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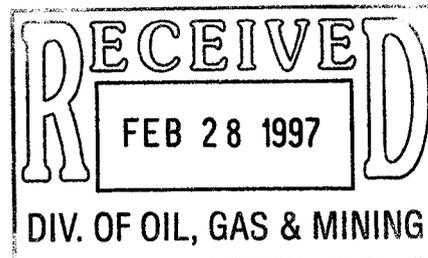


February 26, 1997

c.c. LWB (M)
MAG
PG LWB
JWC

State of Utah
Division of Oil, Gas & Mining
P.O. Box 145801
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

**Re: Notice of Intent
Des-Bee-Dove Coal Mine
Permit No. ACT/015/017**



Gentlemen:

On June 1, 1996, the above-captioned permit was renewed for a period of five (5) years and is now subject to further renewal on June 1, 2001. The permit area includes the junction road from S.R. 57 to the mine as well as the sediment pond in an unnamed drainage associated with Grimes Wash.

As you are aware, the Des-Bee-Dove Mine was temporarily idled on February 6, 1987 due to economic circumstances and temporary seals have been installed in the portals. During the 1996 renewal process, we were hopeful that coal would be extracted from the permit area during the permit term. However, since the renewal, no coal has been removed from the mine and it currently remains idle.

The Des-Bee-Dove mining plan utilizes room-and-pillar continuous mining sections. The relatively short remaining mine life and the limited remaining minable reserves discount the economics of applying alternative mining methods. Geologic and geographic constraints also restrict the use of efficient longwall extraction methods in the mine. For several years now the properties associated with the mine have been offered for purchase or development by third parties. No viable proposals have been received.

The properties associated with the Des-Bee-Dove Mine consist of both fee coal and a Federal lease. One Federal lease was allowed to terminate at the end of its readjustment term because it contained no economically minable reserves. Upon careful evaluation and analysis we have concluded that all profitable portions of the coal deposit on both fee and Federal lands have been mined and that the minable reserves that do remain within the area of the Des-Bee-Dove Mine cannot be economically extracted under today's market

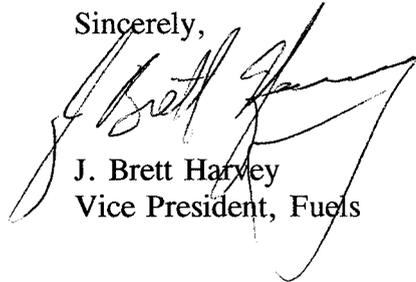
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circumstances. Our long-range planning indicates this condition will exist for the foreseeable future.

We are writing to inform you that, based upon these economic circumstances, it is our intent over the period between now and our next permit renewal to initiate the processes required by law to reclaim the mine, including the portion of the haul road within the permit area. We desire that all interested parties be fully aware of that intent as we begin the various actions over the next few years that will be needed to qualify for a permit renewal limited to reclamation purposes only in 2001.

We welcome any comments or suggestions you might have with respect to this anticipated action. Please contact Blake Webster of my staff at Interwest Mining Company (phone 220-4584) in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Brett Harvey", is written over a printed name and title.

J. Brett Harvey
Vice President, Fuels

JBH:dr

cc: School and Institutional Trust Lands Administration
Bureau of Land Management
U.S. Forest Service
Emery County Commission
Texaco Exploration and Production Inc.