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September 27, 1993

SEP 27 1993

DIVISION OF
OIL, GAS & MININGJames M. Carter
Director
UTAH DIVISION OF OIL, GAS & MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Continued Operation of Belina Mine Complex Under ACT/007/001

Dear Director Carter:

On behalf of White Oak Mining & Construction Co., Inc., ("White Oak"), I have been requested to notify you that, as of September 16, 1993, White Oak obtained the legal right to enter and continue operations under ACT/007/001. Pursuant to the terms of an Asset Purchase Agreement (the "Agreement") dated September 16, 1993 between Kanawha Hocking Coal & Coke Co., Inc. ("K&H") and Valley Camp of Utah, Inc. ("VC"), as Sellers, and White Oak, as Buyer, K&H and VC have conveyed the Belina Mine Complex to White Oak. Under Utah Code Ann. § 40-10-9(2), White Oak may continue operations pursuant to Belina Mine Complex Permit No. ACT/007/001 so long as (1) an application for approval of transfer, assignment or sale of permit is submitted within 30 days of closing the Agreement, and (2) reclamation bond coverage is provided.

Enclosed herewith is White Oak's Application for Approval of Transfer, Assignment or Sale of Permit No. ACT/007/001 submitted under Utah Admin. R645-303-300.

White Oak has made provisions for bond coverage under the Agreement by Valley Camp during review and approval of the transfer application. White Oak has provided a bond to secure VC's current \$2.3 million reclamation liability under ACT/007/001. White Oak's bond is payable to Valley Camp in the event of White Oak's default in its performance of its obligations under Permit No. ACT/007/001 while the transfer application is being reviewed. The bond in favor of VC will be eliminated upon transfer of the permit and approval of White Oak's replacement bond by the State of Utah.

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White Oak has been informed of the State's finding of inadequate bond received by VC on September 13, 1993. As the permittee's successor in interest, White Oak hereby requests an informal conference pursuant to R645-301-123 to review the Division's proposed readjustment of reclamation liability for ACT/007/001. A petition addressing this issue will be submitted under separate cover.

We appreciate your willingness to facilitate continued operations under the Permit. Please contact me once you have reviewed this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:19973

Enclosure

cc: Scott Kiscaden
Todd Kiscaden
John Kirkham, Esq.
Daron Haddock