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November 26, 2003

-Hand Delivered-

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

Re: ***Comments of Huntington-Cleveland Irrigation Co./ South Crandall Lease
Revision c/015/0032, Task ID#1698***

This law firm represents the Huntington-Cleveland Irrigation Company, ("Huntington-Cleveland"), which owns the water rights to Little Bear Spring that supplies culinary water to Huntington City and other municipalities through Castle Valley Special Services District, one of Huntington-Cleveland's shareholders. Huntington-Cleveland is the largest holder of water rights in the Huntington Creek drainage.

We have reviewed the Permit Application for the South Crandall Lease Revision. The purpose of this letter is to express our concern about the application and its proposed water replacement provisions.

The permit file has a single page place holder for Appendix 7-51 "Little Bear Spring Water Replacement Agreement." However, there is no such Agreement in the file. Further, there has never been a Water Replacement Agreement with a necessary party, Huntington-Cleveland. Huntington-Cleveland is the owner of the water rights in little Bear Spring and there can be no effective Agreement to replace water without making Huntington-Cleveland a party.

Huntington-Cleveland is concerned that if there is an interruption, diminution or contamination of flow from Little Bear Spring, an important culinary source, without an

effective water replacement agreement water users will not have the benefit of protection of law protecting water resources and water rights.

We are also concerned that the recharge area for Little Bear Spring is not fully understood and we hope that a situation such as being faced with Electric Lake can be avoided by better understanding the Hydrology of this area. While emphasis has been shifted to a recharge zone to the south. We do not believe that studies conducted in this area have eliminated this area of recharge, and we strenuously object to the proposed modifications at this late date.

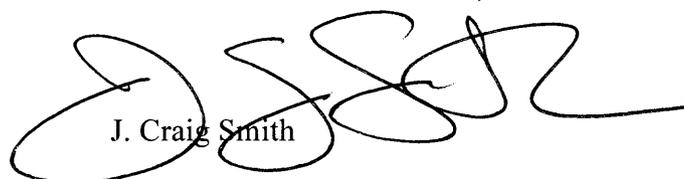
Finally, while the effort to address the impact of loss of flow in Little Bear Spring on shareholder Castle Valley Special Services District is commendable, such efforts do not go far enough to protect the rights and interests of Huntington-Cleveland's other shareholders. Huntington-Cleveland and not the District holds the water rights to Little Bear Springs. The potential loss of water from the Huntington Creek Drainage as a whole and not just Little Bear Springs should also be considered.

Based on the above reasons, respectfully requests an informal conference be held to discuss this and other concerns of Huntington-Cleveland.

If I can provide any further information, please contact me.

Yours truly,

SMITH & HARTVIGSEN, PLLC


J. Craig Smith

cc: Board of Directors, Huntington-Cleveland
Dennis Ward, President
Lee McElprang, Vice President
Ken Jensen, Secretary