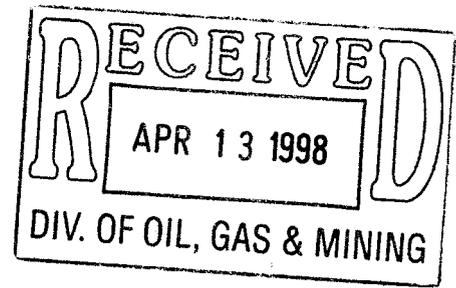


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Canyon Fuel Company, LLC
Soldier Canyon Mine
P.O. Box 1029
Wellington, Utah 84542
801/637-6360 Fax: 801/637-0108

R.W. "Rick" Olsen
General Manager



April 9, 1998

G. Milton Thayn
7730 E Hwy 6
Wellington, UT 84542

Dear Mr. Thayn: *MIT*

ACT/007/018 #2
Copy ACT/007/039 #2
Copy Daron

Pursuant to our recent meetings with you and your sons related to our planned Dugout Canyon Project and Soldier Canyon's plans to eventually develop the federal coal lease beneath surface properties under your ownership, I am forwarding this letter to you for clarification and file.

Please be advised that Soldier Canyon agrees to the following:

- 1) The property boundaries between our property and your property in Dugout Canyon will be re-surveyed and marked at no cost to you.
- 2) The current livestock drift fence separating the properties will be relocated to or nearer the surveyed property boundaries.
- 3) The main ventilation fan planned for the Dugout Canyon Mine will be re-oriented in order to reduce noise levels.

In addition to the aforementioned items, please be advised that in a gesture of maintaining our "good neighbor policy", you will be allowed to use 50 shares of Soldier Canyon's Scofield water during the 1998 water season. Mr. Glen Wells of the Wellington Canal Company has been notified by telephone of this temporary water use and please note the enclosed confirming letter to this effect.

I am looking forward to continuing to work with you and your sons as this project develops.

I would greatly appreciate it if you would contact Daron Haddock of the Division of Oil, Gas and Mining (DOGM) at (801) 538-5325 and advise him of your satisfaction to date related to your original concerns and follow up with a letter if Daron Haddock requests it. The DOGM address is: Daron Haddock, Permit Supervisor, Division of Oil, Gas and Mining, P.O. Box 145801, SLC, UT 84114-5801.

Sincerely,

R.W. Olsen
General Manager

xc: DOGM
D. Thayn
K. Payne
C. Files - Dugout Canyon