



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

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December 6, 1984

Mr. Dan W. Guy, Manager  
Permitting and Compliance  
Beaver Creek Coal Company  
P. O. Box 1378  
Price, Utah 84501

Dear Mr. *DW* Guy:

RE: Disposition of Wild Horse Ridge Exploration Road, Beaver  
Creek Coal Company, CEP/015/007, Emery County, Utah

This letter will serve to summarize our recent discussions and options regarding the disposition of the Wild Horse Ridge exploration road should Beaver Creek Coal Company (BCCC) not pursue permitting of the Wild Horse Ridge Permit Application Package (PAP). As you are aware, it is the Division's primary concern that the Permanent Program Performance Standards governing this situation, namely Parts UMC 815.15 and 817.170-.176 be adhered to and that a responsible party be held totally accountable for the ultimate reclamation of this road.

During 1982, when BCCC submitted its exploration plan of the Wild Horse Ridge properties, the Company committed to the reclamation of the road in the event that exploration did not lead to the development of a mine. The Company subsequently submitted a PAP (formerly, a Mining and Reclamation Plan) but recently has decided not to pursue the permitting of the operation. Rather than immediate reclamation of the exploration road, BCCC proposes to turn the properties and responsibility thereof over to the surface owner, Nevada Power Company, and the latter, in turn, will assume responsibility for reclamation of the exploration road in the event that the Wild Horse Ridge Mine is not a viable prospect in the near future. In so doing, it is understood that Nevada Power will also assume responsibility for the Wild Horse Ridge PAP currently belonging to BCCC.

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The Division concurs with the acceptability of BCCC's proposal providing that certain issues are thoroughly understood and accepted by all parties involved. These are as follows:

To date, the Division has no provision covering bonding for exploration. Therefore, neither BCCC nor Nevada Power will be required to bond for the reclamation of the exploration road at this time.

Though BCCC is currently responsible for reclamation obligations through their approved exploration plan (CEP/015/007), this responsibility is legally transferrable to another party.

Though BCCC is currently the applicant for the Wild Horse Ridge PAP, this application may be legally transferred to another party.

Once Nevada Power has legally assumed responsibility for the reclamation obligations under the exploration plan (CEP/015/007) and the Wild Horse Ridge PAP, BCCC will be relieved of its responsibility under the Permanent Program.

Nevada Power, as the proposed responsible party, must pursue permitting of the Wild Horse Ridge PAP within the foreseeable future, otherwise the road will have to be reclaimed. The Wild Horse Ridge PAP is a viable project for a new permit. However, the application is currently last in priority on the new permit review list. The status of this PAP will be reviewed on an annual basis (from the date of transfer of the PAP) and the Company will be advised as to when the Division is preparing to initiate the review. If, at that time, the Company does not wish to pursue permitting of the mine, the company will withdraw the PAP and reclaim the exploration road during the next applicable season.

The party responsible for the Wild Horse Ridge project must maintain the exploration road according to all applicable performance standards. This road will be inspected periodically by the Division for compliance with such standards.

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Should you have any questions regarding these issues, please contact the Division at you earliest convenience. The Division will expect to be made aware of BCCC's intent regarding the disposition of the exploration road and the Wild Horse Ridge PAP in the very near future.

Best regards,



Dianne R. Nielson  
Director

MMB/btb  
cc: John W. Arlidge, Nevada Power Company  
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Barbara Robets  
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