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AMAX COAL WEST, INC.

A Subsidiary of AMAX Coal Industries, Inc.



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DIVISION OF
OIL, GAS & MINING

October 25, 1993

Mr. James Carter
Director
State of Utah
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Dear Jim:

As you recall on September 27, the Division and Amax met with their attorneys to outline specific goals and objectives in order to bring closure to the Division Order which was written on December 18, 1990. In that meeting, the Division agreed to draft a closure document stating that Amax had completed all the necessary work to comply with the December 18 Division Order. Additionally, the subsequent Notice of Violation (N91-28-2-1) which was issued by the Division on July 5, 1991 for failure to respond adequately to the Division Order, would also be vacated. At our September meeting, the Division agreed within two weeks to have a draft of the Findings and related documents for the Amax attorneys to review. It has now been nearly a month and neither Amax nor our Utah counsel have received a draft of the Findings for review. Needless to say, Amax is anxiously awaiting the draft from the Division.

Amax agreed during this meeting that once the Findings and the closure language for the Division Order had been agreed upon, Amax would compile all of the technically approved revisions to the Mining and Reclamation Plan and submit them to the Division for publication. Amax has retained a contractor to reproduce the thousands of pages of documents and hundreds of maps which are necessary for public notification. However, we are reluctant to release the contractor to perform the work until the Division has completed its commitment. The contractor has told me that it will take a minimum of four weeks in order to reproduce all of the documents which are necessary for publication and public comment. Unless the Division can move rapidly to adhere to its commitment to produce draft findings and closure to the Division Order, this project will drift into next year before we see its completion.

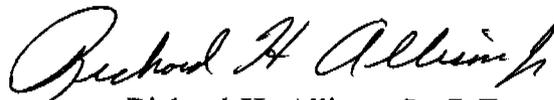
There are other reasons to diligently pursue closure as Amax has initiated reclamation at the No. 4 mine and the No. 5 mine sites. The reclamation is being performed according to the revised Reclamation Plans. The Division gave written authorization to perform this reclamation and in fact pressed Amax to begin reclamation as soon as possible. However, the

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Division made statements in our September meeting that the Reclamation Plans cannot be approved until publication and public comment periods are over. Both Amax and the Division are exposed to oversight by OSM until the revised Plan is approved.

Would you please make an inquiry as to the status of the Findings for the Division Order and the schedule which the Division can adhere to in the resolution of this process? Please let me know if you require any additional information from Amax. Your help in placement of emphasis on this closure would be much appreciated.

Sincerely,



Richard H. Allison, Jr., P.E.
Project Supervisor

RHA:njt

cc: Tom Lien
Steve Laird
Pat Winmill