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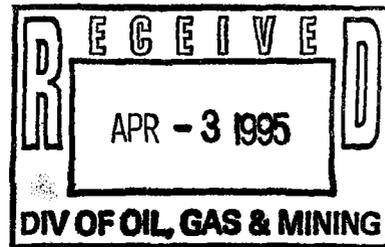
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March 31, 1995

Ms. Pamela Grubaugh-Littig
Permit Coordinator/Reclamation Engineer
State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203



Re: Application for Approval of Transfer
~~United States Fuel Company Permit~~
ACT/007/011 # 2

95A

Copy Pam (all)
(2 copies)

Dear Pam:

Please find enclosed the Application for Approval of Transfer of the United States Fuel Company permit to American Fuel Corp.

As I indicated to you previously, the final closing transaction between the parties is subject to the approval of the transfer of the permit to American Fuel Corp., as well as any continued operations at the site.

There will be additional information provided to you, by way of Certificate of Liability Insurance at such time as that is ready to be put into place, and the bond. It is understood that any approval for the transfer is conditioned upon the institution of a Certificate of Liability for American Fuel Corp., as well as a reclamation bond to replace the bond obligations of United States Fuel Company. I have included a Form C1 without signature, awaiting the signed version, and at the time that that is provided to me, I will supplement my Application with the executed form. In the event there is anything that you need further, please do not hesitate to contact me.

Sincerely,

Bennett E. Bayer

cc: American Fuel Corp.
American Fuel Corp. Operations
Hon. Oliver W. Gushee
United States Fuel Company

Enclosure
BEB/ml