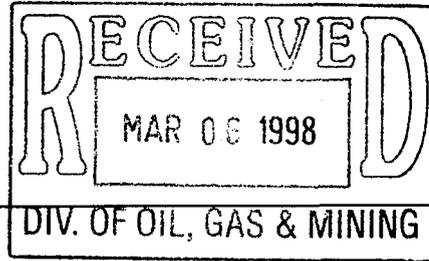


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February 25, 1998

Mr. Hamid Maleki P.E.
Maleki Technologies, Inc.
Consulting Mining & Geotechnical Engineers
South 5608 Magnolia
Spokane, WA 99223

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Juil Mtn.
ACT/015/009 #2
Copy ACT/015/018 #2*

RE: Technical Approach - Escarpment Study

Dear Mr. Maleki:

As you discuss in your letter dated November 14, 1997, multiple nonlinear regression analysis, as well as other statistical methods (such as discriminant analysis), can be used as tools to help predict escarpment stability. Such methods can use the wealth of information on actual escarpment behavior under a variety of geologic conditions and geometries. The scope of the current Castlegate Sandstone escarpment evaluation for Energy West Mining Company is as follows:

- ◇ Back analyze existing data from Newberry Canyon and Corncob Wash studies
- ◇ Selection of a separate study area within the existing Newberry Canyon/Corncob Wash area
- ◇ Development of a separate "risk/failure" mathematical probability model based upon geotechnical/geological survey parameters for North Rilda Ridge.

After reviewing all of the data and potential field access, Corncob Wash was selected for detailed analysis as outlined in your proposal. The statistical approach included dividing the study area into equally spaced cells and collecting detailed geologic, geometric and response data. On October 16, 1997 a survey was conducted in Corncob Wash which included mapping geologic and geotechnical features (i.e. joints, tension cracks) associated with the Castlegate Sandstone and locating each of the points of interest utilizing Global Position System techniques. Based upon the field data, Corncob Wash study area was divided into 29 cells approximately 100' in width. Utilizing a similar approach, North Rilda Ridge was divided into 110 cells (refer to the enclosed document for cell data; Report 5: Appendix B: Corncob Wash Cell Modeling Data, Appendix C: Rilda Canyon Cell Modeling Data).

Huntington Office:
(435) 687-9821
Fax (435) 687-2695
Purchasing Fax (435) 687-9092

Deer Creek Mine:
(435) 687-2317
Fax (435) 687-2285

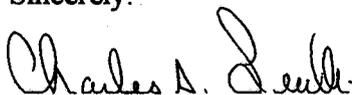
Trail Mountain Mine:
(435) 748-2140
Fax (435) 748-5125

Maleki Technologies, Inc
February 25, 1998
Page Two

Enclosed is a document entitled "*Status Report - February 1998: ♦ Assessment of Surface Impacts to the Castlegate Sandstone Escarpment From Full Extraction Reserve Recovery ♦ Overview of Castlegate Sandstone Escarpment Geotechnical Evaluation*" which is a compilation of the data collected and compiled during 1997, including geotechnical and environmental information. Included in this report is an assessment of full extraction mining in the Trail Mountain 5th East longwall panel, field data collected from Corncob Wash, Corncob Wash cell modeling data, Rilda Canyon cell modeling data and environmental studies of Rilda Canyon: Vegetation Survey, Assessment of Spotted and Townsend's Big-Eared bats, Cultural Resource Evaluation and Visual Assessment.

The following information should allow your staff to develop a statistical approach to analyze and evaluate escarpment failures. If you need any additional information, please feel to contact me at (435)687-4720.

Sincerely:



Chuck Semborski
Permitting/Geology Supervisor

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cc: With Enclosures:

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U.S.D.A. Forest Service
Manti-LaSal National Forest
Attn. Carter Reed
599 Price River Drive
Price, UT 84501

Mr. Dick Manus
U.S.D.I Bureau of Land Management
Attn. Barry Grosely
125 South 600 West
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Ms. Mary Ann Wright
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Without Enclosures: Carl Pollastro
Larry LaFrentz
Morgan Moon