



CHEVRON MINING INC.
KEMMERER MINE

ELKOL TIPPLE UPGRADE PROJECT MONTHLY NEWSLETTER

May 7, 2008

Welcome to the monthly newsletter for the Elkol Upgrade Project. Now that the design phase is over 75% complete and construction has begun at the site, there is a great deal of excitement surrounding the much needed tipple upgrade.

We have contracted with two experienced companies; Wollam Construction Company as the prime contractor and FGR Automations as the control/automation systems firm, both of which have worked with CMI in the past. Roberts & Schaefer Co. is the design consulting firm being used, which brings many years of experience in industrial design to the project and have worked on Kemmerer Mine projects in the past.

Currently, preliminary engineering and design is approximately 75-80% complete. Components completed and either being fabricated or out for quotes include: dump hopper, stilling shed, feeder/breaker station, tramp metal magnet, secondary crusher station, sample system, and conveyors CV-150 and CV-250. The structural design of the rail loadout/truck transfer station is nearing completion, and includes the stoker coal transfer which is being considered for elimination. The electrical design is also nearing completion..

Construction commenced in March with CMI excavating approximately 60,000 CY to accommodate the retaining wall placement and foundation for the dump hopper. During this time Wollam mobilized equipment and an office trailer onto the site. On April 15th Circle C, the retaining wall subcontractor, began constructing the Hilfiker retaining wall system. Wollam is in the process of setting forms for the dump hopper foundation footers and plan to pour 108 CY of concrete on May 9th.

Wollam is on schedule with the retaining wall and foundation work. However, some of the design and fabrication are slightly behind schedule, which may require faster deliveries to bring these items back in line with the original schedule. Critical path items at this time are: the procurement of the MCCs, associated electrical work, conveyor fabrication, and conveyor bents. Wollam is committed to meeting the October 15th completion date and has assured CMI they will accelerate critical items as necessary to meet this date.

Anticipated costs and savings are depicted in the following waterfall graph:



CMI is considering eliminating the Stoker Conveyor and Stoker Bin Modifications from the project

There is a \$50,000 safety incentive built into Wollam’s contract. As of the end of April, the project Safety Record includes 0 incidents (IIF), 0 DAFW, and 41 BBS Observations. CMI’s and Wollam’s joint goal is to complete this project IIF. Appreciation is extended to everyone at the mine has been working cooperatively toward completing this project IIF and conducting BBS observations.

We look forward to a safe and successful construction of the Elkol Tipple facility. With the partnership of Wollam I have no doubt we will meet our goals of an IIF project while being on time and under budget.

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