

COALPLEX INTERNATIONAL, INC.

ACT 1007/012

Folder # 2

0075

Advanced Fuel Technologies
University Gardens

4634 S. Maryland Parkway, Suite #101

Las Vegas, Nevada 89119-6311

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FACSIMILE MESSAGE TRANSMITTAL

TO: Mr. James W. Carter, Director, Division of Oil, Gas & Mining

FAX: (801) 359-3940 PHONE: (801) 538-5340

FROM: Daniel J. Longworth, President & CEO

THIS TRANSMISSION FROM: Mary Ellen, Executive Secretary

DATE: 2/15/96

NUMBER OF PAGES (Including transmittal): 4

COMMUNICATION:

Dear Mr. Carter,

We are anxious to know if you received our letter faxed to you on the 9th ?

Attached is a copy of Mr. Hinckley's letter to us.

What is the status of COVOL's application as of today ?

Please let us know today VIA FAX. This is very important.

Thank you very much.

Mary Ellen Hopper 

Executive Secretary to Daniel J. Longworth

IF YOU DO NOT RECEIVE ALL OF THE PAGES INDICATED OR THE COPY IS NOT CLEAR, PLEASE CALL (702) 739-0303.

ENJOY YOUR DAY!

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February 8, 1996

VIA TELEFAX

Mr. Dan Longworth
CoalPlex International, Inc.
4634 S. Maryland Parkway
Suite 101
Las Vegas NV 89119-6311

Dear Mr. Longworth:

CoalPlex has a copy of the Acquisition Agreement for the Wellington Preparation Plant entered into on November 16, 1995 between Covol Technologies, Inc. and Nevada Electric Investment Company. NEICO is presently considering a request by Covol to extend the term of the Agreement for several months, which request Nevada Electric Investment Company may or may not grant. CoalPlex has continuously expressed interest in the Wellington property, and we want to review all possible options at this time.

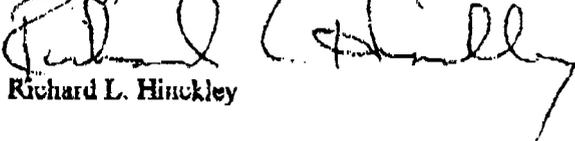
If Covol does not meet its deadline of February 15, 1996 for posting its reclamation surety bond or collateral, will CoalPlex be prepared to:

1. Pay to Nevada Electric Investment Company a non-refundable purchase price of \$100,000 on February 21, 1996?
2. By March 5, 1996, place into escrow with an entity acceptable to Nevada Electric Investment Company, a reclamation bond or collateral in the amount of the Reclamation Liability?
3. Close the sale by March 15, 1996?

Please respond as soon as possible but no later than February 12, 1996. All responses must be in writing. For the purpose of your response, Nevada Electric Investment represents that it will make all necessary arrangements to resolve any environmental issues related to Covol's handling of asbestos on the Wellington property. If you need any additional information to formulate your response, please let me know immediately.

This letter is not an offer or proposal, but rather a request for an offer or proposal that complies with the above requirements.

Sincerely,


Richard L. Hinckley

NEVADA ELECTRIC INVESTMENT COMPANY



COALPLEX INTERNATIONAL, INC.

Leaders & Innovators of Advanced Fuel Technologies

University Gardens

4634 South Maryland Parkway, Suite #101

Las Vegas, Nevada 89119-6311

February 7, 1996

Mr. Richard Hinckley
Vice President and General Counsel
Nevada Electric Investment Company
6226 West Sahara Avenue
Las Vegas, NV 89151

Dear Richard,

In response to your letter of February 6, 1996, please be advised that CoalPlex has been and remains very much interested in the Wellington property. We trust you are finding that NEICO has been damaged, just as CoalPlex had been previously, by misplaced trust and reliance on COVOL.

In your letter to me dated December 18, 1995, you advised me, "that your recent statements that COVOL contacted NEICO starting in early 1995 to buy the Wellington property are untrue." Those statements were verbatim quotes from sworn statements made by COVOL in the complaint that they filed against us in Utah Federal District Court on October 31, 1995. I formerly believed that COVOL would not dare lie in Federal Court and to an officer of that court.

Based on information from official and reliable sources, we believe that COVOL is not an appropriate permittee to be approved by the State of Utah, under any circumstances.

CoalPlex is prepared to proceed on the schedule you suggest in your letter. CoalPlex will pay, if you think it's the best available option, a non-refundable purchase price of \$100,000 on February 21, 1996. CoalPlex will, by March 5, 1996, place into escrow with an entity acceptable to Nevada Electric Investment Company, a reclamation bond or collateral in the amount of the Reclamation Liability, or surety acceptable to DOGM sufficient to release NEICO from its reclamation liability. CoalPlex will close the sale by March 15, 1996.

Our nationally known reclamation and dismantling team are certified asbestos removal experts and have previously inspected the Wellington property for us last July. They indicated to us then and again today, that they can mobilize and begin reclamation of the

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Mr. Richard Hinckley, NEICO Vice President
February 7, 1996
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property, weather permitting, within five (5) days. They know that there is additional asbestos in the dryer building that would have to be removed during their reclamation work, in addition to the asbestos that COVOL stashed there on January 6, 1996.

Therefore, to avoid redundancy, they would, if NEICO would be agreeable to and prefer such an arrangement, be prepared to negotiate a clean up of the "bootlegged" asbestos as a portion of the purchase price, if NEICO is willing to negotiate on such a basis. Considering the circumstances, we think this makes sense.

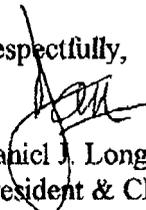
This offer and proposal is contingent on NEICO's representation in your letter that NEICO will make all necessary arrangements to resolve any environmental issues related to COVOL's botched and illegal handling of asbestos on the Wellington property.

In addition, if governmental action or the clean-up of the asbestos will substantially delay or impair the utilization of the Wellington property by CoalPlex, we would need to be informed and to make mutually agreed upon suitable adjustments to the offer and/or the schedule you have suggested and requested. It is our understanding that those determinations are presently being made by the involved supervisory agencies and will be available shortly.

We apologize for any inconvenience that we might have caused you, Mr. Lenzie or NEICO. At first, after our agreements with COVOL and Kirby Cochran injured, delayed and defrauded us, we were a little embarrassed that our due diligence had not immediately detected Mr. Cochran's past history of fraud. Now that we have been contacted by the investigator for the Utah Attorney General's office and we know we are not alone, we don't feel as embarrassed.

Thank you very much.

Respectfully,


Daniel J. Longworth
President & CEO

DJL/meh

Enclosures: