

GEOTHERMAL BRANCH

June 30, 1983

Mr. Edward F. Sprang
State Director,
Bureau of Land Management
300 Booth Street
P. O. Box 12000
Reno, Nevada 89520

Re: McCoy Unit - Churchill and Lander Counties, Nevada

Dear Mr. Sprang:

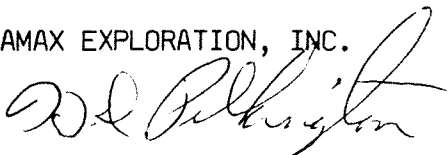
Under the provisions of the McCoy Unit Agreement, AMAX is obligated to spud the next well on or before August 22, 1983. In my letter to Mr. Ellis Hammett dated January 17, 1983, I had indicated that if the drilling results on well 26-8 were favorable AMAX planned to move a diamond drill onto the location on or about August 15, 1983 to deepen the hole from 2,010 feet to 4,000 feet.

Because of drilling problems, AMAX had spent the approved budget for well 26-8 in drilling from 0 to 1,002 feet. AMAX hereby requests permission to move a diamond drill onto location 26-8 and to deepen the hole from 1,002 feet to a minimum of 2,010 feet and perhaps to as much as 4,000 feet in order to satisfy the Unit requirements. If we elect to go with the same drilling company that we are using at Tuscarora we could be ready to begin the McCoy work as early as July 20, 1983.

In order to facilitate the paper work you will find the appropriate Sundry Notice enclosed for your approval.

Sincerely,

AMAX EXPLORATION, INC.



H. D. Pilkington
Chief Geologist, Geothermal Branch

HDP/c

cc: J. E. Deymonaz
J. L. Emerson