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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 10, 1997

Russ Madsen, Chairman of the Board
COVOL Technologies, Inc.
P.O. Box 819
4722 S 2000 E (Ridge Rd)
Price, UT 84501

Re: Alternative Postmining Land Use Proposal, COVOL Technologies, Sunnyside Mine, ACT/007/007, Folder #2, Carbon County, Utah

Dear Mr. Madsen:

The Division has reviewed your alternative postmining industrial land use proposal, received on May 23, 1997. Based on the information presented in your proposal, we are unable to make requisite findings approving the alternate postmining land use. While the concept of using the site for the type of industrial use as described in the proposed appears feasible, no detailed information was presented in the plan nor were any commitments made in the proposal to ensure that the postmining land use would be achieved.

Based on previous meetings and discussions, the intent of the Division was to have COVOL provide a land use plan in sufficient scope and detail to allow retention of certain structures and facilities associated with the Sunnyside Mine. The plan lacks any commitment to purchase or lease the proposed property, and information necessary to provide consent such as is necessary from the landowners. The plan does not provide the information necessary for public review, adjacent landowners, and other federal, state and local authorities to evaluate the proposal. Consent of these entities is essential to the Division to allow an alternative postmining industrial land use.

In order to approve an alternative postmining land use, the Division must make written findings. These findings must determine that: (1) there is a reasonable likelihood for achievement of the use; (2) the use does not present any actual or probable hazard to public health or safety, or threat of water diminution or pollution; and, (3) the use will not be impractical or unreasonable, be inconsistent with applicable land-use policies or plans, involve unreasonable delay in implementation, or cause or contribute to violation of federal, Utah, or local law.

Page 2
June 10, 1997
Russ Madsen

COVOL was requested to provide a map (plot plan) showing the location, extent and the use for the areas which the proposed industrial land use was intended. The two sketches provided in the proposal are ineffective in providing the information necessary to evaluate the impact of the postmining land use on other reclamation treatments that are necessary to reclaim the entire mine facilities area. The area delineated on the sketch indicates that, in essence, the entire main surface facilities area is intended for industrial use. However, the text of the proposal indicates that Covol wishes to have some of the structures remain and some removed within this areas. The Division had indicated their desire was to have Covol delineate those areas and facilities which they expressly desired and were willing to accept on an as-is basis. The reason for this was to prevent conflicts between Covol's interest in developing the site for industrial use and the Divisions's requirements to reclaim the remainder of the area.

No detailed information was found in the proposal describing what modifications or where additional facilities will need to be constructed to achieve the intended industrial land use. Such detailed information will not only be necessary for the Division to approve releasing the area for an alternate postmining land use but will also be necessary for approval by the community and other agencies for the development of the industrial facilities. No specific information regarding permits, zoning, or other requirements necessary for the development or operation of the proposed industrial facilities were described in the proposal.

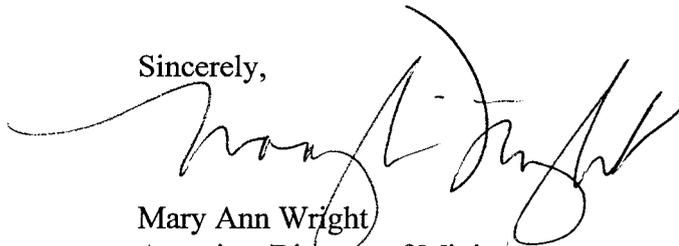
It is disappointing that the information provided is not suitable to allow approval of the area for your intended use. The Division has withheld any action involving removing any of the structures or building on the site until at least July 1, 1997 and hopes that an acceptable arrangement can be made by that time to allow utilization of the mine site for industrial development.

Should Covol desire to revise and resubmit a land use plan which more precisely details the proposed facilities and provide such commitments and comments as are necessary for approval, time is of the essence. Currently the Division is in the process of bidding engineering and design services for reclamation of the entire Sunnyside Mine permit area. That work is expected to commence early in July. The disposition of the main facilities (footprint) area has a significant impact on the evaluation, design, reclamation treatments, and costs involved in reclaiming the entire site.

Page 3
June 10, 1997
Russ Madsen

If you have any further questions, please call me at (801) 538-5306.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with a large loop at the end.

Mary Ann Wright
Associate Director of Mining

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