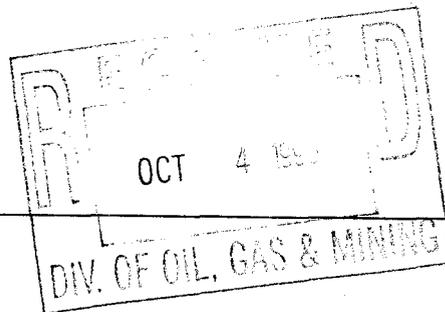


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PO Box 310
Huntington, Utah 84528



September 29, 1999

Utah Coal Program
 Utah Division of Oil, Gas, and Mining
 1594 West north Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801

Attn: Daron R. Haddock

Copy Daron

Re: Bond Adjustment, PacifiCorp, Cottonwood/Wilberg Mine, ACT/015/019, #2
Folder #3, Emery County, Utah

2

Dear Mr. Haddock:

PacifiCorp, by and through its wholly-owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, hereby responds to the correspondence received from the Division of Oil, Gas, and Mining (DOGM) dated September 22, 1999 pertaining to Bond Adjustment, PacifiCorp, Cottonwood/Wilberg Mine, ACT.015/019, Folder #3, Emery County, Utah.

Energy West does not agree with the indirect costs used to calculate the bond amount for the Cottonwood/Wilberg Mine. During conversations with Wayne Western, Energy West has stated a preference to use "The Office of Surface Mining Handbook for Calculation of Reclamation Bond Amounts" to determine indirect costs and a willingness to review adequately substantiated indirect cost figures developed by the Division of Oil, Gas, and Mining. The use of one reclamation project, an old historical site, to substantiate the indirect cost figures does not appear to be professionally prudent. It is still Energy West's preference to use the OSM Handbook indirect cost figures. Although not perfect, these figures are used and accepted throughout the industry. With the understanding that OSM is in the process of developing a new Handbook, Energy West is willing to use the current OSM method of determining the indirect costs and adjusting these figures, at a later date, with the methods defined in the revised OSM Handbook.

Utilizing the OSM Handbook and a bond amount of \$2,350,964, Energy West proposes using the following indirect costs:

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

INDIRECT COST

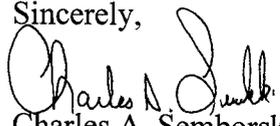
Profit and Overhead	7.8%	\$183,400
Contingency	7.0%	\$164,600
Engineering Redesign	5.2%	\$122,300
Startup (Mob/Demob)	3.0%	\$70,600
Contract Management	4.0%	\$94,000
<hr/>		
Total	27.0%	\$634,900.00

Total Bond

Direct Costs	\$2,350,964
Indirect Cost	\$ 634,900
<hr/>	
Total Reclamation Costs	\$2,985,864
Inflation @ 3.27% for 5 years	\$ 521,178
Bond Amount in 2004 dollars	\$3,507,042
Bond rounded to nearest \$1,000	\$3,507,000

If you have any questions regarding this matter, please contact Chuck Semborski at (435) 687-4720 or Bob Willey at (435) 687-4722. Your assistance in this matter is appreciated.

Sincerely,


Charles A. Semborski
Geology/Permitting Supervisor