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AMAX COAL COMPANY

A Subsidiary of AMAX Coal Industries, Inc.

WESTERN OPERATIONS

Original 007/004 #2
Cc: D. Heddock
L. Braxton
P. Baker



WYOMING MINING OPERATIONS

September 28, 1992

Mr. Lowell P. Braxton
Associate Director, Mining
Dept. of Natural Resources
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

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DIVISION OF
OIL GAS & MINING

Dear Mr. Braxton:

As we agreed in our meeting on September 24th, this letter is to document the understandings which were reached during that meeting by AMAX Coal Company and the Division of Oil, Gas and Mining, and to provide some guidance to technical personnel concerning future reclamation of areas previously disturbed by mining (pre SMCRA areas) at the Castle Gate Mine. For convenience, I have enumerated each agreed upon point as follows:

First, AMAX and the Division will "agree to disagree" concerning the application of any State of Utah R645 Coal Mine Rule, other than R645-301-356.250 (as revised August 23, 1991), to areas which have been previously disturbed by mining.

Second, the above paragraph notwithstanding, it is acknowledged that "some kind of reference site" should be utilized in order to determine when AMAX is entitled to bond release of reclaimed areas at Castle Gate Mine operations. Therefore, it is agreed that on October 2, 1992, technical personnel from AMAX and the Division will review sites in the Castle Gate area having soil characteristics similar to the areas to be reclaimed. The site review will include, but will not be limited to, previously reclaimed Abandoned Mine Land (AML) sites. After such review, the reviewing personnel will designate one of the sites as a reference site.

Third, it is agreed that using a reference site for the purposes set out in this letter is in no way precedent setting concerning the issue of whether other pre SMCRA sites should be held to reclamation standards found in the above cited R645 regulations.

Fourth, it is agreed that the Division will make a finding that any reference site chosen meets all wildlife standards and requirements.

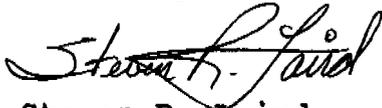
Fifth, if a reference site is not designated by AMAX and the Division, then AMAX may elect, but is not required, to use some other standard for erosion control (see R645-301-356.250), such as a universal soil loss equation in order to ascertain an appropriate standard for soil loss.

Sixth, it is agreed that technical personnel shall agree on species diversity for the reference site.

Seventh, it is agreed that after technical personnel have agreed on the above matters, a Letter of Agreement shall be written so as to memorialize the understanding between AMAX and the Division. The letter shall set out all requirements for reclamation which may be applicable to previously mined sites at the Castle Gate Mining operations. This Letter Agreement will become the basis for reclamation of all previously mined areas at the Castle Gate Mine.

Would you please review and comment on the above seven paragraphs. If you see any changes, or if they do not reflect your understanding of the agreements reached during our meeting on September 24th, would you please let me know and I will revise the language accordingly. If you should have any additional questions or comments, please don't hesitate to contact me.

Sincerely,



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