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To PAM	From STAN	
Co.	Co. BLM	
Dept.	Phone # 539-4036	
Fax #	Fax #	

ROBERT G. FRUITT, JR.
 OLIVER W. GUSHEE, JR.
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OF COUNSEL
 JOHN F. WALDO
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Doug K
also need + discuss
Bob L
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April 5, 1995

Utah State Office
 Bureau of Land Management
 Coordinated Financial Center
 324 South State Street, Suite 400
 Salt Lake City, UT 84111
 Attention: Alan Rabinoff

Route to Stan, then
file #00/007/020 #2
FAX-PAM

Re: **Federal Coal Lease SL-063011**

Reference is made to the meeting of March 31, 1995, attended by Alan Rabinoff, Max Nielson, Bob Lopez and Chris Merritt on behalf of the Bureau of Land Management ("BLM") and Brad Bourquin, Horizon Coal Corporation's technical consultant based in Denver, Colorado, and myself, concerning the status of Federal Coal Lease SL-063011. During the course of the meeting, events and actions taken by Hidden Splendor Resources, Ltd. ("Hidden Splendor") and Horizon Coal Corporation ("Horizon"), a subsidiary of Cumberland Resources Corporation, since the meeting between the BLM, Hidden Splendor and Horizon representatives on December 1, 1994, were openly discussed and other important matters were reviewed relating to the scheduled commencement of operations.

One purpose of this letter is to confirm that Horizon has succeeded to the interest of Blue Blaze Coal Co. in the LMU application dated April 8, 1992, filed by Blue Blaze on April 15, 1992, and Horizon assumes the obligations of the LMU Application. At the time of approval of the LMU, it is requested it be approved in the name of Horizon Coal Corporation.

It is important to be aware that the LMU Application includes both fee land and SL-063011 owned by Hidden Splendor (as successor to Utah Coal & Chemicals Corporation). Hidden Splendor and Horizon have entered into an agreement in the form of a Mining Lease which has been filed with the confidentiality information submitted with the Request for Approval of the Hidden Splendor Sublease of SL-063011 to Horizon. The approval of the LMU will be an important factor for proceeding with mining in the Federal Coal Lease SL-063011 lands a short time after commencement of operations.

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The facts are:

- (a) The surface entry to mining of all coal reserves from the Blue Blaze Mine lies upon the fee land.
- (b) Commencement of operations, including construction of additional facilities, will occur upon the fee lands.
- (c) A review of the previous mining activities in the area reflect that considerable mining has taken place on the fee lands in the past. It is estimated that since 1982 more than 175,000 tons of coal were mined from fee lands which will be a part of the proposed LMU. We understand that Steve Falk at the BLM District Office is currently verifying this estimate.
- (d) There is no other access to the coal reserve contained in Federal Coal Lease SL-063011 other than the fee land workings also subject to the Hidden Splendor/Horizon Mining Lease. Your attention is directed to the text of the LMU Application itself for further information.

At the close of the meeting on March 31, 1995, we were also requested to provide a summary of the timeframe which appears to be involved in completion of the approval process on the Permit and commencement of operations and production. As you know, Horizon has already filed its Assignment of the Blue Blaze Application for Mining Permit and Reclamation Plan with the Utah Division of Oil, Gas and Mining ("DOGGM"). Timeline estimates are as follows:

4/1/95 - 4/30/95. In response to a request by DOGM, the Permit Application is currently being updated by personnel of Earthfax Engineering, Inc., Environmental Consultants based in Salt Lake City, who are already familiar with the Blue Blaze Mine by having previously assisted Blue Blaze Coal Co. in connection with the Permit. As the Assignee of the Permit Application, Horizon is preparing current legal and financial information pursuant to State of Utah and OSM regulations.

05/01/95 - 06/30/95. Following the receipt by DOGM of the additional information requested, DOGM is entitled to sixty (60) days in which to review such additional information with a scheduled publication of four weeks following the completion of that review. Horizon is hopeful this review period may be shortened due to the wealth of data and information already collected and reviewed by DOGM.

07/01/95 - 08/30/95. Presuming publication not earlier than July 1, there is a thirty (30) day public comment period following the close of publication.

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08/30/95 - Issuance of DOGM Permit decision with calculation of required bond amount.

08/10/95 - Filing of Reclamation Bond not later than August 10, 1995.

08/10/95 - Submittal of approved Mining Permit to OSM.

09/01/95 - Commencement of surface facilities construction.

12/01/95 - Commencement of operations and production from the Castlegate coal seam in the fee ground.

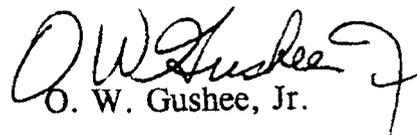
Obviously, the timeline set out above is an estimate but it is based upon discussions with DOGM and is considered reliable at this time. From Horizon's standpoint, it sees no problem in satisfying the LMU superseded diligence requirements under Federal Coal Lease SL-063011 by the end of 1995.

In addition to the immediate timeframe mentioned above, the operator, Horizon, has extrapolated other activities through the middle of 1996, including obtaining exploration permits for presently unleased ground adjacent to the mine; drilling of Hiawatha Seam hydrology wells and collection of data; and Federal Coal Lease application for adjacent ground, etc.

The intent of this letter was to provide a follow-up on requested information from the meeting of March 31, 1995. Should additional data/information be required, please advise.

It is further intended that Horizon will regularly provide BLM with information on the status of accomplishment of the tasks described in the timeline, as well as any other tasks that may be identified as the project proceeds.

Very truly yours,


O. W. Gushee, Jr.

OWG:sh
cc: Brad Bourquin
Judy Tabb
Hidden Splendor

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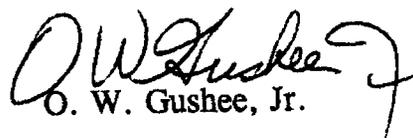
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