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FROM:

NAME: DENISE A. DRAGOO
CITY/STATE: Salt Lake City, Utah
RE: COMPLIANCE CONFERENCE
COMMENT: HORIZON MINE PERMIT NO. ACT/007/020

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March 13, 1998

VIA FACSIMILE & U.S. MAIL
(801) 359-3940

Mary Ann Wright
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

RE: Compliance Conference - Horizon Mine Permit No. ACT/007/020

Dear Mary Ann:

This letter confirms the upcoming compliance conference between the Utah Division of Oil, Gas & Mining (the "Division") and Horizon Mining, LLC ("Horizon"), operator of the Horizon Mine, Permit No. ACT/007/020. The meeting is scheduled to begin at 8:00 a.m. on Friday, March 20, 1998, at the Holiday Inn in Price, Utah. Horizon will be represented by Larry Jones, Mark Wayment, Vicky Bailey and me. We understand that you will be joined by Lowell Braxton, Bill Malensic and Joe Helfrich on behalf of the Division. Horizon is looking forward to this opportunity to review its compliance history and permitting priorities with the Division.

Horizon commenced commercial operations on non-federal lands in January and proposes to significantly expand its operations upon acquisition of federal Coal Lease No. UTU-74804. The Bureau of Land Management ("BLM") is proposing to hold a lease sale for this lease in late April, 1998. Horizon anticipates that it will obtain UTU-74804 and modify Mine Permit No. ACT/007/020 to include the following lands located in Carbon County, Utah:

Township 12 South, Range 9 East, SLM, Utah

Section 25: Lots 1-4, W2E2, W2 (all);
Section 26: E2E2.

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Township 12 South, Range 10 East, SLM, Utah

Section 28: E2, E2W2, SWNW, 2WSW;
Section 29: N2N2, S2NW, NWSW, E2SE;
Section 30: Lots 1-4, NE, E2W2, NSE, SWSE.

(Containing approximately 2, 299.40 acres).

During our meeting, Horizon would like to review the following issues:

1. Compliance history of the Horizon Mine;
2. Stamitakis' concerns discussed with the Division and BLM on March 18, 1998, regarding the Environmental Assessment for federal Coal Lease UTU-74804; and
3. Permitting schedule for major modification of the Horizon Mine Permit.

If weather and surface conditions permit, Horizon will conduct a mine tour of present and proposed surface operations at the Horizon Mine. Horizon requests that any such tour be conducted as a compliance conference, not as an inspection consistent with R645-400-380.

Finally, if time permits, the mine manager of White Oak Mining & Construction Co., Inc. ("White Oak"), would appreciate an opportunity to review permit scheduling issues regarding the minor modification of White Oak Mine Permit ACT/007/001. White Oak recently modified federal Coal Lease No. U-17354 to add 160 acres. The BLM and the Manti-LaSal National Forest have determined that the lease modification has no significant environmental impacts and issued a categorical exclusion from the requirements of the National Environmental Policy Act. This finding of no significant environmental impact by those surface management agencies should expedite permitting and reduce this permit change to a minor modification.

We anticipate that this meeting will end by no later than 11:00 a.m. to enable Division officials to return to Salt Lake City by early Friday afternoon. Scott Kiscaden will be available for a follow-up meeting with the Division at 8:00 a.m. on Monday, March 23, 1998. Please confirm the availability of the Division for our Monday meeting.

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We appreciate your willingness to meet with the mine operator concerning these issues.

Very truly yours,

A handwritten signature in black ink, consisting of a large, stylized capital letter 'D' followed by a horizontal line extending to the right.

Denise A. Dragoo

DAD:jmc:161889

cc: Scott Kiscaden
Todd Kiscaden
Larry Jones
Vicky Bailey
Lowell Braxton
Bill Malencik
Joe Helfrich