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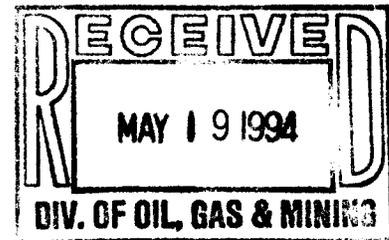
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HAND DELIVERED

May 18, 1994

Mr. Daron Haddock
Permit Supervisor
Utah Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



RE: Coal Reclamation Agreement -- White Oak Mining & Construction Company, Inc., Belina Mine Complex, Permit No. ACT/007/001, Folder #3, Carbon County, Utah

Dear Daron:

Enclosed is a copy of the Coal Reclamation Agreement ("Agreement") for Permit No. ACT/007/001 executed by White Oak Mining & Construction Company, Inc. ("White Oak"), as permittee. The Bonding Agreement attached as Exhibit "B," is executed by National Fire Insurance Company of Pittsburgh, as surety. The Certificate of Liability Insurance, Exhibit "C," is executed by McDonough Caperton Insurance Group, as indemnity agent. This Agreement has been revised pursuant to the letter dated May 9, 1994, from Thomas E. Ehmett, Acting Director, Albuquerque Field Office, Office of Surface Mining ("OSM"), to James W. Carter, Director, Utah Division of Oil, Gas & Mining (the "Division"). As you will note, the term "Permit Application Package" ("PAP") now refers to the full permit application package, rather than to the transfer application.

White Oak has changed the name of the Belina No. 1 Mine and the Belina No. 2 Mine to "White Oak Mine #1" and "White Oak Mine #2." The Agreement correctly references these new names. Consistent with OSM's letter of May 9, 1994, White Oak requests that the Division's findings document approving the transfer application reference the White Oak No. 1 and the White Oak No. 2 Mines. It is our understanding that these findings will serve as official recognition of the Mines' name change.

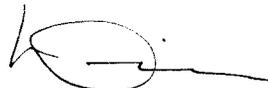
Mr. Daron Haddock
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Pursuant to R645-301-870.200, the Division may release the existing performance bond once the permittee has submitted and the Division has approved an acceptable replacement performance bond. I have been authorized to deliver National Union's surety bond to replace the surety bond and bond rider filed with the Division to secure Valley Camp of Utah, Inc.'s ("Valley Camp's") performance of reclamation responsibilities for Permit No. ACT/007/001. To facilitate this arrangement, I would like to meet with you and Director Carter to have the Division execute the Agreement, federal surety bond (Exhibit "B") and Affidavit of Qualification of Director. Upon execution and delivery of the reclamation bond, I have been requested by Valley Camp to take physical possession of this surety bond and bond rider filed with the Division to secure Valley Camp's performance of the reclamation responsibilities for Permit No. ACT/007/001.

Please give me a call to confirm a time for completion of the permit transfer and bond replacement for Permit No. ACT/007/001.

Thank you for your assistance in this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:34560

Enclosures

cc: Todd Kiscaden
Scott Kiscaden
John Kirkham, Esq.
James W. Carter, Esq.