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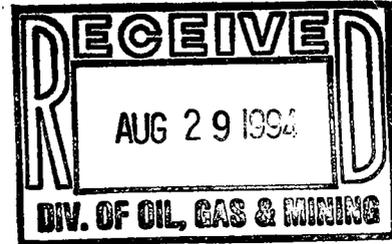


ANDALEX
RESOURCES, INC.
Tower Division

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August 17, 1994

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



Attn: Pamela Grubaugh-Littig,
Permit Supervisor

Re: ACT 007-019 Cyprus Water Monitoring Well

Dear Ms. Littig:

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Copy Copy PAM

This letter is to acknowledge that Cyprus Western Coal Company intends to drill a water monitoring well (B121) within Andalex's federal coal lease number UTU-69600 which is a portion of Andalex's approved Mining and Reclamation Plan (MRP) ACT 007/019. The location of the well is more specifically shown on the enclosed Plate 21, which is a part of Andalex's approved MRP.

It is understood by all interested parties that this well is approved by Andalex (AMCA) under a "Surface Use Agreement" which specifically outlines Cyprus' responsibilities and liabilities. A memorandum of this agreement will be recorded at the Carbon County Recorder's office in Price, Utah.

This letter should be inserted into Appendix J of Andalex's MRP, "Other Approvals".

Sincerely,

Michael W. Glasson,
Senior Geologist