

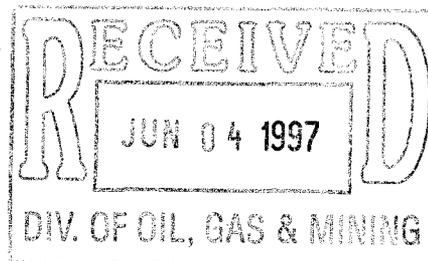


GENWAL
RESOURCES, INC.

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May 30, 1997

Jim Carter
Director
Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203



Dear Mr. Carter,

ACT 015/032 # 2

Genwal Resources has recently received copies of letters from the US Forest Service (5/21/97) and the Utah Division of Wildlife Resources (5/16/97) addressed to your office. These letters discuss the mitigation requirements associated with Genwal's proposed surface expansion project in Crandall Canyon, and specifically, the mitigation measures which have been agreed upon regarding the possible remnant population of Colorado River cutthroat trout in nearby Crandall Creek. Copies of these letters are attached and are part of this correspondence thru reference.

The purpose of this letter is to acknowledge that Genwal fully concurs with the mitigation plan as outlined in these letters. Genwal commits to work cooperatively with the Forest Service and DWR in the spirit and letter of these mitigation agreements. We will participate with Forest Service and DWR in signing a memorandum of agreement to accomplish this agreed-upon mitigation in a manner acceptable to both agencies as outlined in the above referenced letters.

As part of our Crandall Canyon mine Mining and Reclamation Plan (Act 015/032) we hereby agree to comply with the conditions and funding stipulations as stated in these letters and agree that these conditions/stipulations constitute the mitigation plan that Genwal has agreed upon with the agencies.

We, at Genwal, very much appreciate the cooperation shown by both the Forest Service and DWR in working with us to reach an agreement that provides the necessary mitigation for this sensitive population of fish and still allows us to pursue the necessary expansion of our mining operation in Crandall Canyon.

If you have any questions or comments regarding this matter please feel free to call me.

Sincerely,

Dave Shaver
Manager of Technical Services

cc Ted Stewart, DNR
Jeanette Kaiser, FS
Bill Bates, DWR