

James T. Jensen
Executive Vice President &
General Counsel

SAVAGE

Savage Services Corporation
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April 18, 2006

Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 120
Box 145801
Salt Lake City, UT 84114-5801

RE: Savage Coal Terminal
Ownership/Control Clarification
C/007/022
Carbon County, Utah

McOmring
4/07/06
Copy Pam

Dear Pam:

Savage Services Corporation has entered into an agreement with Canyon Fuel Company to restart the wash plant at the Savage Coal Terminal for the purpose of cleaning a portion of the coal from the Canyon Fuel Company Dugout Mine. This letter is intended to clarify questions that have been raised as to the ownership and control of the operation.

In accordance with the agreement, Canyon Fuel is providing funding for the renovation and ownership of new equipment inside the existing wash plant. Canyon Fuel will also be responsible for the actual cleaning processes within the wash plant. The ownership and control of the existing wash plant facilities will remain with Savage. Savage will retain responsibility for all environmental compliance, including inspections and reclamation. The involvement with Canyon Fuel is strictly for the washing cycle within the existing wash plant, and will in no way (i) change ownership or control of the Savage Coal Terminal site or (ii) interfere or hamper any inspection from your agency.

As a further note of clarification, various changes will also be taking place external to the wash plant. These include the proposed stacking tube addition (Task #2463) presently being reviewed by your staff, and a forthcoming amendment to include the relocation and/addition of conveyors and settling ponds for the wash plant operation. All of these proposed modifications and additions external to the wash plant will be

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provided and owned, solely at the expense of Savage. Once again, this will not change any ownership or control of the Savage Coal Terminal site.

Hopefully, this letter will clarify some of the questions raised by these amendments. If you have any questions or need additional information, please contact me.

Sincerely,



James T. Jensen

cc:	Wayne Hedberg	DOGM
	Pete Hess	DOGM
	Ken Moizer	Savage
	Fred Busch	Savage
	Boyd Rhodes	Savage
	Dan Guy	Blackhawk