

0111



PO Box 310  
Huntington, Utah 84528

ROBERT P. KING  
Vice President

May 2, 2005

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**

Dear Mr. Spence

On March 15, 2004, I wrote to you regarding the gas well cited above which is owned and operated by your company. In that letter I detailed the requirements in PacifiCorp's Plan of Operations with the Utah School and Institutional Trust Lands Administration (SITLA) and the Mining and Reclamation Plan administered by the Utah Division of Oil, Gas and Mining (DOG M) regarding a "no subsidence" buffer zone based upon a 15° angle-of-draw to protect the well.

In my letter of last year I stated:

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

This letter is to inform you that development mining within about 263 feet of the well did occur without incident. Further, based upon actual experience gained at the Deer Creek Mine, PacifiCorp is petitioning SITLA and DOGM to approve a site-specific angle-of-draw which will allow full extraction mining of the longwall panel within about 313 feet of the well. It is PacifiCorp's belief that based upon a site-specific geotechnical analysis of the potential surface impacts, no damage will be caused to the well by such activity.

This letter also serves as six-month notice to comply with the commitment stated in the Deer Creek Mine Permit Application that we will be once again conducting mining activities in the vicinity of your well. Full extraction mining of the longwall panel adjacent to the well is now expected to occur in about November 2005.

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

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

*Incoming*  
*cp/15/00/18*

RECEIVED  
*msn*  
MAY 05 2005  
*5/5/05*  
DIV. OF OIL, GAS & MINING

Don Spence  
Merit Energy Company  
Page -2-  
May 2, 2005

We would be glad to meet with you to go through our plans and any concerns you may have. John Baza at DOGM has offered to help facilitate such a meeting, if you desire. If you have any questions please contact Doug Johnson (435-687-4712) or Chuck Semborski (435-687-4720) of my staff.

Sincerely,



Bob King, Vice President  
Interwest Mining Company

cc: Doug Johnson, EW  
Chuck Semborski, EW  
Carl Pollastro, IWM  
Scott Child, IWM  
Jim Kohler, BLM Salt Lake City  
Tom Faddies, SITLA, Salt Lake City  
Mary Ann Wright, DOGM, Salt Lake City  
John Baza, DOGM, Salt Lake City