750
	Crusher Bldg. Struct Steetl	1,300	TN	1,083	125	162,500
	Crusher Bldg. Plantform/Misc. Iron	500	TN	417	125	62,500
Pipelines	Above-Ground Pipe/Stand-Pipe Demo	2,000	LF	1,600	67.5	135,000
Asphalt/Concrete Parking Areas	Asphalt Chip Miscellaneous	366,225	SF	1,099	0.5	183,113
	Concrete Parking Apron	2,142	SY	1,457	45.8	98,104
	Concrete Disposal	574	CY	9	2.22	1,274
	Asphalt Disposal	8.138	CY	122	2.22	18,066
	Concrete Haul	574	CY	27	4.57	2,623
	Asphalt Haul	8,138	CY	382	4.57	37,191

SUBTOTAL						**10,968,340**
Tailings Disposal						
	Magna Tailings Pond Structure – interim/pre-closure					N/A
Excess Process Water Disposal	Excess Process Water Disposal Structures – Leave-in-place					N/A
SUBTOTAL						**38,063,820**
	EPCM @ 7.5 %					2,854,786
	Common Distributables @ 3%					1,141,914
SUBTOTAL						**42,060,520**
	Contingency @ 25%					10,515,130
TOTAL FACILITIES	FACILITIES DEMOLITION					**52,575,650**
Waste Rock Dumps	Acres recontoured	3200	AC		$800	2,560,000
	Acres recontoured and revegetated	900	AC		$1800	1,620,000
	Acres recontour, cap & vegetate Lower Canyon Dumping – (pre-closure)	140	AC			N/A
TOTAL						**56,755,650**

NOTE: Any facilities to be left in place will have a post mining use.