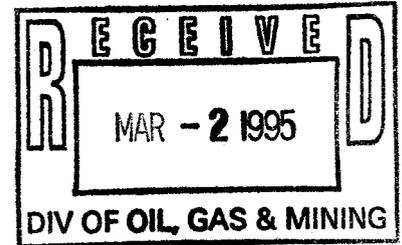


PARSONS BEHLE & LATIMER

A Professional Law Corporation

February 28, 1995



James W. Carter, Director
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84101

Charles Sandberg, Acting Director
Western Support Center
Office of Surface Mining
U.S. Department of the Interior
1999 Broadway, Suite 3320
Denver, Colorado 80202

cc: JWC

LPB

JLB

PGL

orig: file

Re: Contemplated Tucker Acquisition of Sunnyside Coal Mine

Gentlemen:

This firm represents Clay and Daniel Tucker and related family members (collectively "Tuckers") in connection with their acquisition, through a to-be-formed Utah limited liability corporation, Whitmore, L.C., of certain property and water right assets ("Assets"), including substantially all of the Sunnyside Coal Mine, from the bankruptcy estate of the Sunnyside Coal Company ("Debtor") (the "Transaction"). As you know, the Debtor holds a permit to conduct surface coal mining and reclamation operations, number ACT/007/007, and also is subject to Order 94B, issued July 7, 1994. The purpose of this letter is to request confirmation by the Division of Oil, Gas and Mining ("DOGM" or the "Division") and the Office of Surface Mining ("OSM") of certain effects of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 *et seq.* and the Division's Coal Mining Rules, Utah Admin. Code R645, and corresponding federal laws and regulations, on the Transaction. An executed copy of a Letter of Intent describing the Transaction has been provided to DOGM's counsel, Thomas A. Mitchell and OSM's counsel, Robert Clark.

If the Transaction is approved by the Bankruptcy Court by a final, non-appealable order, free and clear of all liens, claims and interests, the Tuckers are prepared to assume the reclamation obligation for the lands presently subject to permit ACT/007/007.

In connection with the Transaction the Tuckers do not intend to conduct any surface coal mining operations, as defined in the Utah Coal Mining and Reclamation Act, and do not intend to acquire DOGM permit ACT/007/007 or any rights granted thereunder. Accordingly, the Tuckers understand that the requirement for prior Division approval of transfer, assignment, or sale of the rights granted under permit ACT/007/007 pursuant to Utah Code Ann. § 40-10-12(2) and Utah Admin. Code R645-303-300 (and corresponding federal laws and regulations) are inapplicable to the Transaction. I would appreciate confirmation by the Division and the OSM of this understanding.

Cognizant that there are outstanding and unfulfilled reclamation obligations at the Sunnyside mine, the Tuckers are prepared to submit an application for approval of a reclamation plan which meets the approval requirements of R645-303-340, including a performance bond or other acceptable surety in the amount of \$8.6 million (the "Bond"). The Tuckers propose to present the Bond to the Division at the closing of the Transaction, in accord and satisfaction of all liens, bonds and other claims and encumbrances (collectively "Claims") which the Division and the OSM have or may have against the Assets. The Tuckers request confirmation that, upon presentation of the Bond at closing, including a commitment to comply with R645-303-321 et seq. (except the requirements to provide an application for approval, and to obtain approval, of a transfer, assignment or sale of rights granted by a permit), and signing of an appropriate reclamation agreement, the Division and the OSM shall fully release the Claims and quitclaim to the estate of the Debtor any property interests which they hold in the Assets. To the extent that the OSM has asserted a claim against the Debtor for unpaid AML fees, that claim does not affect the Assets or the release by OSM of the Claims against the Assets.

The Tuckers also contemplate entering an agreement with the cities of Sunnyside and East Carbon ("Cities") respecting certain of the Assets. If this agreement is reached and closed, Tuckers would convey to one or both of the Cities any interest the Tuckers acquire from the Debtor in (1) the Grassy Creek Dam and Reservoir and appurtenant works, (2) a well known as Well 90-1, plus necessary access, water line and power line easements. The agreement would provide that the Cities assume any reclamation obligations associated with these properties. Tuckers request confirmation that, if this transaction with the Cities closes and the Division approves the Cities' assumption of reclamation obligations for the affected properties, including a performance bond or other acceptable surety, DOGM and OSM will release Tuckers of the reclamation obligations, including partial release of the Bond, for these affected properties.

A conceptual outline of a reclamation plan has been submitted to Mr. Randy Harden of your staff for review. Notwithstanding these communications, the Tuckers request confirmation that prior approval of a reclamation plan submittal is not a prerequisite to release of the Claims, provided the reclamation obligation is assumed and the Bond is presented to the Division at the closing.

As the Tuckers are not succeeding to any permit rights and will not be a permittee, the Tuckers believe that the Applicant Violator System ("AVS") does not apply to Whitmore, L.C. or to them as its owners. Without waiving that position, the Tuckers are willing to provide the following information to permit queries of the AVS database:

1. Clay Tucker
1805 Hilltop Drive, Suite 201
Redding, CA 96002
SS #527-85-2470
Member of Whitmore, L.C., 25% interest
2. Clay Tucker, as trustee of the Clay Tucker Money Purchase Plan
1805 Hilltop Drive, Suite 201
Redding, CA 96002
SS #527-85-2470
Member of Whitmore, L.C., 15% interest
3. Daniel Tucker and Sharon Tucker, joint tenants
1805 Hilltop Drive, Suite 201
Redding, CA 96002
SS #561-56-3400 and 569-72-5510, respectively
Member of Whitmore, L.C., 45% interest
4. Paul Quatraro and Kay Quatraro, joint tenants
5890 North Williams Dr.
Tucson, AZ 85704
SS #280-64-1076 and 553-45-9937, respectively
Member of Whitmore, L.C., 15% interest

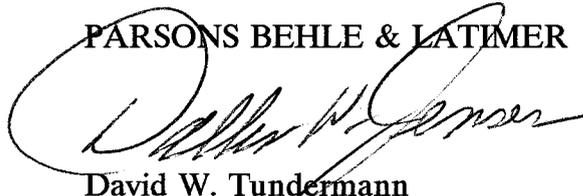
The Tuckers understand that an evaluation by DOGM of the AVS database reveals no "permit blocking" information regarding Whitmore, L.C. or any of its shareholders, assuming arguendo that AVS were applicable to the Transaction.

James W. Carter, Director
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I would very much appreciate confirmation of the above understandings and a response to the Tuckers' AVS requests by February 27, 1995. Thank you for your cooperation.

Very truly yours,

PARSONS BEHLE & LATIMER

A handwritten signature in black ink, appearing to read "David W. Tundermann", written over the typed name below.

David W. Tundermann
Dallin W. Jensen

cc: Clay Tucker
Gary Johnson
Thomas A. Mitchell, Esq.
James T. Burghardt, Esq.