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# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF STATE LANDS AND FORESTRY

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Orig: Mine  
015/032-2

cc Daron Haddock

Dianne VB  
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RECEIVED

NOV 27 1991

DIVISION OF  
OIL GAS & MINING

November 21, 1991

Certified Mail No. P 879 599 558

Nevada Electric Investment  
c/o Denise Dragoo  
Fabian & Clendenin  
215 S. State  
Salt Lake City, UT 84111

Dear Ms. Dragoo:

RE: ML 21568--Coal  
T16S, R6E, Sec. 2, SLB&M.

The Division of State Lands & Forestry believes that Genwal Coal Company submitted an amendment to the Crandall Canyon Mine plan with a defect regarding the description of coal resources. Chapter Six of the mine plan originally states that the Hiawatha is the only minable coal seam within the mine area. The Chapter 14 amendment submitted to add state lands under ML 21568 and ML 21569 to the mine made no revision of this statement on coal resources and proposes to mine only the Hiawatha coal seam. The Division has learned that one or two additional coal seams may be minable within the lands under ML 21568. It is believed that knowledge of the additional coal seams was available to Genwal and should have been incorporated into the Chapter 14 amendment of the mine plan.

Lessor hereby gives notice that the Crandall Canyon Mine plan must be amended to cure apparent defects prior to the mining of lands under ML 21568.

Apparent defects in the mine plan may be cured by:

1. Demonstrating to Lessor's satisfaction that the Hiawatha is the only minable coal seam in these lands; or,
2. Revising the mine plan to adequately describe and provide for the delineation and extraction of additional minable coal seams within these lands.

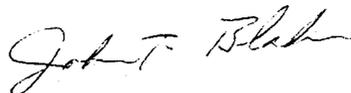
Denise Dragoo--ML 21568  
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These objectives may necessitate additional corehole drilling. Please comply with all notification requirements of the lease prior to the commencement of any drilling operations.

Article XIII of our lease agreement stipulates that Lessor shall conduct all operations in a prudent manner for the effective production of coal and avoid unnecessary damage to the Leasehold.

Therefore, Lessee may not commence any mining whatsoever in the lands under ML 21568 without the expressed written consent from Lessor pending a resolution of this problem. Failure of Lessee to comply with this directive may subject this lease to cancellation.

Sincerely yours,



JOHN T. BLAKE  
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Alan Childs  
P.O. Box 1201  
Huntington, UT 84528

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