



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF WATER RIGHTS

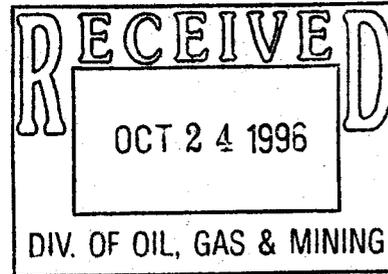
Michael O. Leavitt
 Governor
 Ted Stewart
 Executive Director
 Robert L. Morgan
 State Engineer

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ACT/007/020
 #2

October 22, 1996

Division of Oil, Gas & Mining
 Attn: Susan White
 1594 West North Temple Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801



Re: Horizon Coal Corporation
 Jewkes Creek & Portal Canyon Drainage
 Joint Permit Application #96-91-06

Dear Ms. White:

The above referenced permit was filed with our office on April 22, 1996 by Horizon Coal Corporation. The application proposed to alter Jewkes Creek and the Portal Canyon Drainage as Horizon Coal develops their coal leases in those canyons. During the circulation process there was a question whether or not wetlands exist in the area. After visiting with Vicky Bailey of Earthfax Engineering, she indicated that she had some communication with the Corps and particularly with Mr. Jamie White. I contacted Mr. White by telephone and it was decided that we would process the Joint Permit Application under the state regulation. At that point in time, I assumed that the Corps did not consider the area in question as a wetland, and as such, the Joint Permit Application was approved on June 21, 1996 by the State Engineer.

I trust this information will help clarify the record concerning this matter. Should you have further questions or comments, please feel free to contact me.

Sincerely,

Mark P. Page
 Regional Engineer

cc: Vicky Bailey - Earthfax Engineering

MPP/mjk

