

State of Utah
School & Institutional
Trust Lands Administration

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May 30, 2008

Mr. Howard Sargeant
Forest Supervisor
Manti-La Sal National Forest
599 West Price River Rd.
Price, UT 84501

RE: Mill Fork Coal Reserve, 2008 Exploration Drilling Start-Up Date

Dear Mr. Sargeant:

In early March 2008 Energy West Mining Company, as operator of the Mill Fork Coal Reserve for trust lands coal lessee Pacificorp (Lease# ML 48258-OBA), submitted a revised plan of operations to drill six exploration boreholes in the northern part of the Mill Fork coal reserve property in order to provide crucial geological information that is immediately needed in the design of the Mill Fork mining plan. The Mill Fork coal reserve is one of six coal tracts acquired by the Trust Lands Administration in the 1998 Schools and Federal Land Exchange (PL105-335). The Mill Fork tract and any remaining coal reserves will revert to federal ownership after 22.3 million tons of coal are extracted by underground mining. The Mill Fork reserve is accessed through the Deer Creek Mine portals located several miles to the southeast. The Manti-La Sal National Forest is the surface management agency of the Mill Fork coal tract.

Energy West Mining Company proposes to accomplish the proposed 2008 exploration drilling by helicopter assisted access in order to minimize impacts upon forest lands. Helicopter access precludes the need to construct access roads and leaves a relatively small footprint upon the surface. Helicopter access, however, requires that the operator take advantage of perennial springs and streams located near each of the drill sites, to obtain the water needed for drilling activity, rather than construct haul roads or extensive pipelines to reach more distant water sources. It is important that these perennial water sources be tapped before their flows dry-up in the summer heat. Energy West Mining Company has therefore requested a June 1 start-up date for its 2008 drilling activity.

Some local staff of the Manti-La Sal National Forest (Tom Lloyd, et. al.) recently reviewed Energy West Mining Company's 2008 exploration drilling plan and denied the proposed June 1, 2008 start-up date. They reasoned that the effected lands may yet experience big game calving activity until as late as July 5, and that the proposed drilling or helicopter activity may frighten the animals.

We fear that the July 5 drilling start-up date proposed by the Forest Service may be too late in the season to take advantage of perennial water sources. This may necessitate the construction of haul roads or lengthy pipelines upon the surface in order to access more distant sources, and would certainly increase overall impacts upon the forest lands. Further, the July 5 start-up date proposed by the Forest Service seems somewhat arbitrary, since big game calving activity in this area is likely dependent upon snowmelt,

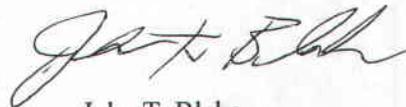
temperatures and other natural phenomenon which shape the big game calving environment. We even question what impact the proposed drilling activity may have upon the animals in any event. During past drilling seasons, such wildlife as were observed to be present during actual drilling activities were seemingly unimpressed.

Helicopter assisted drilling is exceedingly more expensive than traditional drilling access and methods. Nevertheless, several years ago Energy West Mining Company made a commitment to explore the Mill Fork tract using only helicopter assisted methods, in order to minimize impacts to the forest environment. For the past several years the Company has performed exploration drilling of the Mill Fork tract in this manner and there has been much cooperation among the agencies. In order to continue this cooperative spirit a compromise in the 2008 drilling-season start-up date may be prudent.

The Trust Lands Administration proposes that Energy West Mining Company be granted a start-up date of June 15 for its 2008 drilling season on the Mill Fork coal tract. This start-up date will provide a couple more weeks for supposed big game calving activity to occur and will also give Energy West Mining Company some degree of confidence that the perennial water sources needed for drilling will still be active. The Company may even consider primacy in the order in which the six proposed sites are drilled in order to further mitigate potential impacts upon wildlife.

If this compromise is acceptable to the Manti-La Sal National Forest then please immediately contact me at the Trust Lands Administration (801) 538-5152, or Mr. Chuck Semborski at Energy West Mining Company, 15 North Main Street, Huntington, UT 84528, (801) 687-9821.

Respectfully,



John T. Blake
Trust Lands Specialist

CC: Tom Faddies
Chuck Semborski
Daron Haddock
Scott Child