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THE EMERY COUNTY COMMISSION OFFICE
P.O. Box 629
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TO: Wayne Hedberg
COMPANY: _____
FAX NUMBER: 801-359-3940
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RECEIVED
JUL 15 2005
DIV. OF OIL, GAS & MINING

A G R E E M E N T
(Rilda Canyon Road Upgrade)

This Agreement is made and entered into this 09 day of August, 2004, by and between Emery County Special Services District, No. 1 ("District") having an address of P.O. Box 1055, Castle Dale, Utah 84513 and PacifiCorp, an Oregon corporation, c/o Interwest Mining Company, a wholly owned subsidiary, as its managing agent, Energy West Mining Company, its wholly owned subsidiary, as mine operator and collectively having an address c/o Interwest Mining Company, 201 South Main Street, Suite 2100, Salt Lake City, Utah 84111.

R E C I T A L S

WHEREAS, Emery County owns and maintains a road known as the Rilda Canyon Road, identification No. 306, which runs approximately 3.0 miles from the Huntington Canyon Road, SR 31, to the mine gate in the left fork of Rilda Canyon; and

WHEREAS, Emery County Special Service District #1 was established by resolution of the Emery County Board of Commissioners to construct, repair and maintain roads within Emery County; and

WHEREAS, the District acting as agent for Emery County and the Emery County Road Department assists the County in obtaining rights-of-way, easements or permits associated with the Emery County roads; and

WHEREAS, PacifiCorp presently makes use of the Rilda Canyon Road for purposes relating to its mining operations; and

WHEREAS, the parties have come to a mutual agreement with regard to the need for certain improvements to the Rilda Canyon Road.

NOW THEREFORE, for and in consideration of the premises, the mutual covenants and agreements of the parties hereto, and the consideration in favor of the District described below, the parties hereto agree as follows:

1. PacifiCorp shall provide to the District such information as the District may request with respect to the anticipated future use by PacifiCorp of the Rilda Canyon Road in connection with the construction and use of new surface facilities related to its mining operations.
2. The District shall utilize such information provided by PacifiCorp in determining the nature and extent of any improvements that may be required to the Rilda Canyon Road.

3. The parties anticipate that the improvements to the Rilda Canyon Road will consist of one or more of the following actions:
 - The reconstruction and/or reconfiguration of the intersection/ turnoff from SR 31 to the Rilda Canyon Road.
 - The reconstruction, realignment, widening and surfacing of the Rilda Canyon Road to allow for increased speed and increased traffic.
 - The construction of a trailhead parking area and turnaround area at the end of the reconstructed portion of the Rilda Canyon Road. The area will provide public access to a forest trail system to extend beyond PacifiCorp's facilities.
 - The relocation of the existing water supply pipeline owned by North Emery Water Users Special Service District, as needed.
4. The District, will be responsible for the design of any improvements to the Rilda Canyon Road. The District will assist in the acquisition of any rights-of-way necessary to accomplish such reconstruction. The District will also be responsible for the reconstruction of the Rilda Canyon Road as well as the relocation of pipelines as required by the road relocation. The preliminary cost estimate for the Rilda Canyon Road Improvement Project is attached as Exhibit "A."
5. PacifiCorp agrees to pay to the District upon submission of progress invoices supporting the requests for payment, all costs associated with the permitting, engineering, design, and reconstruction of the Rilda Canyon Road. PacifiCorp's obligations for payment shall be subject to the following limitations:
 - The District will provide PacifiCorp with project cost estimates for permitting, engineering, design and reconstruction prior to the time the costs are incurred. Once approved, the cost estimates will not be exceeded without PacifiCorp approval.
 - The District will obtain PacifiCorp's prior permission before issuing a change order that will cause the total expenditures with respect to the Rilda Canyon Road to exceed the amount originally approved by PacifiCorp.
 - The District will provide to PacifiCorp a copy of the Partial Pay Estimates from time to time as issued for any and all costs incurred in connection with the reconstruction of the Rilda Canyon Road.

- PacifiCorp shall be given the opportunity to audit the records with respect to such Partial Pay Estimates and the final close out of the Construction Contract.
 - Payments: 30 days net.
6. The parties understand and agree that the Rilda Canyon Road is a county road for which Emery County is now and will in the future will be responsible. Furthermore, the District agrees to indemnify and hold PacifiCorp, Energy West, Interwest and each of their directors, officers, employees, agents and members of their respective boards and affiliates (indemnities) harmless of and from any liability, cost or expense, including defense costs, from any claim, demand or action which may be brought against indemnities and which arises out of or alleges any negligence or responsibility on the part of indemnities in the design or construction of the Rilda Canyon Road including any claim or demand which may be made by PacifiCorp, Interwest and/or Energy West employees. This obligation to indemnify and hold harmless commences upon execution of this Agreement and shall terminate upon completion of the reconstruction of the Rilda Canyon Road.
7. In the event the District requires immediate approval (within 24 to 48 hours) of a change order or other similar operational decision, notice may be given to PacifiCorp by personal delivery, facsimile or email as follows:

PacifiCorp
Attn: Carl Pollastro, Director of Technical Services
and Project Development
One Utah Center, Suite 2100
201 South Main Street
Salt Lake City, Utah 84111

Telephone: 801-220-4695 435-650-2863
Facsimile: 801-220-4725
Email: carl.pollastro@pacificorp.com

Or such other delegated representative as PacifiCorp may from time to time designate by written notice to the District.

Any other notice given under this Agreement shall be in writing and shall be delivered personally or sent by certified mail, return receipt requested. If notice is given by mail, it shall be deemed received seventy-two (72) hours following the time of deposit to the United States mail as evidenced by the postmark on such notice, and such time shall be the effective time of the notice for the purpose of calculating any time periods provided herein. Any such notice shall be delivered or mailed to the following addresses:

If to District:

Emery County Special Service District No.1
 c/o Chairman of the Board
 95 East Main Street
 P.O. Box 1055
 Castle Dale, Utah 84513

If to PacifiCorp:

c/o Interwest Mining Company
 Attn: President
 201 South Main Street – Suite 2100
 Salt Lake City, Utah 84111

With a copy to:

Energy West Mining Company
 Attn: Manager, Administration & Technical Services
 15 North Main
 P.O. Box 310
 Huntington, Utah 84528

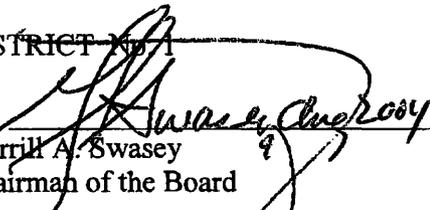
8. In the event the work of reconstruction of the Rilda Canyon Road anticipated by this Agreement has not been commenced on or before December 31, 2006 either party may terminate this Agreement upon 30 days written notice to the other party. Once the actual work of reconstruction has commenced this Agreement shall terminate at the time the parties agree that the reconstruction of the Rilda Canyon Road has been satisfactorily completed.
9. This Agreement may be amended by a written agreement signed by a duly authorized representative of each of the parties.

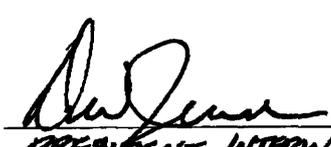
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

EMERY COUNTY SPECIAL SERVICE

PACIFICORP

DISTRICT No. 1

By: 
 Merrill A. Swasey
 Chairman of the Board

By: 
 Its: PRESIDENT, INTERWEST MINING CO.

By: 
 Bevan Wilson
 Vice Chairman