

**KAISER
COAL**KAISER COAL CORPORATION
OF YORK CANYON
P. O. BOX 1107
RATON, NEW MEXICO 87740
(505) 445-5531**RECEIVED**
JUN 06 1990DIVISION OF
OIL, GAS & MINING

May 23, 1990

Mr. Mel Coonrod
Environmental Industrial Services
P. O. Box 358
Elmo, Utah 84521

Dear Mel:

I have recently been advised that the Kaiser Coal Board of Directors has authorized expenditures to permit construction processes to begin to abate OSM NOV 89-02-370-006 TV2 at the Horse Canyon Mine. Mr. D. Anderson of Intermountain Power Association (IPA) has given his approval to allow access to the Horse Canyon property to begin actual work.

You are to regard this correspondence as authorization to proceed to initiate and bring to completion, before the abatement deadline, all steps necessary to completely abate the above referenced NOV per the submitted designs and responses to the Technical Memorandums at costs not to exceed one of the following circumstances:

1. Case #1: No material needed from the designated on-site Borrow Area --- \$29,446.00.
2. Case #2: Supplemental material supplied from the on-site Borrow Area --- \$32,446.00.
3. Case #3: Supplemental material supplied from off-site sources in its entirety --- \$36,000.00.

IPA will require your firm to execute an indemnification document which will allow access to their Horse Canyon property. If you have not already executed such for this project, please contact Ms. Denise A. Dragoo, of Fabian and Clendenin, at 801-531-8900 to finalize this necessary preliminary arrangement.

Please indicate your agreement with the above by your signature on page two and return this executed document to Kaiser

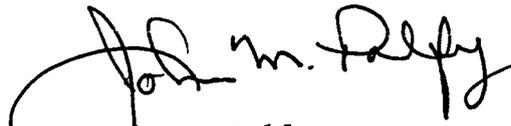
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Page 2

Coal. I have enclosed a second copy of this correspondence and a pre-addressed stamped envelope for your convenience.

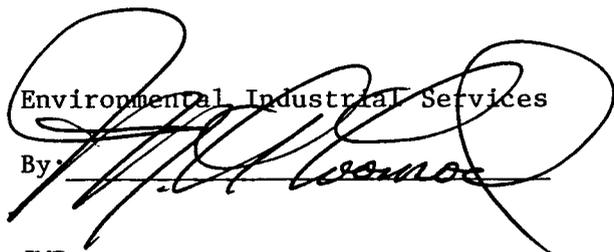
If you have any questions whatsoever or wish to discuss this matter further, please do not hesitate to call me at 505-445-2395.

Very truly yours,

KAISER COAL CORPORATION



John M. Palfy
Agent - Kaiser Coal Corp.



Environmental Industrial Services
By: Mel Coonrod

JMP:mcs

Encl: a/s

cc: Stonie Barker, Jr.
Jim Marvin
Bruce Hendry
Claude A. Bradford
Hal Lewis, Esq.
Denise Drago, Esq.
Pamela-Grubaugh-Littig - DOGM, Salt Lake City
George W. Bartlett, Jr. - NACI, Dallas
Bill Malencik - DOGM, Price
Mitchell S. Rollings - OSM, Albuquerque
Dana Medina