

ROBERT P. KING
Vice President

One Utah Center
201 South Main, Suite 2100
Salt Lake City, Utah 84140-0021
(801) 220-4140 • FAX (801) 220-4725



A Subsidiary of PacifiCorp

March 15, 2004

Don Spence, Vice President, General Manager North Division
Merit Energy Company
13727 Noel Road, Suite 500
Dallas, Texas 75240

RE: East Mountain Unit 32-23
API Well No. 43-015-30231-00-00
Section 23, Township 16 South, Range 6 East SLB&M.
Emery County, Utah

Jacoming
3/15/04
Copy down, Pro,
Wayne, Jim Smith

Dear Mr. Spence

As discussed with Chuck Semborski on February 9, 2004, PacifiCorp, by and through its wholly-owned subsidiaries, Interwest Mining Company ("Interwest") managing agent and Energy West Mining Company ("Energy West") as mine operator, hereby submits a written notice six (6) months prior to mining in and adjacent to Well: East Mountain Unit 32-23.

PacifiCorp submitted an amendment to the Utah Division of Oil, Gas & Mining (DOG M) to include the Mill Fork State Lease (ML-48258) within the Deer Creek Mine Permit on October 29, 2001. The Mill Fork permit application was approved by DOGM on March 5, 2003. As a function of the coal permitting and leasing process, PacifiCorp was also required to submit an Plan of Operations to the Utah School and Institutional Trust Lands Administration (SITLA) detailing resource recovery associated State Lease ML-48258. A "no subsidence" buffer zone was established to protect Well 32-23 based on a fifteen (15°) degree angle-of-draw from the lowest coal seam to be mined (referred to as the Hiawatha Seam). The fifteen (15°) angle-of-draw was calculated utilizing the difference between the elevation of Well 32-23 (10,370 feet) and the base the of Hiawatha Seam at Well 32-23 (8,013 feet) multiplied by the tangent of fifteen (15°) degrees (angle-of-draw). This resulted in a protective buffer zone around Well 32-23 with a radius of six hundred thirty (630) feet (refer to attached figure).

Based on our current mine plan, development mining will occur adjacent to the Well 32-23 in September 2004 (refer to attached figure). Longwall mining (full extraction mining) is currently planned to terminate at the "no subsidence" buffer demarcation in January, 2006.

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DIV. OF OIL, GAS & MINING

Merit Energy Six Month Notice
March 15, 2004
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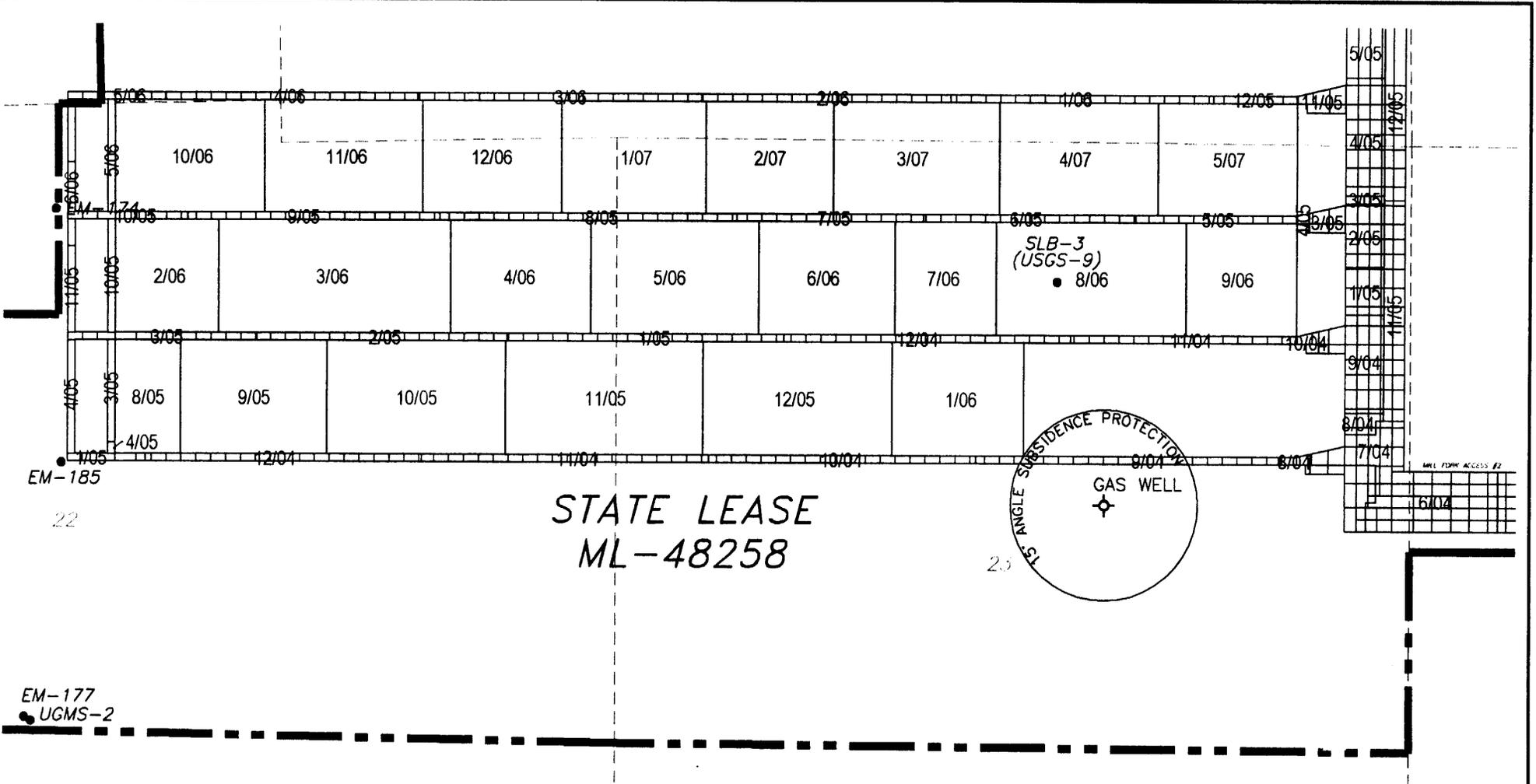
This letter serves as six month notice to comply with the commitment stated in the Deer Creek Mine Permit Application¹. If you have any questions concerning mining in relation to Well 32-23 please call Doug Johnson or Chuck Semborski at (435)687-4712 and (435)687-4720 respectively.

Sincerely,

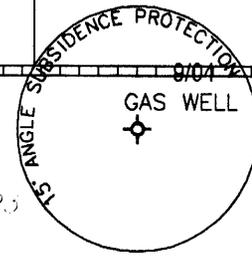


Bob King, Vice President
Interwest Mining Company

cc: Doug Johnson, EW
Chuck Semborski, EW
Carl Pollastro, IW
Scott Child, IW
Jim Kohler, BLM Salt Lake City
Tom Faddies, SITLA, Salt Lake City
DOGM, Salt Lake City



STATE LEASE
ML-48258



CAD FILE NAME/DISK#: GASWELL TIMING MAP.DWG

ENERGY WEST MINING COMPANY HUNTINGTON, UTAH 84528		
DEER CREEK MINE STATE LEASE ML-48258 MERIT ENERGY WELL 32-23		
DRAWN BY:	K. LARSEN	...
SCALE:	1" = 1000'	DRAWING #:
DATE:	MARCH 15, 2004	SHEET 1 OF 1 REV. ---

