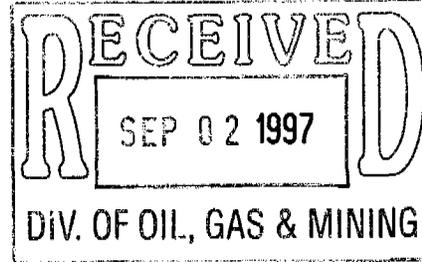


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EarthFax

EarthFax
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Midvale, Utah 84047
Telephone 801-561-1555
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September 2, 1997

Joseph C. Helfrich
Permit Supervisor
State of Utah
Department of Natural Resources
Utah Division of Oil, Gas and Mining

ACT / 007/604 # 2
Wayne

RE: Submittal of the Revised Bond Amount for the Castle Gate Mine

Dear Mr. Helfrich:

As per your letter dated August 18, 1997, EarthFax Engineering, Inc. is submitting to you on behalf of AMAX Coal Company five (5) copies of the revised M&RP text that detail the recently adjusted bond amount for the Castle Gate Mine. In your letter you stated that a bond amount of \$2,054,000 had been calculated for the mine by Mr. Wayne Western. After reviewing and discussing the calculations with Mr. Western, a new bond amount of \$1,804,000 was determined and agreed upon.

Please find enclosed five (5) copies of the following text:

Section 3.1-5 Reclamation Costs and Bonding, page 3.1-14,
Table 3.-2 Summary of Bonding and Reclamation Costs (Revised September 1997),
page 3.1-19,
Hardscrabble Canyon Bond Estimate summary sheet (Appendix 3-2), and
Adit No. 1 Bond Estimate summary sheet (Appendix 3-2).

If you have any questions about the bond costs or the enclosed text, please call me at 561-1555 or Mr. Johnny Pappas at (801) 636-2289.

Sincerely:

Chris D. Hansen

enclosures

c: Mr. Johnny Pappas, AMAX Coal Company