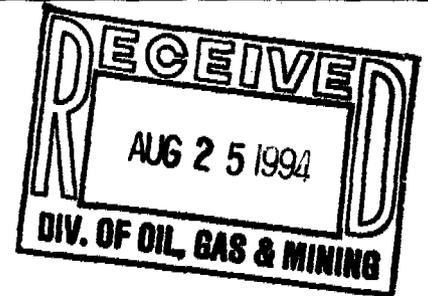




Cyprus Plateau Mining Corporation
P.O. Drawer PMC
Price, Utah 84501
(801) 637-2875
Fax: (801) 637-2247

August 22, 1994

Mr. Paul Baker, Reclamation Inspector
Department of Natural Resources
Division of Oil, Gas, and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203



Re: Amax Coal Company
Permit Number ACT/007/004 #2

Dear Mr. Baker:

As we have discussed during the past weeks, the following steps to reclaim Hardscrabble Canyon have been initiated. American Electric Power has given written approval for the demolition and removal of their structures in the canyon. A survey has been completed to determine if any asbestos containing materials are present. The report should be finished by the 26th of this month. Asbestos removal or demolition of the structures will begin as soon as practical, pending the outcome of the report. Earthwork will begin as the weather permits in 1995, except for the #4 Mine, which we hope to backfill this fall.

A survey of the #4 Mine exposed coal seam has been completed. Backfilling and channel designs should be completed within the next several weeks and bids will be requested. We hope to have the exposed seam backfilled properly before winter. We would have preferred to backfill the exposed coal seam concurrently with earthwork activities in the main canyon to reduce mobilization costs, but have chosen to backfill the seam now to fully meet the requirements of the permit and regulatory criteria.

AEP approval and the asbestos evaluation, are unavoidable contractual and regulatory requirements that have delayed earthwork activities this summer and may further delay structure demolition if asbestos is present. However, the steps taken this summer, landowner approval and asbestos identification, are actions that, in our opinion, satisfy regulatory and permit requirements. We hope the Division concurs.

If you have any questions or require additional information, please contact me.

Respectfully,

A handwritten signature in cursive script that reads 'Lonnie Mills'.

Lonnie Mills,
Senior Environmental Engineer