



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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August 22, 2001

Mike A. Stevenson, Sr. Geologist
Canyon Fuel Company, LLC
Dugout Canyon Mines
P.O. Box 1029
Wellington, UT 84542

RE: ML 48435-Coal Exploration Drilling

Dear Mr. Stevenson,

The Trust Lands Administration has received surety bond #SB0072381 in the sum of \$25,000.00 for exploration drilling on trust lands under coal lease ML 48435. The bond will be held by the Trust lands Administration to ensure satisfactory plugging of drill holes upon the lands within the lease.

I understand that you have submitted a notice of intent to commence exploration drilling to the Division of Oil, Gas & Mining and have received tentative approval for proposed drill holes designated as #DT-1 and #DT-2 within the Dugout Canyon Coal Tract, ML 48435. The Trust Lands Administration also encourages DOGM approval of the drill hole designated as #DT-3 in the northern end of the Dugout Canyon Coal Tract. We believe that the third drill hole is critical in defining the nature and extent of recoverable coal resources within the tract.

Please provide me with a copy of all drilling logs and reports with respect to the lands within ML 48435 as you complete the approved drill holes. If I may be of any further assistance in this matter please do not hesitate to contact me.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Pam Grubaugh-Littig

Exploration
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