



UtahAmerican Energy, Inc.

January 23, 2004

Darron Haddock Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED

JAN 26 2004

DIV. OF OIL, GAS & MINING

Re: Post Mine Land Use Change (PMLU), Horse Canyon Mine, C/007/013

Dear Mr. Haddock:

Prior to signing the Memorandum of Agreement ("MOA") with CEU there is one item that Corporate has asked me to verify. "Will the donation in any way negatively effect the application for the Lila Canyon Extension to the Horse Canyon Mine."

At the initial PMLU meeting held in SLC where you, Mary Ann, and Pam representing DOGM, Gene Carr and Jack Hamilton from the University of Utah, and myself were in attendance, the question was asked, would the donation would in any way effect the pending Lila extension to the Horse Canyon Mine Permit? The statements made at the meeting were that the PMLU was a separate permitting action from the Lila extension, the two actions were independent of each other, and one would not effect the other.

Again on the 26th of February 2002, at the request of Clyde Borrell, I contacted you by phone, at which time you told me that the donation would not negatively effect the Lila Canyon Application.

From the very first meeting both, UEI and the University of Utah, have been moving forward with the donation with the understanding that the donation would in no way negatively effect the pending Lila Canyon Extension to the Horse Canyon Permit. Should this not be the case, please notify me immediately.

Sincerely,

R. Jay Marshall

R. Jay Marshall
Project Engineer

*Insuring
C/007/0013
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