

0008

Mme file 115  
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LAW OFFICES  
PRUITT, GUSHEE & FLETCHER

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FREDERICK M. MACDONALD  
STEVEN PAUL ROWE

September 21, 1989

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SEP 22 1989

DIVISION OF  
OIL, GAS & MINING

Mr. Lowell Braxton, Associate Director  
Division of Oil, Gas and Mining  
Department of Natural Resources  
State of Utah  
355 West North Temple  
3 Triad Center - Suite 350  
Salt Lake City, Utah 84180-1203

Re: Update of Self Bond  
Qualifications, U.S. Fuel  
Co./Hiawatha Complex,  
ACT-007/011-Folder No.  
for Carbon County, Utah

Dear Lowell:

As I mentioned to you in our telephone conversation, enclosed are the following:

1. U. S. Fuel's unaudited financial statement in the form of a balance sheet for calendar quarter ending June 30, 1989.
2. Updated Self Bonding Qualification Sheet (revised September 15, 1989) for the quarter ending June 30, 1989, together with comparison figures of December 31, 1988.

Very truly yours,

  
O. W. Gushee, Jr.

OWG:bt  
0395.71  
Enclosures  
cc: Jim Newcomb (w/encls.)

Sue: Please review with  
Randy. Can we determine  
adequacy for self bond based  
on this info, the logs, and our  
latest letter to Hiawatha

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SEP 22 1989

COAL  
(August 1985)

DIVISION OF  
OIL, GAS & MINING

Revised  
9/15/89  
Mine Name Hiawatha Complex  
Permit No. ACT/007/011  
Date October 29, 1986  
Checked By \_\_\_\_\_

SELF BONDING QUALIFICATION SHEET

Applicant Required to Meet One of the Following Criteria:

UMC 800.23(b)(3)

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

At 12/31/88	At 6/30/89
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or

2.

A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

\$13,961,000	\$13,213,000
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B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

.70	.62
-----	-----

C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

3.44	6.41
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Reference: Price Waterhouse Review Opinion as of December 31, 1988 and U. S. Fuel Company Balance Sheet (unaudited) as of June 30, 1989.

or

3.

A. Fixed assets in the United States (at least \$20 million) =

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B. Total Liabilities/Net Worth =  
(2.5 times or less) \_\_\_\_\_

Current Assets/Current  
Liabilities (1.2 times or  
greater) = \_\_\_\_\_

Reference: \_\_\_\_\_

UMC 800.23(b)(1)

Suitable agent (resident within the state of Utah)

Prentice - Hall Corp. Systems  
185 South State, Suite 600  
Salt Lake City, UT 84111

UMC 800.23(b)(2)

Been in continuous operation of not less than five (5) years  
(immediately preceding the time of application) (submitted five  
annual reports--Yes X No \_\_\_)

UMC 800.23(b)(4)

(i) Financial statements prepared by an independent certified  
public accountant in conformity with generally accepted accounting  
principles. Yes X No \_\_\_

(ii) Unaudited financial statements for completed quarters in  
the current fiscal year. Yes X No \_\_\_

(iii) Additional unaudited information as requested by the  
Division.

Balance Sheet (unaudited) as of June 30, 1989.

UNITED STATES FUEL COMPANY

BALANCE SHEET  
(UNAUDITED)  
(THOUSANDS OF DOLLARS)

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SEP 22 1989

DIVISION OF  
OIL, GAS & MINING

ASSETS	06/30/89
Cash	
Regular	(\$446)
Payroll	(195)
On Hand	2
	-----
	(639)
Short Term Investments	2,745
Receivables	
Coal Customers	1,374
Other	306
Due From Affiliates	3,725
	-----
	5,405
Allow. For Doubtful Accts.	0
Inventories	
Coal	638
Material & Supplies	1,171
	-----
	1,809
Prepaid Expenses	292
Deposits	1
	-----
	293
	-----
TOTAL CURRENT ASSETS	9,613
Property, Plant & Equipment	
Property & Rights	470
Coal Leases	17
Coal Lands	5,056
Allow. for Depletion	(2,408)
Development-King 6	513
Amortization-King 6	(50)
Improvements & Equipment	14,678
Accumulated Depreciation	(8,566)
Farm & Dairy	95
Accumulated Depreciation	(66)
Auto & Trucks	148
Accumulated Depreciation	(120)
Capital Leases	3,050
Accumulated Depreciation	(2,901)
Construction in Progress	398
	-----
	10,314
Other Assets-Non Current	
Bonding	60
Deffered IPP	1,440
	-----
	1,500
	-----
TOTAL ASSETS	\$21,427
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UNITED STATES FUEL COMPANY

BALANCE SHEET  
(UNAUDITED)  
(THOUSANDS OF DOLLARS)

LIABILITES	06/30/89
Payables	
Accounts Payable	\$904
Royalty Payable	52
Reclamation	46
Excise Tax	13
Employee Deductions	21
Withholding Taxes	89
Lease/Other Payables	17
	-----
	1,142
	-----
Accrued Liabilities	
Salaries & Wages	0
Vacation & Allowances	54
Taxes	(181)
UMWA Benefit Trust	76
FICA Taxes	17
Other Accrued Liabilities	391
	-----
	357
	-----
Due To Affiliates	0
	-----
TOTAL CURRENT LIABLILITIES	1,499
	-----
Long Term Liabilities	
Lease/Other Payables	11
Black Lung Accrual	185
Future Retirement/Other	6,519
	-----
	6,715
	-----
TOTAL LIABILITIES	8,214
	-----
STOCKHOLDERS EQUITY	
Common Stock	6,400
Capital In Excess of Par	2,927
*Retained Earnings	3,886
	-----
	13,213
	-----
TOYAL LIABLILTIES & EQUITY	\$21,427
	=====

\*Retained Earnings Contains Y.T.D.  
Profit/Loss of: (\$748)