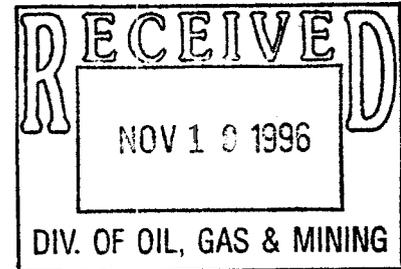


LAW OFFICES OF  
**KIMBALL, PARR, WADDOUPS, BROWN & GEE**  
 A PROFESSIONAL CORPORATION  
 SUITE 1300  
 185 SOUTH STATE STREET  
 POST OFFICE BOX 11019  
 SALT LAKE CITY, UTAH 84147-0019  
 TELEPHONE (801) 532-7840  
 TELECOPIER (801) 532-7750

JOHN M. BURKE



9102

**VIA HAND DELIVERY**

November 19, 1996

James W. Carter, Director  
 Division of Oil, Gas, and Mining  
 1594 West North Temple, Suite 1210  
 P.O. Box 145801  
 Salt Lake City, Utah 84114-5801

Re: Application for Transfer of Mining Permit No. ACT/007/005 for the Skyline Mine

Dear Mr. Carter: #2

Please find enclosed herewith three copies of the above-referenced Application for Permit Transfer. On behalf of the applicant, Canyon Fuel Company, LLC, I am submitting this application pursuant to Utah Admin. R645-303-300. Please note the following:

1. R645-303-321.100: The names of the current permittees are Coastal States Energy Company and its wholly owned subsidiary, Skyline Coal Company. The Companies are located at the same address, which is: 175 East 400 South, Suite 800, Salt Lake City, Utah 84111. Coastal States Energy Company is the wholly owned subsidiary of The Coastal Corporation.

2. R645-303-321.300: Under a Purchase and Sale Agreement entered into by The Coastal Corporation, Coastal Coal Company, Inc., Atlantic Richfield Company, and Itochu Corporation, Coastal States Energy Company and all its subsidiaries will be merged into a newly formed limited liability company, Canyon Fuel Company, LLC. Canyon Fuel Company, LLC will then be purchased by Arco Uinta Coal Company, a wholly owned subsidiary of Atlantic Richfield Company, and Itochu Coal International, Inc., which will be a wholly owned subsidiary of Itochu Corporation. Itochu Corporation is presently in the process of forming Itochu Coal International.

3. The enclosed application seeks approval to change the permittee's name to Canyon Fuel Company, LLC and updates Chapter 1, Legal, Financial, Compliance, and Related Information, of the existing permit to reflect the anticipated transaction. Please note that the current Chapter 1 information will remain in effect until

James W. Carter, Director  
November 19, 1996  
Page 2

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the merger and sales transaction closes, whereupon the information recited in the enclosed permit transfer application will become effective.

The combination of the thirty-day public comment period and the December 20, 1996 deadline for closing have forced us to submit this application with some information omitted. These omissions include (1) several social security numbers for officers and directors,<sup>1</sup> (2) the employer identification number for Itochu Coal International, Inc., and (3) the certificate of insurance required under R645-301-117.100. Moreover, we still must provide the replacement surety bond and proof of publication of the public notice required under Utah Admin. R645-303-322. We plan to supplement the application to supply these items on or before the closing date.

The parties to the transaction anticipate closing on December 20, 1996, contingent upon approval of this permit transfer. We request that this transfer be effective as of that anticipated closing date, assuming that we have satisfied all information requirements.

Should your review of this submittal identify the need for additional information or clarification, please do not hesitate to contact me. We appreciate the assistance and cooperation that Daron Haddock, Mary Ann Wright, and Pamela Grubaugh-Littig of your staff have already provided in the preparation of this submittal and look forward to working with them to complete this transfer.

Very truly yours,



John M. Burke

Enclosure

cc: David M. Arnolds (w/enc)  
R. Kirk Mueller (w/enc)  
Clayton J. Parr  
Daron Haddock  
Mary Ann Wright  
Pamela Grubaugh-Littig

JMB/wm

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<sup>1</sup>Please note, however, that the directors and officers of the Itochu entities as well as Itochu Coal International Inc.'s representatives to Canyon Fuel Company, LLC are Japanese nationals and do not, therefore, have social security numbers.