



UtahAmerican Energy, Inc.

April 7, 2003

Attorney General Shurtleff
 Utah State Capitol Office
 236 State Capitol
 Salt Lake City, Utah 84114-0810

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C/007/013

Dear General Shurtleff:

Mr. Robert E. Murray, Mr. Clyde I. Borrell and UtahAmerican Energy, Inc. ("UEI") are extremely proud to be part of the "Horse Canyon Project" as proposed by the Center of Mine Land Redevelopment. An excellent summary of the proposed project can be found at:

[Http://www.utah.edu/uees/mlr/horsecanyon.html](http://www.utah.edu/uees/mlr/horsecanyon.html)

A copy is attached for your review.

The Horse Canyon Project is located approximately 35 miles southeast of Price, Utah, and approximately 160 miles southeast of Salt Lake City, Utah. It is located in both Carbon and Emery Counties.

History of Horse Canyon:

As World War II was approaching, the United States Government launched a program to increase the steel production capacity of the nation. After the Pearl Harbor attack, the policy of establishing steel mills near the sources of raw materials, and away from threatening bomb areas, was adopted. The Geneva Steel Plant in Provo, Utah, was one of these plants, and it necessitated the opening of more coal mines to provide the needed coal for the steel mill. As a result, the Geneva Mine at Horse Canyon was opened.

The mine was constructed in 1942 with Geneva Steel Company operating the mine for the Defense Plan Corporation, which was a United States Government Agency. In 1946 the mine was purchased from the War Assets Administration by the United States Steel Corporation and was operated by the Columbia-Geneva Steel Division of the Geneva Steel Company until it was permanently closed in January 1984. On November 11, 1984, Kaiser Steel purchased the Horse Canyon Mine property from U.S. Steel. In April 1990, Intermountain Power Agency ("IPA") acquired the Horse Canyon Mine from Kaiser Coal's bankruptcy estate. In July of 2000, UtahAmerican Energy, Inc. purchased all of IPA's holdings associated with the Horse Canyon property.

Partial reclamation of the site was completed by IPA in 1990 with the buildings being left in place for possible future mining use. Subsequent studies determined that the best access for the remaining Horse Canyon leases would be from new portals in Lila Canyon and not from the existing Horse Canyon facility. As a result of these studies it has been determined that the Horse

Canyon property does not fit into UEI's long term mine plans, and thus, we have offered the assets as a donation to the Utah educational system.

As shown in Photo #1, four principal buildings remain on the proposed site. Looking at the buildings, one can just imagine a bustling field camp for undergraduates as well as graduate students doing research in various fields including; geology, paleontology, archaeology, ecology, botany, biology and other natural sciences. Even non-educational entities could use the facility for retreats, training seminars, and workshops.

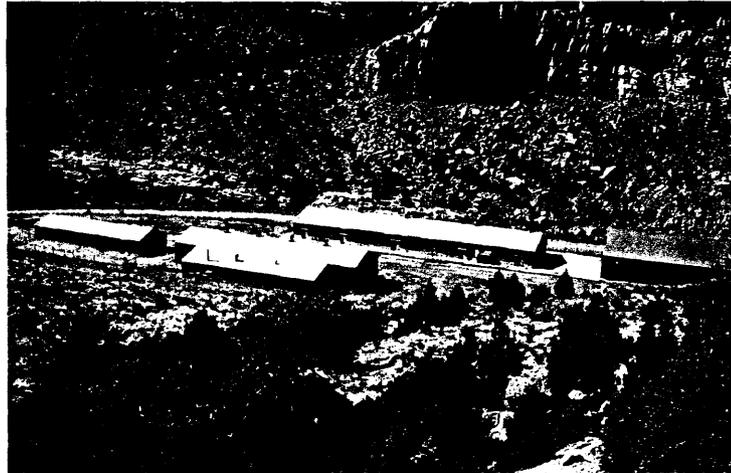


Photo 1 (Buildings)

Photo #2 was taken in the heart of the nearly 1,000 acres being proposed for donation. The photo was taken at the location where the public road forks. The left fork continues beyond the proposed donated property and onto the Tavaputs Ranch in Range Creek. The right fork climbs to the top of the Book Cliffs, then follows the top of the Book Cliffs to Turtle Canyon before dropping into the Green River, all of which is public access. This "little park" road opens up many thousands of acres of public land for multiple use.



Photo 2 (Above Buildings)

Photo #3 was taken from the northeast boundary of the proposed property donation looking east. The photo shows some of the rugged beauty that can be found on, and near, the Horse Canyon Project. The property provides unlimited opportunities for hiking, photography, and biking.



Photo 3 (Looking East)

Photo #4 was taken from the hill adjacent to the building looking west. The photo shows some of the additional 400 acres, above and beyond the original 900 acres offered, that might be included in the donation if UEI can get a wavier from the Division of Oil, Gas, and Mining ("DOGGM") on their vegetation guidelines. This area has been reclaimed and is currently under Phase II bond release. DOGM guidelines, not regulation, require two years of vegetation studies prior to Phase III (final) bond release. UEI plans on doing the first of the two vegetation studies this spring. Assuming that the property meets vegetation success standards this spring, UEI is going to requests a wavier of the second year of studies. The property already met the vegetation success standards in 1996, and we are confident that it will again meet the standards in 2003. If it does meet the vegetation standards in 2003, the second study would only be redundant and would serve no real purpose. If DOGM allows the wavier, then UEI will donate not only the original 900 acres, but also the additional acreage that has already been reclaimed.

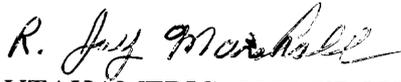


Photo 4 (Looking West)

Again, we are very excited and proud to be a major participant in the "Horse Canyon Project" as proposed by the Center for Mine Land Redevelopment. I would like to extend a personal invitation to you, or anyone from your staff, to see the site in person.

If you have any questions, please do not hesitate to contact me.

Sincerely:

A handwritten signature in cursive script that reads "R. Jay Marshall".

UTAHAMERICAN ENERGY, INC.

R. Jay Marshall, PE

Project Manager

Attachment: "Horse Canyon Project"

Cc:

Robert E. Murray, President and Chief Executive Officer, Murray Energy Corporation

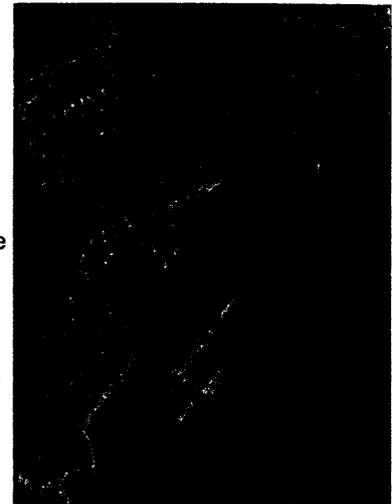
Clyde I. Borrell, President, UtahAmerican Energy, Inc.



PROJECT AREA

The Horse Canyon Mine is located a few miles south of the city of Price in Emery County, Utah. The project will have a positive economic impact on Carbon and Emery Counties and the College of Eastern Utah through construction activities, increased scientific activity, positive news features and general publicity, potentially increased tourism, and direct revenues from the facility.

The Horse Canyon mine was a coal mine operated for years by U.S. Steel, Geneva Steel, and most recently by UtahAmerican Energy, Inc. (UtahAmerican). The operator has now permanently closed the mine, and is in the process of permitting a new mine east of Horse Canyon. Four principal buildings are located on 3-4 acres of the mine property at the mouth of Horse Canyon: a large warehouse building, a corrugated metal shop building, a bathhouse, and an office building. The brick buildings appear to be structurally sound. No utilities are currently in use on the site, although potable water is locally available from a well. A water tank is located about a mile up the canyon from the buildings. UtahAmerican has agreed to donate the buildings and the property under and surrounding the buildings to the College of Eastern Utah, and they will assist in securing utilities into the property.



PROJECT DESCRIPTION



Horse Canyon is a stunningly beautiful canyon rising into the spectacular Book Cliffs of Utah. A science field camp for Utah universities at the Horse Canyon site will have access to extensive BLM land in the Book Cliffs that can be used for scientific study. In addition, several world-class dinosaur fossil localities are located within a 25-mile radius of Horse Canyon. The camp will be a place where students and researchers can come and stay while studying a variety of subjects, including geology, ecology, botany, biology, and other natural sciences. Other, unrelated, disciplines, such as art, psychology – the list is almost endless – could also use the facility for retreats and training. Workshops and short courses could be held at the camp. In addition, out-of-state universities have indicated that they would lease the facility for their use. The Book Cliffs area is ideal for geology studies because it is the uppermost step of the Grand Staircase, one of the most dramatic geological features in the world. It is within easy driving distance of Moab,

Canyonlands National Park, Arches National Park, Capitol Reef National Park, the San Rafael Swell, the LaSalle Mountains, and many other world-class geological features. Several of the world's best dinosaur fossil localities are within a short radius of Horse Canyon, and the shop building with a high ceiling and overhead hoists would be an ideal facility to re-assemble dinosaur skeletons. Ecologists and other scientists will find a similar wealth and diversity of natural subjects there to study. Graduate students doing research for a Master's Degree or Doctorate could use the facility as a field base. Utah high schools might also organize field trips around the camp and it may be leased by private organizations, as well.

PROJECT SUPPORTERS

The Center for Mine Land Redevelopment wishes to express its deep appreciation to UtahAmerican Energy, who has graciously agreed to donate the land, the Economic Development Administration who has funded the project, the faculty and staff of the College of Eastern Utah and the University of Utah, the County Commissions of Emery and Carbon Counties, Andalex, Canyon Fuels, Interwest, Kennecott Utah Copper, and all the others without whose support this project would not be possible.

PROJECT INFORMATION

If you are interested in obtaining additional information on the project or would like to become a project supporter, please contact the following:

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Last Updated: Thursday, August 15, 2002

