



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF STATE LANDS AND FORESTRY

Daren route to file
 015/032 #2

Norman H. Bangert
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September 17, 1992

CERTIFIED MAIL NO. P 879 599 612

Nevada Electric Investment Company
 Attn: Mr. Charles Vaughn, President
 PO Box 230
 Las Vegas, NV 89114

Dear Mr. Vaughn:

RE: State Coal Leases ML 21568 and ML 21569

On November 21, 1991, the Division notified NEICO that pursuant to Article XII of the lease agreements Lessee must immediately submit a \$500,000 bond to secure payment of rentals and royalties which may become payable to the State under State Coal Leases ML 21568 and ML 21569.

The Division met with Genwal Coal Company and legal counsel from Fabian & Clendenin to discuss the matter on January 14, 1992. At that time it was understood that a surety bond in the amount of \$307,200 would immediately be posted with and accepted by the Division. Lessee has failed to perform in this regard.

Lessee is in violation of Article XII of the terms and conditions of State Coal Leases ML 21568 and ML 21569. Please be advised that either or both of these leases may be terminated by Lessor after 30 days from your receipt of this letter, pursuant to Article XIX of the leases.

Sincerely,

JOHN T. BLAKE
 MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Intermountain Power Agency
 Allen Childs
 Lowell Braxton