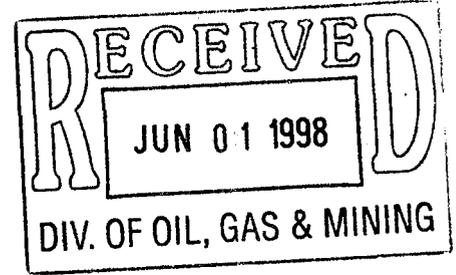




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



In Reply Refer To:
3425
UTU-74804
(UT-932)

MAY 29 1998

Mr. Lowell Braxton, Director
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Braxton:

ACT/007/020 #2
copy PFO

A competitive coal lease sale was held by this office on May 14, 1998. Horizon Mining, LLC was declared the high qualified bidder for the Beaver Creek Tract, assigned serial number UTU-74804, described as follows:

T. 13 S., R. 8 E., SLM, UT
Sec. 6, SESW, S2SE, NWSE;
Sec. 7, lots 1-3, E2, E2W2;
Sec. 8, SWNE, NWNW, S2NW,
N2SW, SWSW, W2SE;
Sec. 17, N2NW, SWNE;
Sec. 18, NENE.

Containing 1,288.49 acres, Carbon County, Utah

Enclosed is a copy of the minutes of the sale. The bid of \$315,000 was accepted by our State Director on May 20, 1998.

We will notify you when coal lease UTU-74804 is issued.

Sincerely,

Douglas M. Koza
Deputy State Director,
Natural Resources

Enclosure
Minutes of Sale

Minutes of Lease By Application
Coal Sale
Utah State Office

Beaver Creek Tract

May 14, 1998

A coal lease sale was held at 1:00 p.m., May 14, 1998, pursuant to a notice issued April 14, 1998, and was conducted under the authority of Section 2(a)(1) of the Mineral Leasing Act of 1920, as amended.

The sale included one tract, Beaver Creek, which conformed to the Lease By Application sale criteria set forth in 43 CFR 3425.1-5, and was found to be environmentally suitable for leasing, potentially economic for coal production, and consistent with local or regional, social or economic needs. The tract contains 1,288.49 acres located approximately 15 miles northwest of Price, Utah in Carbon County.

The sale was conducted by Chris Merritt, Acting Group Leader, Minerals Adjudication Group. A list of attendees is attached.

The coal resources were offered for lease by sealed bid. One sealed bid was received on the tract. A summary is shown below:

UTU-74804

Acres: 1,288.49

Coal Quality:

BTU/lb.:	12,328
Percent Moisture:	6.72
Percent Sulphur:	.53
Percent Ash:	6.17
Percent Fixed Carbon:	45.09
Percent Volatile Matter:	42.17

Minimum Acceptable Bid:	Per Acre	\$100.00
	Total	\$128,900

High Bidder:	Horizon Mining LLC
Total Bid:	\$315,000
Per Acre Bid:	\$244.37
Total Submitted With Bid:	\$63,000
Per Ton Bid:	\$.05

The coal sale was declared closed at 1:15 p.m.