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4 pages
Hard copy + Attachments to follow

M/037/088
FAX OF HARDCOPY

November 4, 1996

Mr. Wayne Hedberg
Mr. Anthony Gallegos
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

RE: Summo USA Corporation, Lisbon Valley Project - Utah Division of Oil, Gas and Mining Letter Dated 10/21/96

Gentlemen:

Summo USA Corporation (Summo) is in receipt of the above referenced letter from the Utah Division of Oil Gas and Mining (Division). In response to phone conversations with you both, I promised a response letter that would answer questions posed, propose schedules for preparation of requested information, and present alternatives for your consideration.

Also, as I indicated to you both, the Division's decision to suspend review of the Summo NOI-LMO is of great concern. It is our hope that this response letter will provide the information necessary for the Division to move forward with preparation of a tentative approval and scheduling the necessary hearing in front of the Board of Oil, Gas and Mining. We hope that following your review of our responses, that you will proceed with the processing of our application, with the desired goal of presenting the project to the "Board" in December 1996.

Specific Responses and Commitments:

R647-4-105.1, Paragraph 1: - Summo will provide a separate map showing preexisting disturbances. The majority of this information is on the maps. However, it is difficult to differentiate the original topography and disturbance areas. This activity will be complete by 11/15/96.

Paragraph 2: - A clean copy of Figure 3 is attached. (Attachment 1)

R647-4-105.2: - Summo will prepare a reclamation treatments map. This map will follow the written descriptions provided in the NOI-LMO. All facilities (excluding the pits) will be reclaimed to a grazing and wildlife habitat. These areas will graded, ripped(disced), topsoil will be applied, followed by reseeding activities.

Pits will be left for future mineral exploration and development. However, as stated earlier, the haul roads will receive the same reclamation treatments as described in the previous paragraph.

A map depicting what has been described will completed by 11/29/96.

R647-4-105.3 Paragraph 1: - A map depicting what has been described and requested will be completed by 11/29/96.

Paragraph 2: - A map depicting what has been described and requested will be completed by 11/29/96.

Paragraph 3: - Typical cross sections for the pit were provided in the DEIS. These have been updated slightly. Attached, please find the most recent versions (Attachment 2). The safety berms to be constructed around the pits are described in Summo's proposed Mitigation and Monitoring Plan (page 7), This plan is provided in Attachment 3.

R647-4-106.2 Paragraph 1: - Yes, there will be a blanket of crushed material placed in the conveyor corridor.

Paragraph 2: - Summo has agreed with DEQ that an operation plan (which will include a contingency plan) will be required prior to application of solution at the project. Summo will ensure that the Division receives a copy when it is developed.

Paragraph 3: - The public will not have access to the process area. In fact, public access will be restricted by fencing and topography.

Paragraph 4: - Summo will provide Division with copies of annual reports submitted to DEQ which will include leakage/seepage information.

Paragraph 5: - Summo currently does not have estimated (daily volumes) of quantities of fuels and reagents. This information will be assembled during detail design of the facility. Summo will be preparing detail design following issuance of permits by the federal, state and local agencies.

The Environmental Protection Agency requires SPCCP plans within six months of project initiation. Summo will comply with this requirement. A copy of this plan will be forwarded on to the Division when complete. An outline of what will be in the SPCCP plan is provided on page 27 of Summo's Plan of Operations submitted to the BLM. Copies have been provided to the Division.

R647-4-106.9: - Summo understands the Divisions comment. It is our understanding that the BLM will chose a preferred alternative that eliminates Dump D and combines the material in the three remaining dumps. Summo has done some preliminary work on this alternative and anticipates that the material will fit within the footprint of the remaining three dumps.

R647-4-107.1.15: - Summo agrees with the Divisions comment. Fences and safety berms will be in place during operations. Fence and berm discussions are covered in the previously referenced mitigation and monitoring plan provided for in Attachment 3.

R647-4-107.2 (Items 1-6): - All of the diversion information requested is currently being developed by HydroTriad. Results of this work should be available on 11/1/96. After Summo reviews the results, they will forward it to the Division. This will be completed by 11/8/96.

R647-4-107.3: - Erosion control practices are described in the Plan of Operation which has already been submitted to the Division This information is discussed further in Attachment 3.

R647-4-107.4: - The requested uranium information has already been submitted to the DEQ. A copy of this is provided in Attachment 4. Summo will keep a record of all permits on file at the mine site. This information will be available for Division review.

R647-4-107.6: - The answer to the question is yes. Summo will begin rinsing/neutralization of the first phase of the leach pad when conditions indicate that economically recoverable copper is no longer viable. At this point fresh water will be applied to initiate the rinsing cycle.

R467-4-109.1: - Summo will provide the Division with copies of the water quality annual report that will be required by DEQ.

R467-4-109.4: - Typical cross sections of the pits are provided in the DEIS on pages 3-6 through 3-12. The typical design criteria for each pit is as follows: Bench Height = 20 ft., Bench Width = 22ft. every 40 ft., Inter Bench Angle = 78 degrees, Overall Angle = 52 degrees.

R467-4-109.5: - Adverse impacts are not anticipated. Summo will construct pits and operate the mines in accordance with Mine Safety Health Administration (MSHA) standards.

R467-4-110.2: - Neutralized heap material will not be graded off of the liner. At the end of final grading, exposed liner will be covered, folded in, or cut off. Piping will be removed from the ditches after neutralization. If the piping has no salvage value, it will be buried on top of the leach pad. The ditches will be graded in with neutralized material to provide positive surface drainage.

R467-4-110.3: - At this time, Summo proposes that the following facilities will remain at the end of mining and reclamation:

The Powerline - Pacific Corporation (Utah Power & Light) has indicated that there may be other users of power from this line. Summo will pull all of the lines and poles associated with the daily activities at the mine site.

The Pits - Summo has requested that the pits remain open for future exploration and development potential.

Existing Roads - The road that services the power line will remain. This road is currently maintained by the county. Summo's activities will eliminate the majority of the incidental trails and access associated with previous mineral exploration and development.

Water Wells - If a future use of water well(s) and rights (ie.,wildlife habitat) can be developed and negotiated., Summo will make a specific request to the Division. However, for planning purposes, Summo will abandon and plug according to Division of Water Rights and DEQ standards.

R467-4-110.4: - As the Division is already aware, the overall ore and waste material is overwhelmingly acid neutralizing. However, at the BLM's request, Summo has developed a plan for the handling and disposal of potentially acid generating waste rock. This plan is provided for in Attachment 3.

R467-4-110.5: - Summo agrees with the Divisions comment.

R467-4-111.1.13: - When water wells and monitor wells are no longer needed (or another use is designated), Summo will plug them according to State standards.

R467-4-111.2: - The long term plan(s) for diversion ditches is to leave them in place. Following mining, Summo proposes to seed the ditches with the revegetation mixture described in the NOI-LMO.

R467-4-111.3: - The question of erosion control at the site is addressed in a couple of places. The DEQ application contains properly designed sediment control structures. These structures are depicted on the maps provided to the Division. In addition, Summo has provided supplemental information in the mitigation and monitoring plan (Attachment 3) referenced earlier in this letter.

R467-4-111.4: - Per phone conversations with the Division, Summo is performing rinse studies to optimize neutralization of the spent ore. This information will be made available to the Division when complete. Any new testing used to make changes to the closure of the facility will be made available to the Division.

R467-4-112: - Summo agrees with all five paragraphs which restate the variances that Summo has requested and/or will need for the project. It is unclear however, how possible future variance requests will be handled. Foe example, current modeling indicates that there will be little, if any, water in the pits following mining. What occurs will be the result of storm events. How will the Division address this "potential" situation?

R467-4-113, Paragraph 1: - Summo agrees with the Divisions commitment to work with the School Institutional Trust Lands to coordinate bonding requirements.

Paragraph 2: - Summo will work with the Division to clarify and come to agreement on final reclamation cost numbers. In addition, the form of surety and duration of interim bonding period will be mutually agreed upon.

With regards to the bullet items:

#1 - Summo will review spreadsheet and make necessary clarifications and corrections. This activity will be complete by 11/22/96.

#2 - The acreage breakdown (square feet) for surface roads and haul roads is provided on line items 14 and 19 of page 2 of the spreadsheet in the NOI-LMO.

#3 - Per phone conversations with the Division, the reason for the lack of an estimate for demolition of surface facilities has to do with anticipated salvage value of equipment and materials. Summo now understands that this is not allowed by the Division and will make the necessary adjustments to include this number in the agreed upon bond estimate.

#4 - A line item for seeding the topsoil stockpiles was not included in the estimate. This will be included in the revised estimate (11/22/96).

#5 - The contingency provided is 20% of the total direct cost estimate provided on page 3 of the spreadsheet.

#6 - Summo will work with the Division to come to agreement on the escalation factor to be used for the project. The five-year recommendation factor of 2.58% is reasonable. However, Summo reserves the right to reduce the contingency estimate accordingly, as the current contingency includes consideration for inflation.

This letter formally addresses the majority of the issues and questions outlined in the Divisions letter to Summo referenced on page one, and commits to providing follow-up information on specific dates and throughout the remainder of the project life. It is our hope that the information provided and the commitments to provide future information are adequate to proceed with drafting of a tentative approval for the Lisbon Valley Project. If there are specific items needed to proceed, please contact me at the listed letterhead number at your earliest convenience.

Sincerely,

Lee "Pat" Gochnour
Principal

Attachments (4)

cc: Mr. Robert Prescott - Summo USA Corporation