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State of Utah

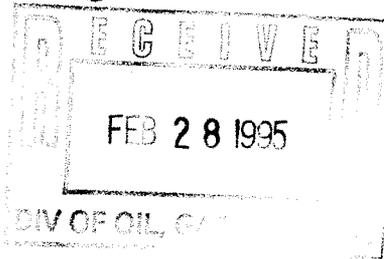
School and Institutional
TRUST LANDS ADMINISTRATION

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015/032 #2

cc: J. Heffner



February 21, 1995

CERTIFIED MAIL NO. P 879 605 458

Genwal Coal Co.
Crandall Canyon Project
P.O. Box 1420
Huntington, UT 84528
Attn: Jay Marshall

Gentlemen: RE: State Coal Leases ML 21568 & ML 21569

I understand that you have commenced the development of Main South within state coal lease ML 21568. The present mining plan which has been approved by the Trust Lands Administration for ML 21568, as Revised May 5, 1992, stipulates on page 14-2, paragraph four, as follows.

"...up holes will be drilled up a maximum of 150' in an attempt to locate and evaluate the Cottonwood, Blind Canyon, and Bear seams for potential mineability. The up holes will be drilled on one-half mile spacing in the mains as they are being developed...."

The mine map which I recently received for December 1994, mining activity indicates that Main South has advanced more than 1000' into ML 21568. Please be advised that the Trust Lands Administration requires the up drilling to be conducted as the mains are being developed, in accordance with the approved mining plan, prior to any development of room and pillar or longwall mining panels within ML 21568.

Please contact me if you have any questions in this matter.

Sincerely,

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Darron Haddock

