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**HAND DELIVERED**

March 31, 1997

Mr. Max Nielson  
 United States Department of the Interior  
 Bureau of Land Management  
 Utah State Office  
 324 South State Street, Suite 301  
 Salt Lake City, Utah 84111

**RE: *Amendment of Lease Modifications for Federal Coal Lease No.  
 U-017354 – White Oak Mining & Construction Co., Inc.***

Dear Max:

On behalf of White Oak Mining & Construction Co., Inc. ("White Oak"), we hereby submit an amended Lease Modification for federal coal lease No. U-017354. This application was originally submitted on November 3, 1995 as a package modification for federal coal lease numbers U-067498, U-017354 and U-044076. By Decision dated March 19, 1996, the Utah State Office, Bureau of Land Management ("BLM"), denied the coal lease modification for Lease No. U-044076. Due to denial of the lease modification for U-044076, White Oak proposes to modify the legal description of the leased coal lands and coal deposits (collectively "Added Lands") for the pending application to modify U-017354. A total of 160 acres will be added to U-017354 in areas contiguous to those already covered by the existing lease. The Added Lands are depicted on the enclosed White Oak #2 Mine, Mine Map ("Mine Map"). This letter and the Mine Map are submitted in triplicate to amend the application for modification of federal Coal Lease U-017354.

The Added Lands for federal Coal Lease No. U-017354 are located within Emery County, Utah, more particularly described as follows:

**Township 14 South, Range 6 East, Salt Lake Meridian**

**Section 1:**

N1/2SE1/4NW1/4 (20 acres);  
 SW1/4NW1/4 (40 acres);  
 Lot 2: N1/2 (20 acres);  
 SW1/4 (10 acres);  
 Lot 3: All (40 acres);  
 Lot 4: S1/2 (20 acres);  
 NE1/4 (10 acres).

(Total modified acreage: 160 acres.)

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Subsurface ownership:  
(all minerals)

United States Department of the Interior  
Bureau of Land Management  
Utah State Office  
324 South State  
Salt Lake City, Utah 84111-2303  
(These reserves are located within the Wasatch Plateau Known Coal Leasing Area)

Surface ownership:  
(all)

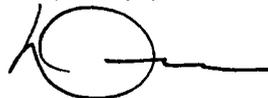
United States Forest Service  
Manti LaSal National Forest  
Price District  
599 West Price River Drive  
Price, Utah 84501  
(See Pub. Law 667, withdrawing the entire township for Manti-LaSal National Forest)

A \$250.00 filing fee accompanied this application at the time of filing in November of 1995. We understand that no additional fee will be charged for amending this application. This letter and the accompanying Mine Map are submitted in triplicate in accordance with Section 3 of the Mineral Lands Leasing Act as amended by Section 13 of the Federal Coal Leasing Amendments Act of 1976 and regulations set forth at 43 C.F.R. ¶ 3432.

As shown on the Mine Map, the applicant is currently mining the White Oak No. 2 Mine immediately north of the area proposed for inclusion in the lease modification application. White Oak has encountered difficult geologic conditions in this area. In the event that White Oak is unable to obtain approval for the lease modification within the next 60 days, White Oak may retreat from this area and proceed with operations to the north. White Oak's continued operations in this area are also contingent upon receiving a reduction in royalty for adverse geologic conditions.

Please let me know if you need anything further regarding this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:140456

Enclosures

cc: Steve Falk, BLM Price, Utah  
Carter Reed, Manti LaSal National Forest  
Darron Haddock, Utah Division of Oil, Gas & Mining  
Mark Wayment