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November 19, 1986

HAND DELIVERED

Pamela Grubaugh-Littig
Bonding Specialist
Utah Division of Oil, Gas & Mining
III Triad Center, Room 300
Salt Lake City, Utah 84180

RE: Kaiser Coal Corporation - Supplemental
Financial Information

Dear Pam:

On behalf of Kaiser Coal Corporation ("Kaiser"), I have enclosed supplemental financial information concerning the company which the Division of Oil, Gas & Mining ("Division") has recently requested. The enclosed audit letter by Touche-Ross and Co. verifies the consolidated financial statement of Kaiser and its subsidiaries for the year ended December 31, 1985. I understand that Kaiser submitted their December 31, 1985 financial statement to you in April of this year as part of its annual report to the Division. Also enclosed is the consolidated financial statement of Kaiser and subsidiaries which updates the 1985 financial statement through June 30, 1986. I am informed that these reports represent the most current financial information available to date on Kaiser.

These reports are provided to the Division in compliance with UMC 800.23B.4 and as required under the terms of the company's self-bonding agreements concerning the Horse Canyon Mine, the Sunnyside Mine and the Wellington Preparation Plant.

LAW OFFICES OF
FABIAN & CLENDENIN
A PROFESSIONAL CORPORATION

Pamela Grubaugh-Littig
November 19, 1986
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I appreciate your help in resolving this matter.

Very truly yours,



Denise A. Dragoo

DAD:jk

Enclosures

cc: Lowell Braxton
Thomas Hopkins, Esq.
Jeffrey C. Collins, Esq.