

UNITED STATES FUEL COMPANY

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P.O. Box 887
PRICE, UTAH 84501

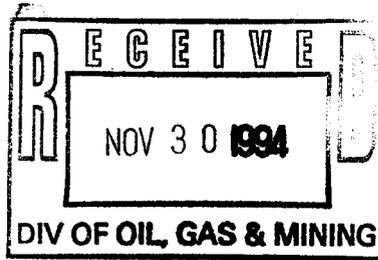


7-11

cc: JWC
SPB
PBZ
orig file
November 23, 1994

(801) 637-2252
FAX (801) 637-1070

Mr. James W. Carter
Director
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180



Dear Mr. Carter:

I am aware of your concern over the United States Fuel Company (USF) financial status and the associated worry with the self-bonded portion of the reclamation performance bond. I hope this will be good news. USF has signed an agreement to sell the Hiawatha area to outside investors. However the sale will terminate unless certain conditions are satisfied prior to the finalization date in early 1995. The sale of USF would be of benefit to all parties involved.

The benefits of the sale would be:

- 1. The self bonded portion of the reclamation performance bond (\$2,329,000 of \$3,779,000) would be replaced with a more secure instrument thereby protecting the Division's interests.*
- 2. Additional coal reserves would be recovered from an area already permitted. Without the sale, these reserves will be lost, never to be recovered.*
- 3. The Mohrland reserves could be accessed without additional disturbed acres.*
- 4. High paying job creation in a depressed Carbon County.*
- 5. Additional coal production would generate additional Abandoned Mine Lands revenue.*
- 6. Greater industrial tax base.*

To the best of my knowledge, there are no disadvantages in the sale of the property. Everyone benefits.

One of the conditions of the sale that must be satisfied prior to the finalization is an adjustment in the amount of the current reclamation performance bond. USF has accomplished a substantial amount of the required structure removal and earth work necessary to reclaim the property. Therefore, the cost of future reclamation for the property has significantly changed. I have included a chart detailing the reclamation work completed

at Hiawatha. In our mining permit, this work has an estimated value of \$848,225 which {when adjusted for engineering and contingencies (25%) and inflation (1.27% per year for 5 years)} equates to a bonded amount of \$1,129,341. This represents the bonded amount as approved by the Division and specified in the 1991 permit. Therefore USF is requesting that the Division reduce the performance bond \$1,129,341.

Please call me at (801) 472-3372. I will await your response.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Watson". The signature is written in a cursive style with a horizontal line at the end.

*Michael P. Watson
President*

11/23/94

ITEM	BASIC COST	ENGINEERING & CONTINGENCY	INFLATION FACTOR	YEARS	1991 BONDED AMOUNT	
HIAWATHA AREA:						
PREPARATION PLANT	\$203,600					
THICKENER	5,130					
CONVEYORS NO OF PREP PLANT	6,459					
CONVEYORS SO OF PREP PLANT	8,360					
TRUCK UNLOADING FACILITY	2,870					
OIL STORAGE BUILDING	1,850					
RETAINING WALLS	29,462					
PICKING BELT BUILDING	3,970					
ROTARY BREAKER BUILDING	17,740					
STORAGE SHED	1,890					
CARPENTER SHOP	19,700					
TIPPLE 2 LOADOUT	1,260					
RESIN PLANT	11,058					
AERIAL PIPE SUPPORTS (8WF)	1,460					
OLD RESIN PLANT	3,400					
EQUIPMENT STORAGE YARDS	4,510					
REGRADE SLURRY POND 4	133,210					
PLACE TOPSOIL ON SLURRY POND 4	9,048					
REGRADE SLURRY POND 5	242,786					
TOPSOIL PREP PLANT AREA	<u>24,814</u>					
HIAWATHA AREA TOTAL		\$732,577				
MIDDLE FORK AREA:						
KING-4 STEAM CLEANER BLDG	1,970					
MAIN SUBSTATION	1,969					
SECONDARY SUBSTATION	292					
OLD KING 4 FAN BUILDING	766					
KING 5 FAN	3,642					
KING 5 STEAM CLEANER	718					
OVERLAND CONVEYOR	1,891					
PORTALS (8)	4,315					
SCREEN-CRUSHER-SILO FACILITY	3,801					
MIDDLE FORK AREA TOTAL		\$19,364				
SOUTH FORK AREA:						
VENTILATION FAN	1,985					
PUMP STATION	270					
BELT PORTAL (ARCH COVER)	11,461					
PORTALS (5)	5,394					
OVERLAND CONVEYOR	53,352					
CONVEYOR SHED	3,437					
SOUTH FORK AREA TOTAL		\$75,899				
NORTH FORK AREA:						
PORTAL	3,360					
BACKFILL PORTAL AREA	1,382					
TOPSOIL PORTAL AREA	15,643					
NORTH FORK AREA TOTAL		\$20,385				
GRAND TOTAL		\$848,225	25%	1.27%	5	\$1,129,341



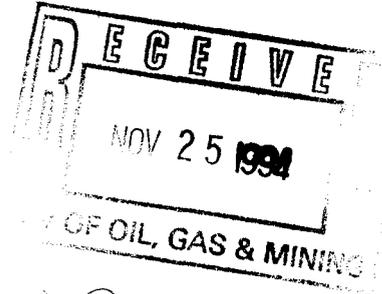
United States Department of the Interior
FISH AND WILDLIFE SERVICE

UTAH FIELD OFFICE
LINCOLN PLAZA
145 EAST 1300 SOUTH, SUITE 404
SALT LAKE CITY, UTAH 84115

In Reply Refer To

(ES)

November 22, 1994



Utah Coal Regulatory Program
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Attention: Paul Baker

Re: Dead Raptor at the Hiawatha Mine, U.S. Fuel Company, Price, Utah

Dear Mr. Baker:

This is in response to your telephone call to Robert Benton concerning a dead raptor beneath a transformer structure at the Hiawatha mine. Mr. Benton visited the site on October 4, 1994 with Gary Gray. The raptor was very decomposed, probably more than a year since death. Based on what was left, Mr. Benton believes it is a red-tailed hawk. The cause of death is unknown and the wiring in the structure did not appear to be a hazard. Mr. Gray said that the electricity in this part of the site had been turned off about a year ago. It was also observed that some of the distribution lines in the mine were of a configuration that could cause raptor electrocutions. Mr. Benton saw a golden eagle feeding on a deer carcass adjacent to the road near the transformer structure.

The Service recommends that all distribution lines and transformer structures be made raptor-proof if this mine is reactivated. Our office can assist in providing the appropriate designs. Please inform us of actions taken to prevent loss to raptors, we appreciate your interest in protecting this nation's wildlife resources.

Sincerely,

Dusan C. Ziner
for Robert D. Williams
Assistant Field Supervisor

cc: Utah Division of Wildlife Resources/Price, Utah

*Route to Daron
by mail
Copy to
ACT/007/011 #2*