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HAND DELIVERED

March 21, 1994

Jan Brown, Administrative Assistant
Utah Department of Natural Resources
Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

Act 1007/007
#A



RE: Sunnyside Coal Company Escrow Agreements

Dear Jan:

Enclosed is the original March 17, 1994 Escrow Agreement regarding surface property and the original March 18, 1994 Escrow Agreement regarding water rights, both of which have been executed by Sunnyside Coal Company ("SCC"). These Escrow Agreements involve property secured by the Deed of Trust and Security Agreement dated March 9, 1989, by and between SCC as successor in interest to Trustor, South Eastern Utah Title Company, Trustee, and the Utah Division of Oil, Gas & Mining (the "Division") and the federal Office of Surface Mining ("OSM") as co-beneficiaries.

I understand that OSM is forwarding the executed Escrow Agreements to the Division. Upon receipt of these executed Agreements, please have Jim execute these documents and give me a call once these documents are signed in counterpart. I will then send a runner to pick up the documents from the Division and deliver them to the Escrow Agent at Zions First National Bank.

Thank you for your assistance in this matter.

Very truly yours,

Denise A. Dragoo

DAD:jmc:30986

Enclosures

cc: Robert M. Burnham
DeAnn Owen, Esq.
Robert H. Hagen
Thomas A. Mitchell, Esq.
David VanWagoner, Escrow Agent

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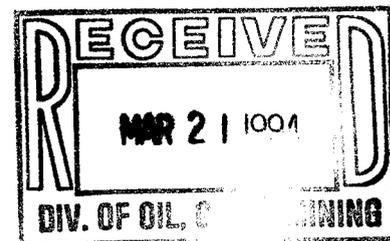
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VIA FEDERAL EXPRESS

March 18, 1994

Mr. Robert H. Hagen, Director
Office of Surface Mining, Reclamation
& Enforcement
505 Marquette, N.W., Suite 1200
Albuquerque, New Mexico 87102



RE: Escrow Agreement -- WATER RIGHTS

Dear Director Hagen:

Enclosed for execution is a separate Escrow Agreement between Zions First National Bank, Sunnyside Coal Company, the Utah Division of Oil, Gas & Mining and the Office of Surface Mining Reclamation & Enforcement. This Escrow Agreement relates to water rights subject to the Deed of Trust and Security Agreement dated March 9, 1989. Also enclosed is the Request for Partial Reconveyance and the Partial Reconveyance relating to these water rights.

Please execute the Escrow Agreement and return it to the Division in the enclosed Federal Express envelope. This Agreement will be signed in counterpart by Sunnyside Coal Company.

In addition, please execute the Request for Partial Reconveyance and fax a copy of this Request to South Eastern Utah Title Company at (801) 637-4459 and return the original to them at 175 East 100 South, Price, Utah 84501.

Thank you for your continued assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Denise A. Drago".

Denise A. Drago

DAD:jmc:30963

Enclosures

cc: Robert M. Burnham
DeAnn Owen, Esq.
✓ James M. Carter