

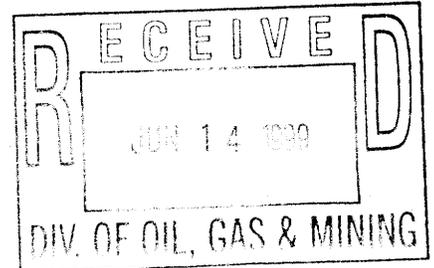


EARTHCO

Reclaiming the Earth's Resources

June 10, 1999

CT/007/012 #2
Copy Pam



Pamela Grubaugh-Littig
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Salt Lake City, UT 84114-5601

RE: Bond #76-0120-07851-99-2, In the amount of \$3 Million.

Dear Pamela:

Thank you for your letter of May 27, 1999. You have pointed out some deficiencies regarding the \$3 Million Bond and requirement for the permit transfer. We are aware that there remains \$4.9 Million of bond and that the bond submitted is for \$3 Million. In order to solve this issue we are still hopeful that Andalex will commit to the purchase of Parcel D, thereby reducing the bond by \$1.9 Million. However, we are negotiating with other potential users of Parcel D as well as pursuing the posting of a letter of credit for the \$1.9 Million. We are in constant contact with NEICO and the other parties having an interest in this project.

I have discussed the issue about the bond with Edward Cronick at Clearwater, he suggested that you return the bond directly to him at 1760 Abbott Road, Anchorage, Alaska 99507. His phone number is (907) 522-3638. He will take care of the deficiency and have it ready to submit when we are ready to finalize the permit transfer.

Thank you for your efforts.

Regards,

EARTHCO

James W. Scott

James W. Scott
President

cc: Ed Cronick
Jerry Slusser