



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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May 14, 1999

BUILDING MAIL

*Copy Joe
#2*

Joseph C. Helfrich, Permit Supervisor
Division of Oil, Gas & Mining
1594 West, North Temple, Suite 1210
Salt Lake City, UT

RE: Minor Exploration, Canyon Fuel Co., L.L.C., Dugout Canyon, ACT/007/039-99A, File #2

Dear Mr. Helfrich,

This letter is to advise you that Canyon Fuel Company, L.L.C., currently holds coal lease ML 42648 in good standing with the Trust Lands Administration as to the following described lands.

| | |
|-------------------------------|----------------------|
| <u>T13S, R12E, SLB&M</u> | <u>Carbon County</u> |
| Sec. 10: S2 | 3,640 acres |
| Sec. 11: S2 | |
| Sec. 14: All | |
| Sec. 15: All | |
| Sec. 17: NE4, E2SW4, SE4 | |
| Sec. 20: E2NW4, SW4NW4, N2NE4 | |
| Sec. 21: N2NW4, NE4 | |
| Sec. 22: N2, N2S2 | |
| Sec. 23: W2NW4 | |

The terms and conditions of the lease enable Canyon Fuel Co. and its operators to enter the lands to prospect, explore, drill and mine the coal resources. The Trust Lands Administration approves the above referenced 1999 exploration project, pending final clearance by the Trust Lands Administration of the cultural resources survey.

Sincerely,

John T. Blake
Mineral Resources Specialist

cc: Mark Scanlon
Kenny Wintch