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OUTGOING
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State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

UTAH DIVISION OF OIL, GAS & MINING
FACSIMILE COVER SHEET

DATE: August 23, 2004

FAX: (859) 253-9144

ATTENTION: William T. Gorton

COMPANY: Sites and Harbison

DEPARTMENT:

NUMBER OF PAGES: (Including this one) 5

FROM: Vickie Southwick DIVISION OIL, GAS & MINING (801) 538-5304

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MESSAGE:

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August 23, 2004

William T. Gorton III, Esq.
Stites and Harbison
250 West Main Street, Suite 2300
Lexington, Kentucky 40507

Re: Progress Payment Withdrawal Request #4, White Oak Mine, C/007/0001,
Outgoing File

Dear Mr. Gorton:

Enclosed with this letter, please find 1) the fourth and final Payment Withdrawal Request letter, addressed to Ms. Betty Bain, which must be co-signed by Frontier Insurance Company in Rehabilitation; and 2) the signed Progress Estimate, dated June 28, 2004.

Please contact me if we need to discuss this payment further. Call me at (801) 538-5306, or email at maryannwright@utah.gov.

Sincerely,

Mary Ann Wright
Associate Director, Mining

Enclosures 2 as above
cc: Steve Alder, AAG
Jim Fulton, OSM
Joe Lambert, Ledcor
Steve Demczak PFO
O:\007001.WO\FINAL\Gorton_4.DOC



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WITHDRAWAL REQUEST

August 23, 2004

Betty G. Bain
Bank One Trust Company
201 East Main Street
Lexington, Kentucky 40507

Re: Progress Payment #4 from Frontier Escrow Account

Dear Ms. Bain:

Reference is made to that certain Escrow Agreement dated, October 26, 2003 by and among Frontier Insurance Company in Rehabilitation ("Frontier in Rehabilitation"), the Utah Division of Oil, Gas and Mining ("DOG M"), and Bank One Trust Company, NA ("Escrow Agent"). Please be advised that on August 23, 2004, pursuant to Section 4.1 of said Escrow Agreement, a withdrawal from the Escrow Fund in the total amount of \$114,004.60 is requested for expenses in accord with the Reclamation Contract for the Whiskey Creek Mine.

In support of this request the following certifications are made. The Division hereby approves the Progress Estimate payment to Leducor as requested.

| Amount Requested | Payee |
|---------------------|---------------------------|
| <u>\$114,004.60</u> | <u>Leducor Industries</u> |

Page 2
Withdrawal Request
August 23, 2004

Please send the payment to:

Joseph C. Lambert
Project Manager
Ledcor Industries
5905 South Virginia Street, 3rd floor
Reno, Nevada 89502

Sincerely,
Utah Division of Oil, Gas and Mining



By: Mary Ann Wright
Its: Associate Director, Mining

Frontier Insurance Company in Rehabilitation

By:
Its:

LEDCOR INDUSTRIES (USA) Inc.
Location: Scofield, Utah

Progress Estimate

Whiskey Creek Mine Reclamation Project

Progress Billing No.: 4 (final)

For Period of :

December 31, 2003 thru July 31, 2004

Page: 1 of 1
Rev.:
Date: 28-Jun-04

| Item | Description | UNIT | TOTAL EST. TO COMPLETE | | | | | COMPLETE TO DATE | | | COMPLETE THRU PREV. BILL'G | | | COMPLETE THIS BILL'G | | |
|---|------------------------------------|------|------------------------|-----------------------|----------|----------------------|------------|------------------|----------------------|---------|----------------------------|----------------------|---------|----------------------|--------------|---------|
| | | | Estimated Quantity | Rate \$ | Quantity | Amount \$ | % Prog. | Quant. | Amount \$ | % Prog. | Quant. | Amount \$ | % Prog. | Quant. | Amount \$ | % Prog. |
| 1 | Mobilization | LS | 1 | \$ 65,750.00 | - | \$ - | 0% | 1.00 | \$ 65,750.00 | 100% | 1.00 | \$ 65,750.00 | 100% | 0.00 | \$ - | 0% |
| 2 | Bond | LS | 1 | \$ 9,800.00 | - | \$ - | 0% | 1.00 | \$ 9,800.00 | 100% | 1.00 | \$ 9,800.00 | 100% | 0.00 | \$ - | 0% |
| 3 | Demobilization | LS | 1 | \$ 65,750.00 | - | \$ - | 0% | 1.00 | \$ 65,750.00 | 100% | 0.50 | \$ 32,875.00 | 50% | 0.50 | \$ 32,875.00 | 50% |
| 4 | Area A Backfilling | LS | 1 | \$ 35,840.00 | - | \$ - | 0% | 1.00 | \$ 35,840.00 | 100% | 1.00 | \$ 35,840.00 | 100% | 0.00 | \$ - | 0% |
| 5 | Area B Backfilling | LS | 1 | \$ 94,080.00 | - | \$ - | 0% | 1.00 | \$ 94,080.00 | 100% | 1.00 | \$ 94,080.00 | 100% | 0.00 | \$ - | 0% |
| 6 | Area C and Open Portal Backfilling | LS | 1 | \$ 28,400.00 | - | \$ - | 0% | 1.00 | \$ 28,400.00 | 100% | 1.00 | \$ 28,400.00 | 100% | 0.00 | \$ - | 0% |
| 7 | Area D Backfilling | LS | 1 | \$ 111,090.00 | - | \$ - | 0% | 1.00 | \$ 111,090.00 | 100% | 1.00 | \$ 111,090.00 | 100% | 0.00 | \$ - | 0% |
| 8 | Area E Backfilling | LS | 1 | \$ 254,700.00 | 0.07 | \$ 17,829.00 | 7% | 0.93 | \$ 236,871.00 | 93% | 0.93 | \$ 236,871.00 | 93% | 0.00 | \$ - | 0% |
| 9 | Sediment Pond Closure | LS | 1 | \$ 12,660.00 | 1.00 | \$ 12,660.00 | 100% | 0.00 | \$ - | 0% | 0.00 | \$ - | 0% | 0.00 | \$ - | 0% |
| 10 | Whiskey Creek Restoration | LS | 1 | \$ 116,088.00 | 0.95 | \$ 110,283.60 | 95% | 0.05 | \$ 5,804.40 | 5% | 0.00 | \$ - | 0% | 0.05 | \$ 5,804.40 | 5% |
| 11 | Topsoil Distribution/Preparation | LS | 1 | \$ 141,120.00 | 0.95 | \$ 134,064.00 | 95% | 0.05 | \$ 7,056.00 | 5% | 0.05 | \$ 7,056.00 | 5% | 0.00 | \$ - | 0% |
| 12 | Fine Grade & Seed | LS | 1 | \$ 45,542.00 | 1.00 | \$ 45,542.00 | 100% | 0.00 | \$ - | 0% | 0.00 | \$ - | 0% | 0.00 | \$ - | 0% |
| 13 | Survey | LS | 1 | \$ 18,180.00 | - | \$ - | 0% | 1.00 | \$ 18,180.00 | 100% | 0.50 | \$ 9,090.00 | 50% | 0.50 | \$ 9,090.00 | 50% |
| 14 | Site Costs (Dec 03 - July 04) | LS | 1 | \$ 3,150.00 | - | \$ - | 0% | 1.00 | \$ 3,150.00 | 100% | 0.00 | \$ - | 0% | 1.00 | \$ 3,150.00 | 100% |
| SUBTOTAL | | | | | | \$ 328,378.60 | | | \$ 681,771.40 | | | \$ 630,852.00 | | \$ 50,919.40 | | |
| Contract Total (Incl. Change Orders) | | | | \$1,002,150.00 | | | 32% | | | | | | | | | |
| LESS RETAINAGE | | | | 10% | | | | | \$ - | | | \$ 63,085.20 | | -\$ 63,085.20 | | |
| Total Payable | | | | | | | | | \$ 681,771.40 | | | \$ 567,766.80 | | \$ 114,004.60 | | |

Ledcor Industries (USA) Inc.

Joseph C. Lambert
Date: 9/24/04

Frontier Representative

Date: _____

DOG M Representative

Raymond J. ...
Date: 8/23/04

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