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DIVISION OF OIL, GAS AND MINING

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November 14, 1997

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer aaG

RE: Site Inspection, American Gilsonite, Bonanza Mine Operations, M/047/010, Uintah County, Utah

Date of Inspection: October 29, 1997
Time of Inspection: 1117 - 1340
Conditions: Partly cloudy
Participants: Stan Perkes, BLM State Office; Pete Sokolosky, Vernal BLM Field Office; Neldon Kunz and Earl White, American Gilsonite; Tony Gallegos, DOGM

Purpose of Inspection: To examine older gilsonite operations which were mined to the surface and closed by blasting

Pride of the West 3

The first site visited was the Pride of the West 3. The location of this site is Township 11 South, Range 23 East, Section 5? Neldon explained that this gilsonite vein was mined to the surface and 50-100 feet deep around 1980. The excavation was about 3-4 feet wide and 300 feet long. The excavation was blasted shut around 1981 using one line of charges set approximately 20 feet along one side of the excavation. This area was not regraded after the blast. American Gilsonite is proposing to mine a Wagon Hound vein to the surface and use blasting as a closure and reclamation technique. American Gilsonite chose to blast this vein closed because it was on patented claims and they wanted to experiment with this closure technique. At the time of this inspection the site has revegetated naturally and appears to be stable.

Pride of the West 4

The next mine site visited was the Pride of the West 4. This site was visited because it is nearby and it is a reclaimed site which American Gilsonite wishes to have released.. This mine had a shaft located in the bottom of a small drainage. Mining at this site was underground only. The approximate location of the shaft is near a small patch of snow in the photograph of this area. In this same photograph are some old diggings into the gilsonite vein. This site had been abandoned and reclaimed around 1981. The site appears to be successfully revegetated and stable. The purpose of examining this site was to be able to release it from the list of mine sites.

Rainbow Vein

The next site visited is on the Rainbow Vein. The area examined is where the main road crosses this vein. This was the site of some pre-law mining where they had mined to the surface of the vein. The road crossed the open excavation over a narrow bridge of gilsonite. Portions of the excavation on each side of the road were blasted shut around 1981 by American Gilsonite. The entire vein excavation was not closed, only short sections on both sides of the road. At the time of this inspection there was some minor subsidence evident at the shaft location which was off the side of the road. This subsidence here is about 10 feet wide and 5 feet deep. A photograph of this subsidence area shows Stan Perkes standing at the shaft site. Neldon believed subsidence here was due to not blasting enough material at the shaft. By this he means they were only blasting along the vein on two sides, and maybe they should have blasted on four sides of the shaft. This area was seeded; revegetation looks stable. The vein excavation on the north side of the road remains open a short distance from the road where the blast ended. Neldon explained they were not trying to close the entire vein, just to alleviate the safety hazard near the road.

Wagon Hound Area

The next area visited was the Wagon Hound 11 site. This vein was mined about 500 feet deep and was open to the surface. The vein width ranged from 2 - 3 ½ feet. The length of excavation blasted was about 1,650 feet. Neldon believes they blasted this excavation using three separate segments. This vein was blasted around 1975 and then dozed and seeded. Neldon reported that the revegetation success was poor initially, so they reseeded the area. The disturbed area is much wider than the actual excavation, due to some seismic testing to figure out the best blasting pattern, amount of explosive charge, and how close the rounds should be to the vein. In one photograph of the area there is an open slot along the vein which ends at a large brush near the power line. Another photograph of this area shows the view to the southeast.

The next area visited was the Wagon Hound __ site. At this site American Gilsonite has already mined the vein on the private portion using underground methods. They are proposing to mine the portion of the vein to the surface on federal land. Photographs were taken of the proposed open vein area. The escape-way for this open vein would be located in the photo at the pile of black drill cuttings near three people standing. These drill cuttings are from one of several holes which were drilled on the lease. This drilling was performed without authorization from the BLM; however, American Gilsonite does have this lease. The private portion of this vein is north (on the passenger side) of the BLM vehicle in the photograph. Photographs looking to the south over the proposed open vein mine area show an outcrop on the left. In this photo Stan Perkes and Neldon Kunz are standing in line with the vein. Another photo of this site includes a marker stake and some black cuttings on the ground at the location of one of the drill holes.

The inspection concluded with the understanding that the BLM and DOGM would consider the open vein mining and blast closure technique to be proposed by American Gilsonite.

jb
cc: Neldon Kunz, American Gilsonite
Stan Perkes, BLM State Office
Pete Sokolosky, BLM Vernal Field Office
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