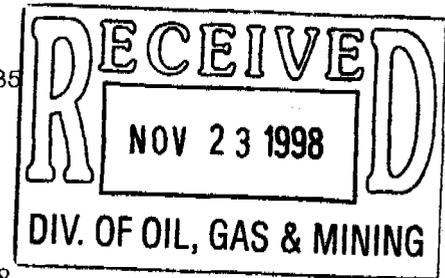


ANDALEX
RESOURCES, INC.

P.O. BOX 902
PRICE, UTAH 84501
PHONE (435) 637-5385
FAX (435) 637-8860



November 19, 1998

Utah Division of Oil, Gas & Mining
1594 West No. Temple, Suite 1210
Salt Lake City, Utah 84114-5801
Attn: Mary Ann Wright

*Mary Ann Wright, Paul, Pam
ACT/007/012
#2
(2-sides)*

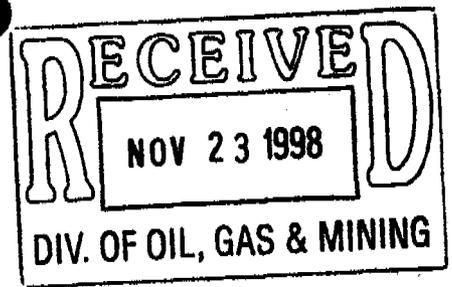
Dear Ms Wright,

ANDALEX Resources, Inc. would like to respond to the public notice wherein Nevada Electric Investment Company (NEICO) has applied for approval of an industrial post mining land use and bond release for a 332 area of the Wellington Preparation Plant, Act 007/012. As you are aware ANDALEX has an option agreement with NEICO to purchase a 200 acre area of the site covered under the pending land use/bond release applications. This site is one of three sites which we are considering for a new multimillion dollar, state-of-the-art unit train coal loading facility. The construction budget for this project has been approved by the Board of Directors and detailed design engineering is well underway.

Based on a recently completed economic evaluation we have concluded that the NEICO site is our favored location for the loadout facility. However, we cannot consider this as a viable site unless and until the area is released from bond liability and removed from the existing SMCRA permit area. If we cannot pursue this site we will have no choice but to pursue one of our other two options. Both of these alternate sites are located in prime farmland areas in close proximity to residential areas. Clearly, from an environmental stand point, the NEICO site is the most suitable site for a new large-scale industrial facility. Due to the aggressive schedule of the WEST RIDGE project we have been instructed by our board to make a final site selection by the end of December so that construction can begin by April, 1999.

We are working diligently with NEICO to accomplish the necessary on-site reclamation work and MRP amendments in a manner consistent with DOGM's regulatory requirements. We believe that the site has now been reclaimed to a standard that will accommodate an industrial use such a coal loading facility. We believe that no other area within the central Utah coal fields is a more suitable industrial site. We also believe that ANDALEX Resources, Inc. and our partner Intermountain Power Agency (IPA), have sufficiently demonstrated our long-term commitment to the economic well being of Central Utah and the serious nature of our proposal for the NEICO site. We also believe that DOGM has the regulatory authority to approve the industrial use/bond release for area in its present reclaimed condition.

Mary Ann Wright
Utah Division of Oil, Gas & Mining
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We urge the Division to move expeditiously to approve this request. Utilization of the NEICO site is a common sense plan that is consistent with the reclamation objectives of the Division, and is obviously a prime location for a new industrial facility.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dave Shaver".

Dave Shaver
Manager, Technical Services