



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

9230
UTU-73227
UTU-74804
(UT-070)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certified No. Z 182 430 786

JUN 2 2000

Horizon Mining LLC
c/o Denise A. Dragoo, Esq.
Snell & Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Denise A. Dragoo
ACT/007/00
FAX PFO

Re: Notice of Unpaid Right-of-Way (ROW) Fees, Horizon Mine

Dear Ms. Dragoo:

In reviewing our records, the BLM has discovered that a portion of the fees due from coal mined from ROW UTU-73227 have not yet been paid. As per item 12 of "Exhibit A" of the approved ROW agreement, the fair market value for coal mined on the ROW was determined to be \$1.20 per ton or 8 percent of the sales price or not less than \$1.20 per ton. The \$1.20 per ton reflects a \$15.00 per ton sales price. If the sales price drops below \$15.00, the fee would remain \$1.20 and if the sales price increases above \$15.00, the fee would be 8 percent of the actual sales price. Minerals Management System (MMS) records show that the average sales price for all Federal coal mined at Horizon sold for \$15.648 per ton. Therefore, the fair market value for coal mined in the ROW will be \$1.25 per ton, which reflects 8 percent of the sales price specified in item 12 of "Exhibit A" of the approved ROW (see enclosed MMS report and Exhibit "A").

Horizon LLC has been given credit for the \$36,000 specified in item 13 of "Exhibit A" of the approved ROW. BLM received the required \$36,000 on October 29, 1997. The advance payment was for 25 percent of the estimated total fee for all the coal to be mined within the ROW. Our records indicate that a total of 55,265 tons were mined on the ROW, which equates to \$69,081.25 in fair market value. With the credit of \$36,000 which was paid previously, the balance of the total fair market value for coal mined on the ROW is \$33,081.25 (see enclosed spreadsheet).

The BLM does not have record of a bond being posted as per item 14 of "Exhibit A" of the ROW agreement. Please submit any additional documentation, if any, that Horizon LLC may have showing that a bond was posted or that additional payments have been paid for the ROW coal.

Without further documentation from Horizon LLC, the BLM assumes that our records are correct and that Horizon LLC owes \$33,081.25 in unpaid fees for coal mined within approved ROW UTU-73227. Please submit payment for \$33,081.25 (see enclosed Bill for Collection, Form 1371).

RECEIVED

JUN 05 2000

DIVISION OF
OIL, GAS AND MINING

If you have any questions, please contact Jay Marshall at 636-3614.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Manus". The signature is fluid and cursive, with the first name being the most prominent.

Richard L. Manus
Field Manager

4 Enclosures

1. MMS Report
2. Approved ROW, including "Exhibit A"
3. Horizon Coal ROW Fees (spreadsheet)
4. Bill for Collection, Form 1371

cc: State Office, Utah (UT-930) (w/o encl.)
Utah Division of Oil, Gas and Mining (w/o encl.)
1594 West North Temple, Suite 1210
Salt Lake city, Utah 84114-5801