

WESTERN
STATES
MINERALS
CORPORATION

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July 19, 1991

Ms. Pamela Grubaugh-Littig, Permit Supervisor
Utah Department of Natural Resources
Division of Oil, Gas, & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Your letter of June 14, 1991.

Dear Ms. Grubaugh-Littig:

First, apparently it would be appropriate to again mention my correct name and address regarding my current assignment as "designated representative" for the Western States Minerals Corporation operation known as the 'J.B. King Coal Mine' (formerly known as the 'Dog Valley Coal Mine'), T/015/002, Emery County, Utah. It is:

Dwight J. Crossland
Western States Minerals Corporation
84 Glen Carran Circle
Sparks, Nevada 89431

I believe that it would facilitate my providing the 'timely response' you desire, and our communications in general, if any future correspondence could be correctly addressed.

Secondly, I was rather surprised by the content and tone of your letter. Stipulation R614-301-140 was addressed by Mr. Frank Filas (WSMC'S previous designated representative for the J.B. King property) in a letter to you dated February 12, 1991 - which was accompanied by a revised map showing proposed additional disturbed area markers. While this issue has been discussed by myself and some division inspectors, I can find nothing in my files in which the division has formally acted on Frank's proposal. At this time, I have no reason to change Mr. Filas's proposed markers, without formal input from the division. In my opinion, a division decision (or contention) of the proposed additional disturbed area markers should be issued, so that this issue may be moved ahead.

Stipulation R614-301-742.113 addresses the issue of 'normally accepted husbandry practices' for on-site work during the bonded liability period. As you are aware, this a complex issue which Frank Filas was pursuing an answer to at the request of the division, and which I have continued to pursue - as evidenced by a number of things; but particularly including a meeting which was held between myself and several of your staff members in the division's Salt Lake City office on 11 June, 1991. At that meeting, we discussed the division's current suggestions on some of these issues, and I believe I mentioned that I was awaiting input from our contract re-vegetation specialists, who were due at the site during the following week. I have not yet received their final report, however, I am attaching a copy of a letter

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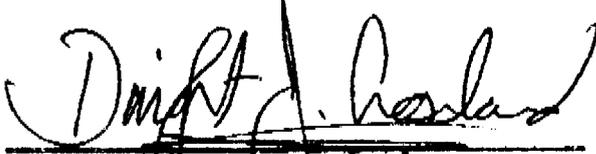
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from Mr. Brad Williams, Range Conservationist, Utah Department of Natural Resources, Division of State Lands and Forestry, and dated February 19, 1991. Mr. Williams states in his letter "The construction of check dams or any other structural improvement that controls erosion and stabilizes soils would indeed be a normal conservation practice to improve range conditions. This is especially true in areas managed for grazing, wildlife or watershed values." I am also attaching a copy of my most recent letter to the U.S.B.L.M. on the same issue. No response was ever received on the previous letter, which Mr. Johnson claimed he never received. My intention is to provide an amended response to these issues - based on current information from division employees, and from other sources of expertise. I will file such response at the earliest date possible following the acquisition of this data.

I have spent a number of years living and working in southern Utah, and know from personal experience the great diversity of geological and biological phenomena which have combined to form the topographic, floral, and faunal cultures of this region as we now see it. Because of this past experience, I am of the belief that a hurried approach to the perceived difficulties with the J.B. King reclamation work will only result in additional problems and costs later - both for the division and for WSMC. It is my opinion, that a logical approach to problem resolution, collecting the best data and recommendations on the available reclamation methods possible, will result in the best long term solution to those problems. Further, I believe that WSMC's past efforts at the J.B. King site can be shown to have been made in a timely fashion, that they have complied with the terms of the permit, and that they have been performed positively and in a good faith effort to reclaim the site with the best methods that were known at the time.

In summary, I contend that Western States Minerals Corporation, in general, and Frank Filas and myself, in particular, have actively pursued the work at hand at the J.B. King Mine - and that I certainly intend to continue to do so. I look forward to a continuing cooperatively spirited relationship with the division, based on a joint effort to get the job done! Please let me know if you require any further information, or if I can be of assistance.

Sincerely,


Dwight J. Crossland

ENCLOSURES