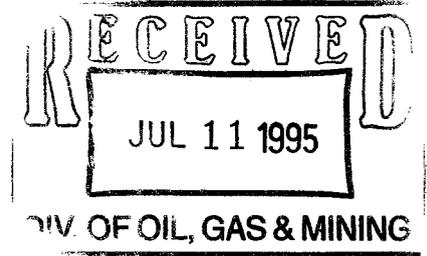


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Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Pam



3484
SL-066116
(UT-921)

JUL 10 1995

ACT/015/017 #3

Copy from: Damon

CERTIFIED MAIL--Return Receipt Requested

Mr. Brett Harvey, President
Interwest Mining Company
One Utah Center, Suite 2300
Salt Lake City, Utah 84140-0020

Re: Relinquishment of Lease No. SL-066116

Dear Mr. Harvey:

Pursuant to your letter of May 15, 1995, the Bureau of Land Management (BLM) has begun review of your request to relinquish coal lease SL-066116 in Emery County, Utah. Please be advised that your request is only the beginning of an application process that will require concurrence from the Forest Service and other State and Federal agencies. As such, your leasehold will continue until the relinquishment has been approved. Pending final approval of your request, the lease will continue under the readjustment terms as delineated in our decision letter of April 25, 1995, effective June 1, 1995.

Special Stipulation No. 23 of Section 15 requires that the lessee pay the value of the royalty of coal left unmined without the authorized officer (AO) approval. This requirement is authorized under the Federal Coal Leasing Amendments Act, as revised, to protect the public's interest in obtaining royalties on the maximum amount of coal available for extraction. We estimate that 300,000 tons of economically minable coal has yet to be mined in Federal coal lease SL-066116.

Under Section 20 of the lease, approval of the relinquishment request is subject to a finding by the AO that, "all accrued rentals and royalties have been paid and that all of the obligations of the lessee under the regulations and the lease terms have been met" Pacificorp, having failed to mine all of the coal according to the Resource Recovery and Protection Plan (R2P2), dated September 24, 1990, would appear to be unable to comply with this provision. 43 CFR 3484.1 (c) states, "Underground mining operations shall be conducted so as to *prevent wasting of coal* and to conserve recoverable coal reserves consistent with the protection and use of other resources" (*emphasis added*). BLM considers the failure of mining the coal in this lease as wasting recoverable coal reserves.

In the event that you do not wish to mine this coal prior to approval of your relinquishment request, then partial forfeiture of the LMU bond will be instituted by BLM as a condition of approval. Further, any partial forfeiture of the LMU bond will require BLM to re-evaluate the overall sufficiency of the bond. Failure to provide adequate bonding for the LMU will result in forfeiture of the East Mountain LMU.

For further information contact Mr. Stan Perkes, (801) 539-4036 or George Tetreault at (801) 6537-4584.

Sincerely,

/s/ Douglas M. Koza

Douglas M. Koza
Deputy State Director,
Mineral Resources

cc: Lowell Braxton, Utah Division of Oil, Gas and Mining