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December 30, 1993

Pamela Grubaugh-Littig
 Permit Supervisor
 Division of Oil, Gas and Mining
 Department of Natural Resources
 State of Utah
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RECEIVED

JAN 03 1994

DIVISION OF
OIL, GAS & MINING

Re: ~~Blue Blaze Mine~~
 PRO/007/020
 Carbon County, Utah

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Copy RAM

Reference is made to your letter of December 9, 1993 addressed to William R. Skaggs regarding the status of the Permit Application and pending resumption of operations on Federal Coal Lease SL-06011.

There are presently two applications filed by Blue Blaze Coal Company under consideration in the Utah State BLM office as follows: (1) LMU Application filed April 15, 1992, for the designation of a logical mining unit pertaining to lands contained in SL-06011 and fee lands controlled by the applicant; and (2) Application for Suspension of Operations and Production, Federal Coal Lease SL-063011, filed May 15, 1992. As I understand it, no action has been taken in respect to either of these applications to the present date and SL-063011 remains in good standing.

A review of the Permit Application file reflects the following: application for Mining Permit and Approval of Reclamation Plan was timely filed with the Utah Division of Oil, Gas and Mining by Blue Blaze Coal Company in March of 1989; between the date of filing and May of 1992, the application was reviewed and re-reviewed, additional data was requested which were supplied by Blue Blaze, further review of that information was made by DOGM personnel and others; new hydrological data was requested and furnished and evaluation of that data was made; and, after more than three (3) years, on

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May 29, 1992, as confirmed by letter from DOGM of June 4, 1992, DOGM informed Blue Blaze that it was prepared to issue the Mining and Reclamation Permit with the posting of a \$350,000 reclamation bond.

Having exhausted its available capital in the permitting process, Blue Blaze has been pursuing additional sources of capital to proceed with the re-opening of the mine and the resumption of production activities. I'm advised these efforts have been successful and a transaction is currently being negotiated with a capable coal mine operator presently operating coal mines in Utah. A binding contract is expected to be finalized within the next sixty (60) days which will provide for the following:

- (a) The posting of the required \$350,000 reclamation bond for the issuance of the mining permit by DOGM.
- (b) Placing of the property into production on a development schedule for resumption of operations in May of 1994.
- (c) Shipments of coal to commence beginning in July, 1994.

It has been agreed that BLM will be kept informed on a continuing basis when the contract is completed and the scheduled activities are commenced.

The previously described pending applications with BLM recite the facts and rationale for their approval and I believe DOGM has previously been furnished with copies. If not, please advise and I will arrange to furnish them.

If you have any questions or comments or require further information, please let me know.

Very truly yours,


O. W. Gushee, Jr.

OWG/sh
1191.05
cc: Utah Coal & Chemicals
Roger Skaggs