

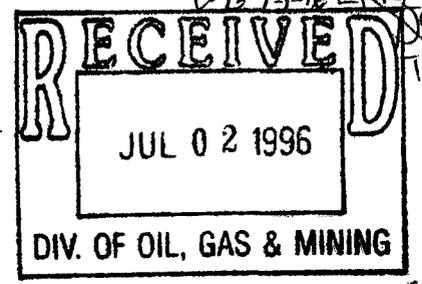
Act 1007/012

Quill file

cc SWG  
12/23-96

0036

LAW OFFICES OF  
VAN COTT, BAGLEY, CORNWALL & MCCARTHY  
A PROFESSIONAL CORPORATION  
SUITE 1600  
50 SOUTH MAIN STREET  
SALT LAKE CITY, UTAH 84144  
TELEPHONE (801) 532-3333  
FACSIMILE (801) 534-0058  
TELEX 453149



Direct Dial: (801) 237-0465

DENISE A. DRAGOO

ADDRESS ALL CORRESPONDENCE TO  
POST OFFICE BOX 45340  
84145-0450

VIA FACSIMILE and U.S. MAIL

July 1, 1996

(801) 359-3940

**CONFIRMATION OF  
FACSIMILE**

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

#5

**RE: PROPOSED SETTLEMENT AGREEMENT -- C96-39-1-1 -- NEVADA  
ELECTRIC INVESTMENT COMPANY ("NEICO")**

Dear Jim:

Thank you for your letter dated June 25, 1996, forwarding the Findings of Fact, Conclusions of Law and Order in the above-entitled matter dated June 12, 1996 (June 12th Informal Findings). On Friday, June 28, 1996, Richard Hinckley, Esq., Patrick Collins and I met with Lowell Braxton and Joe Helfrich regarding the Informal Findings. Lowell and Joe agreed with the approach set forth in your June 25, 1996 letter inviting a counter-proposal and settlement agreement. NEICO proposes the following terms of settlement:

1. This matter will be fully resolved through a settlement agreement without admission of any violation, liability, wrong-doing, failure or omission whatsoever by NEICO, and without further administrative or judicial proceedings.
2. None of the provisions of the settlement agreement shall be considered admissions by any party and shall not be used by any person unrelated to the settlement agreement for purposes other than determining the matters set forth therein.
3. Compliance with the settlement agreement will resolve only the alleged violations set forth at C96-39-1-1 and will not relieve NEICO from any further obligations imposed under the Utah Coal Mining and Reclamation Act and implementing regulations.

James Carter, Director  
July 1, 1996  
Page 2

---

4. In settlement of the alleged violation set forth in C96-39-1-1, NEICO will agree to a stipulated penalty of \$240.00 payable within thirty days of the date of execution of the agreement.
5. If the total stipulated penalty is not paid as agreed, the agreement may become null and void.
6. The agreement will become effective upon execution by both parties.

If the proposed terms of the settlement agreement are acceptable, please let me know and we will prepare the agreement for execution by the Division and NEICO.

If the proposed settlement is unacceptable, 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.

Thank you for your assistance in this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:87672

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