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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 29, 1993

SENT BY FACSIMILE TRANSMISSION

Richard H. Allison, Jr. P.E.
Project Supervisor
AMAX Coal West, Inc.
165 South Union Blvd., Suite 1000
P.O. Box 280219
Lakewood, Colorado 80228-0219

Re: Castle Gate Mine, ACT/007/004, Folder #2, Carbon County, Utah

Dear Richard:

I am writing in response to your letter of October 25, 1993, concerning our September meeting and the 1990 Division Order and Notice of Violation N91-28-2-1, both issued to Amax by the Division.

Your impression as we left the September meeting evidently was that the Division would have a draft of findings ready for review within two weeks of the meeting. My own recollection was that the Division would, within a "few weeks" review whether or not the Division Order could be substantially pared down, and whether the Notice of Violation could be terminated. I apologize for any misunderstanding that occurred at that meeting.

Nevertheless, the Division has had an opportunity to review its December 18, 1990, Division Order and Notice of Violation N91-28-2-1, and has come to the conclusion that, under the terms of the Settlement Agreement, both the Division Order and the Notice of Violation can now be terminated, with the issuance of a new Division Order directed at the Crandall Canyon properties. We will be prepared at our meeting this Monday, November 1, 1993, to discuss the elements of the new Division Order with you in the hope of establishing a specific time line for resolving the outstanding issues.



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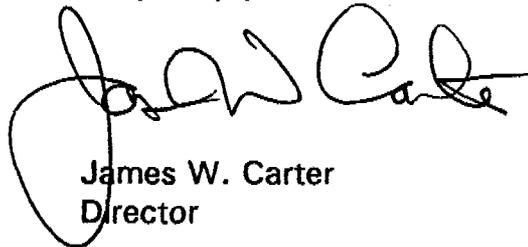
ACT/007/004

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With regard to pending revisions to the Mining and Reclamation Plan, on April 15, 1993, the Division provided Amax with a Technical Deficiency Review of the Crandall Canyon area, and is awaiting submittal of the technical information requested by the review from Amax. As we discussed on the telephone last week, preparation of the findings necessary to support approval of the revised Mining and Reclamation Plan, and the publication required by the Utah Coal Program, will take an additional 8 to 12 weeks to complete.

I look forward to our meeting next Monday and hope to establish a specific schedule for accomplishing our remaining objective.

Very truly yours,

A handwritten signature in black ink, appearing to read "James W. Carter". The signature is fluid and cursive, with a large loop at the beginning and end.

James W. Carter
Director

jbe
H:CASTGATE.ALL

bcc: LPB
DH
RH
WRR