



**Coastal States
Energy Company**

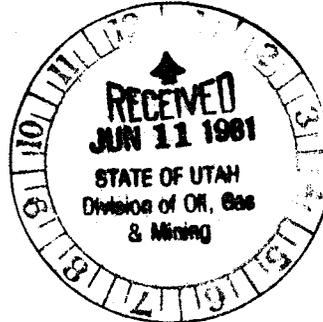
Nine Greenway Plaza
Houston, Texas 77046
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Subsidiary of
The Coastal
Corporation

#2

June 10, 1981

Utah Division of Oil, Gas and Mining
1588 W. N. Temple
Salt Lake City, UT 84116



Attn: Tom Tetting

Dear Mr. Tetting:

Southern Utah Fuel Company (SUFCo), a wholly owned subsidiary of Coastal States Energy Company, is the operator of an underground coal mining operation located in Sevier County, Utah. In November, 1980, SUFCo applied for a Federal Coal Lease (No. U-47980) covering 1,160 acres contiguous to the then existing leasehold and permit area under the emergency leasing provisions of the Bureau of Land Management's Federal Coal Management Program. If an emergency lease sale is held, and Coastal is successful in leasing the tract, the emergency lease area would be incorporated into the Coastal permit area. Due to the abundance of geologic data in close proximity to Federal Coal Lease No. U-047080, Coastal requests that the requirements of UMC 783.14(a)(1) be waived for that lease, pursuant to UMC 783.14(b).

Appropriate justification for granting the waiver is as follows:

1. The submitted 1980 Mine Plan includes data from adjacent federal coal leases which are intended to satisfy UMC 783.14(a)(1) requirements.
2. Due to the extent of previous drilling in the area, it is reasonable to estimate geologic and chemical characteristics of the strata down to and including the floor material of the Upper Hiawatha coal seam. The Utah Geological and Mineralogical Survey (UGMS) and U.S. Geological Survey (USGS) have jointly drilled 26 coal exploration holes in the unleased federal coal area west of the permit area as defined in the 1980 Mine Plan (Smith, 1981).

One of the UGMS/USGS boreholes, MC-20-AL, is located on Federal Coal Lease No. U-47080. Two holes, MC-17-AL and MC-18-AL, are less than one mile to the north. Hole MC-23-AL is approximately one-half mile to the west. Two holes, MC-21-AL and MC-29-AL are less than one and one-quarter miles to the southwest of the lease.

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In addition to the UGMS/USGS drilling, the Applicant has drilled 10 holes on Federal Coal Lease No. SL-062583 along a one-quarter mile wide band adjacent to the east and south boundaries of Federal Coal Lease No. U-47080.

3. Federal Coal Lease No. U-47080 is in an area where no surface mining operations or facilities are anticipated.

A Utah Geological and Mineralogical Survey publication which describes the USGS/UGMS drilling is now in press. The enclosed cross-section and geologic map illustrates the continuity of the Upper Hiawatha coal seam through Federal Coal Lease No. U-47080.

Please contact me if you have any questions regarding the proposed waiver.

Sincerely yours,



R. Vance Hall
Director of
Coal Exploration

Enclosures: 3