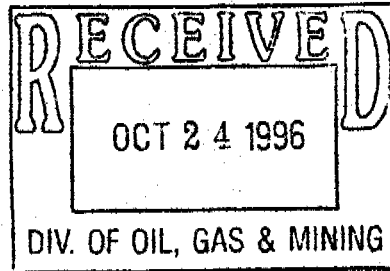


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October 18, 1996

Pamela Grubaugh-Littig
Permit Supervisor
State of Utah, Dept. of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

*File ACT/007/004
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**Subject: Phase I Bond Release, AMAX Coal Company,
Sowbelly Gulch Mine No. 5 Mine Area of Castle Gate Mine,
ACT/007/004 -96K, Folder #2, Carbon County, UT.**

Dear Ms. Grubaugh-Littig:

In response to your letter of October 8, 1996, advising that AMAX has applied for a Phase I bond release at the subject mine, please be advised that Blackhawk Coal Company has no objections to the proposal.

Sincerely yours,

Kenn E. McDonough

Kenneth E. McDonough

cc: Johnny Pappas, Sr. Environmental Engineer, Cyprus Plateu Mining Corp.

KM/LT961018.100

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