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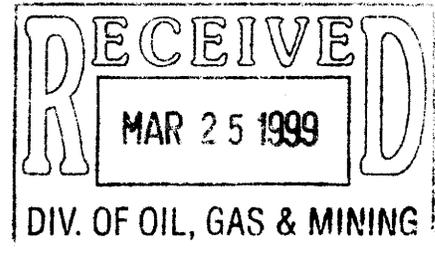
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CONFIRMATION OF
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March 23, 1999

Via Facsimile & U.S. Mail



Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Incidental Boundary Change, Horizon Mine Permit ACT/007/020 #2

Dear Ms. Grubaugh-Littig:

Thank you for your letter dated March 18, 1999, regarding the incidental boundary change for Horizon Mining, LLC's ("Horizon's") Permit No. ACT/007/020. On behalf of Horizon, we hereby correct several inaccuracies stated in the letter which may affect whether or not a federal mine plan approval is required for this submission. As set forth in our letter dated March 9, 1999, Horizon is currently mining federal coal within Federal Coal Lease UTU-74804, issued September 1, 1998. Horizon is operating consistent with Mine Permit No. ACT/007/020 under a right of way which was incorporated into the federal lease. Mine Permit No. ACT/007/020, issued effective October 26, 1996 included: "The permit area of Horizon No. 1 Mine and the federal coal right of way" . . . *Id.* at 1. Horizon's operations within the right of way have been proceeding under the supervision of the Bureau of Land Management ("BLM"). Contrary to your letter dated March 18, 1999, Horizon's operations within the right of way did not occur prior to the issuance of the federal coal lease. Mining within the right of way commenced in December, 1998, and continues through today in this area. The BLM right of way did not become part of the new lease "after the fact" as stated in your letter. The lands described within the right of way were incorporated in the legal description prior to the federal lease sale and are within the legal description set forth in the federal coal lease UTU-74804, effective September 1, 1998.

Clearly, Horizon's proposed operations under the incidental boundary change are not proceeding into leased federal coal lands "for the first time" under 30 CFR § 746.18(d)(4). Horizon will submit the proposed incidental boundary change for the Division's review and approval this week. I hope this letter clarifies any factual misunderstanding which Ranvir Singh may have concerning Horizon's operations. Please let me know if Horizon should address the matter of federal mine plan approval directly with the federal Office of Surface Mining.

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Thank you for your assistance in this matter.

Very truly yours,



Denise A. Drago

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