

orig ~~file~~ UB  
cc T. Mitchell  
L. Benton

OLSEN, McIFF & CHAMBERLAIN

TEX R. OLSEN  
KEN CHAMBERLAIN  
K. L. McIFF  
RICHARD K. CHAMBERLAIN

ATTORNEYS AT LAW  
225 NORTH 100 EAST  
POST OFFICE BOX 100  
RICHFIELD, UTAH 84701

TELEPHONE 801-896-4461  
TELEFAX 801-896-5441

February 4, 1992

RECEIVED

FEB 07 1992

DIVISION OF  
OIL GAS & MINING

<sup>a</sup>  
Lowell Bruxton  
3 Triad Center, Suite 350  
350 West North Temple  
Salt Lake City, Utah 84180

Dear Lowell:

Thanks for the audience afforded Andy King and myself a week or so ago. As promised, I have outlined the substance of our conversation and ask you to review the same for accuracy.

You have extensive experience in natural resources and mining, having served for many years as an Exploration Geologist for Gulf Oil in the mining division in the Western United States. You have experience in Utah, Idaho, Montana and North Dakota. Your principal area of concern was coal and uranium. Currently, you serve as the Assistant Director of the Division of Oil, Gas and Mining for the State of Utah.

My principal area of inquiry centered on the timing of obtaining a permit to drill a small test hole on a state coal lease. The purpose of the inquiry grows out of the existing litigation between Andy King and Lenoard Witkowski on the one side and Nevada Electric Investment Corporation on the other. Myself and Bob Moore represent Andy and Len and a corporation owned by them known as MERI. There may be an issue as to how long it would reasonably require to obtain a permit to drill a test hole.

You were kind enough to outline the steps involved in obtaining a permit and the approximate time it would take. Essentially the process would go as follows:

An initial contact would be made with Oil, Gas and Mining. There is not a specific form and a simple letter of request would be adequate. Your office would want some sort of map showing the proposed location, a standard USGS map would be adequate. The letter should identify:

- (1) anticipated road construction  
[if any];
- (2) an indication that the test  
holes would be plugged;

LOWELL BRUXTON

February 4, 1992  
Page 2

(3) an indication of any anticipated vegetation impact and an agreement to restore the same;

(4) the time of the year when the work was to be done.

The letter would be assigned for review to one or two persons on your team and someone would likely visit the site. The person given this assignment may be in the Price field office. It is also possible to review the site by helicopter.

As a courtesy, you may let the Forest Service know that a test hole is contemplated. This is not required, but it encourages good relationships.

Before granting the request to drill the test hole, you would obtain clearance from the State Division of Lands and Forestry located upstairs from you. You indicate that this division would be concerned principally about two things. First, it would want to be certain the person or company intending to drill was the lessee or had permission from the lessee and second, it would require a bond to insure vegetation restoration and drill rig removal.

You indicated that the Division of Oil, Gas and Mining is the lead agency, but that you obtain the clearance indicated from the State Division of Lands and Forestry.

We then reviewed the specific facts of the case in question and noted that the proposed drill hole did not require the construction of any roads and that a helicopter was to be employed. We reviewed what actually happened in this case and noted that it was first brought to your attention on June 2nd, 1990 and that approval was given on July 3rd, approximately one-months time.

It was your opinion that for a simple routine case (which this was), one month is a reasonable turn-around time from application to issuance of permit. If urgency were expressed, and in the absence of any unforeseen hitches, the turn-around time could be shortened to a matter of days. You felt very comfortable that this could be accomplished within two weeks. The issuance of a permit to drill is also an informal matter usually accomplished by a letter from your office.

\* \* \*

LOWELL BRUXTON

February 4, 1992  
Page 3

I certainly hope the foregoing is accurate. I recognize that it rambles and is not artfully drafted. I have attempted to follow the notes made while visiting with you. Please review it and if I have mis-stated anything, let me know and I will immediately correct the same. If it becomes necessary for you to serve as a witness, we will have the court issue a subpoena and will try to keep you posted regarding the timing.

Thanks for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. L. McIff', with a long horizontal flourish extending to the right.

K. L. McIff

KLM/mj