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Company Name: Div. of Oil, Gas & Mining

Hard Copy to Follow:

Sending Party: J. Craig Smith

Please call me with any questions.

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OIL, GAS AND MINING

October 11, 2001

Lowell Braxton, Director
DIVISION OF OIL, GAS, AND MINING
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

VIA FACSIMILE 359-3940
and FIRST CLASS MAIL

Re: Skyline Mine

Dear Mr. Braxton:

There appears to be a some confusion going on about our previous letter dated September, 28, 2001. Apparently, word has gotten around that the Huntington-Cleveland Irrigation Company ("Huntington-Cleveland") has demanded the closure of the Skyline Mine. This is not correct.

Huntington-Cleveland not only does *not* seek the closure of the Skyline Mine, but firmly supports responsible mining and always has. Certainly, Huntington-Cleveland seeks for and has formally requested a careful analysis and study be done on the source, extent, outlets, and proper drainage of the water now being pumped from the Skyline Mine, which Huntington-Cleveland maintains flows from aquifers lying for the most part (if not entirely) beneath Emery County, in the Huntington Creek drainage. Such a vast pool of water must not be incorrectly consigned to the wrong drainage, especially if it is in fact tributary to the seeps and springs feeding the water rights of all those relying on it all along the river to the Arizona border. Since it remains as yet unclear whether this water is tributary to or supportive of the water flowing from the seeps and springs which feed the Huntington Creek Drainage, diversion of the water in the Skyline Mine must be undertaken with a caution proportionate to its quantity and the possible effects of its removal. However, Huntington-Cleveland does not seek the entire cessation of mining within the Skyline Mine. Such a closure could seriously affect the economy of the area, hurting the people who work here as well as their families.

Huntington-Cleveland does not request, and has not requested, that the Skyline Mine be closed, nor does it seek revocation of its mining permits. As you know, to initiate such action would create a formal proceeding before the Board and not a letter to you. As was made clear in Huntington-Cleveland's letter of September 28, 2001, Huntington-Cleveland wishes only to protect the waters, and the sources, upon which its members rely. Under Utah law, this is its right, *Silver Fork Pipeline Corp.*, 2000 UT 3 at ¶22, as well as its responsibility as an irrigation company.

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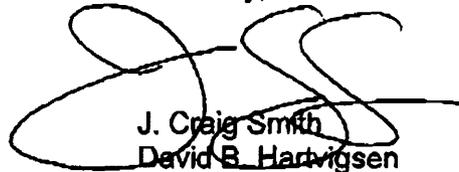
Lowell Braxton, Director
DIVISION OF OIL, GAS, & MINING
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This, of course, is the same thing sought by the operators of the Skyline Mine: Huntington-Cleveland, like the Mine, wishes to know whence this water comes, so that it may be certain where the water should properly go. Obviously, it will be difficult for mining to continue unimpeded until the water inundating the mine has been removed. Prudence, however, dictates that Utah's precious water cannot simply be irresponsibly poured out on the most convenient side of the mountain (as it might be in Pennsylvania or Kentucky). Rather, we must first determine where the water ought to belong. That this critical determination must be made speedily is self-evident; that it must be made carefully is equally clear. Careless haste in this matter, although it might appear to settle the matter in the short-term, could be disastrous in the long run.

Huntington-Cleveland wishes to be absolutely clear on this issue, so that no one need labor under the misconception that Huntington-Cleveland's concern over significant and serious water issues is somehow really an attack on the Skyline Mine. This is simply not true. Huntington-Cleveland seeks only that the water flowing from the aquifer within Skyline Mine be allocated where it belongs. This will plainly require careful testing, perhaps even meticulous analysis, but it does not require the cessation of mining. If you have any questions do not hesitate to call.

Sincerely,



J. Craig Smith
David B. Hartvigsen
Scott M. Ellsworth

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