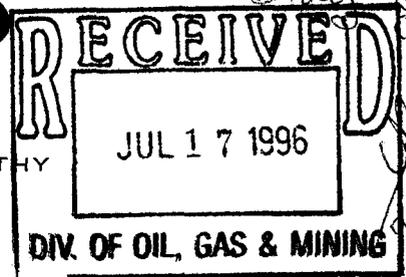


0035

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ADDRESS ALL CORRESPONDENCE TO
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HAND DELIVERED

July 17, 1996

James Carter, Director
UTAH DIVISION OF OIL, GAS & MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

*RE: SETTLEMENT AGREEMENT -- C96-39-1-1 -- NEVADA ELECTRIC
INVESTMENT COMPANY*

Dear Jim:

Enclosed are two original Settlement Agreements ("Agreement") concerning Cessation Order C96-39-1-1 which have been executed by Richard L. Hinckley, Esq., on behalf of Nevada Electric Investment Company ("NEICO"). I have also signed the approved as to form section. If the Agreement is acceptable to you, please execute both copies and have Thomas A. Mitchell, Esq. sign the approved as to form section. Please return one executed original to me for NEICO's files.

I have reviewed the Agreement with Thomas Mitchell and he has found it acceptable. However, if for any reason the Agreement is unacceptable to you, please consider this letter to be a request for informal conference regarding the proposed assessment for C96-39-1-1. In addition, we request that the time for appeal to the Board regarding the fact of violation under the Informal Findings be stayed pending our settlement negotiations and any Division determination regarding the proposed assessment.

James Carter, Director
July 17, 1996
Page 2

Thank you for your assistance in this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:87672

Enclosures

cc: Richard L. Hinckley, Esq.
Dennis Schwehr
Patrick Collins
Thomas A. Mitchell, Esq.
Lowell Braxton
Joe Helfrich