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EMERSON & BAYER

ATTORNEYS AT LAW

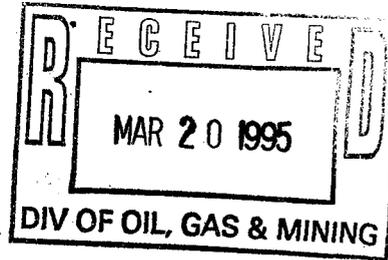
301 EAST MAIN STREET, SUITE 1100
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March 17, 1995

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



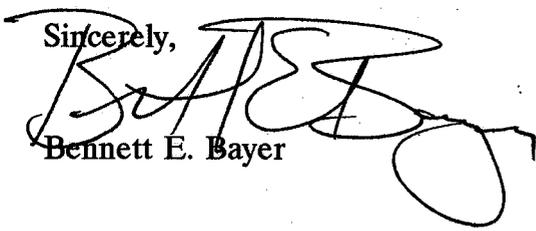
Re: American Fuel Corp.

Dear Pam:

Please find enclosed the rough draft for the application to transfer permit. I will come visit Wednesday morning to discuss this with you along with other material.

*action foil #2
Copy [signature]*

Sincerely,


Bennett E. Bayer

cc: US Fuel
American Fuel Corp.
American Fuel Corp. Operations
Mr. Gary Gray

BEB/ml

**UNITED STATES FUEL COMPANY
KING MINES
ACT/007/011**

**R645-303-300 APPLICATION FOR APPROVAL OF
TRANSFER AND ASSIGNMENT OF PERMIT TO**

AMERICAN FUEL CORP.

DATED: 3/14/95

R645-303-300 APPLICATION FOR APPROVAL OF TRANSFER AND ASSIGNMENT OF PERMIT TO AMERICAN FUEL CORP.

In accordance with those applicable provisions of the R645 Coal Mining Rules, American Fuel Corp. is applying to the Division of Oil, Gas and Mining for the Division's approval of the transfer of the following permit to American Fuel Corp.

321.100 Existing Permittee:

United States Fuel Company
P.O. Box 887
Price, UT 84501
Permit Number is ACT/007/011.
Telephone (801) 472-3372

321.200 Description of Proposed Action:

United States Fuel Company has been the owner and operator of a coal mining operation at or near Hiawatha, Utah. An agreement to purchase the coal property of United States Fuel Company at Hiawatha exists between American Fuel Corp. and United States Fuel Company. As part of the requirements to complete the purchase between the parties, a Division approval of the transfer of the Mining and Reclamation Permit on the property to American Fuel Corp. is necessary. Therefore, American Fuel Corp. requests that the permit ACT/007/011 be transferred from United States Fuel Company to American Fuel Corp.

321.300 Legal, Financial, Compliance and Related Information as Required by R645-301-100:

R645-301:

112.100 Legal Identity of Applicant:

American Fuel Corp. is a corporation, incorporated in the state of Delaware and registered to do business as a foreign corporation in the State of Utah.

112.210 Applicant's/Operator's Addresses:

Principal Corporate Office:
8 West 38th Street
9th Floor
New York, New York 10018
(212)-302-7389

Utah Address:
American Fuel Company
P.O. Box 279
Price, Utah 84501
(801)-637-2252

112.220 Resident Process Agent:

Larry Reed
Crowther & Reed
3900 South 1121 East
Suite 200
Building C
Salt Lake City, Utah 84124
(801)-531-9865

Please Direct All Correspondence and Notices To:

American Fuel Corp.
Operations Center
Attention: Gary Gray
P.O. Box 279
Price, Utah 84501

112.230 Party Responsible for Payment of AML Fees:

American Fuel Corp.

112.300 Ownership and Control:

112.310 Identity of Individuals:

American Fuel Corp. is a publicly owned company.
Federal ID Number 13-3714513

[Those people who own or control must be set out]

112.320 [Set out percentages of ownership etc.]

112.330 **Officers authorized to act on behalf of American Fuel Corp. are:**
Robert T. Barra, CEO, President
Effective Date: [redacted]

112.340 **Additional Names for which people own or control other operations:**

[redacted] None applicable [redacted]

112.350 **Other Pending Coal Mine Operations**

[redacted] None Applicable [redacted]

112.400 **Other Controlled Operations:**

112.410 [redacted] None Applicable

112.420 [redacted] None Applicable

112.500 Surface and subsurface ownership can be referenced on Exhibits IV-1 and IV-2. Appendix I-1 lists the ownership of surface coal and mineral rights in the permit area. The area is broken into five categories based on ownership and lease status. Refer to the legend and summary on page 8 of Appendix I-1 for acreages involved. These are the properties transferred to American Fuel Corp.

112.600 Refer to Exhibits IV-1 and IV-2 for names and addresses of the owners of record.

112.700 THE MSHA NUMBERS FOR ALL MINE-ASSOCIATED STRUCTURES THAT REQUIRE MSHA APPROVAL:

<u>STRUCTURE</u>	<u>MSHA ID No.</u>
King 4 Mine	42-00098
King 5 Mine	42-01389
King 6 Mine	42-01599
Slurry Pond No. 1	1211-UT-09-00098-01
Slurry Pond No. 4	1211-UT-09-00098-02
Slurry Pond No. 5	1211-UT-09-00098-03
Refuse Pile No. 1	1211-UT-09-00098-05
Refuse Pile No. 2	1211-UT-09-00098-07

112.800 A STATEMENT OF ALL LANDS, INTEREST IN LANDS, OPTIONS, OR PENDING BIDS ON INTERESTS HELD OR MADE BY THE APPLICANT FOR LANDS CONTIGUOUS TO THE AREA DESCRIBED IN THE PERMIT APPLICATION:

American Fuel Corp. retains the surface and mineral rights to 466.66 acres of land in Section 18, Township 15 South, Range 8 East, S.L.B. & M. which Plateau Mining Company purchased the coal rights in December 1985, there are no other current interests, options or pending bids for lands contiguous to the permit area.

R645-301-113 Violation Information

113.110 There has not been any federal or state permit to conduct coal mining and reclamation operations suspended or revoked in the last five years for the applicant, any subsidiary, affiliate, or persons controlled by or under common control with the applicant.

113.120 There has not been any performance bond or similar security deposited in lieu of bond forfeited in the last five years for the applicant, any subsidiary, affiliate, or persons controlled by or under common control with the applicant.

113.200 - 113.250 Not Applicable

113.300 - 113.350 Not Applicable

R645-301-114 RIGHT-OF-ENTRY INFORMATION

114.100 DOCUMENTS UPON WHICH THE APPLICANT BASES THEIR LEGAL RIGHT TO ENTER AND BEGIN COAL MINING AND RECLAMATION OPERATIONS IN THE PERMIT AREA

The land, coal and minerals in the permit area were acquired by American Fuel Corp. from U.S. Fuel Company or are leased from the U.S. Government. Appendix I-6 discusses changes in the permit area which have occurred since the original permit approval. Appendix I-1 shows current land ownership and identifies the legal rights claimed

These holdings were purchased by American Fuel Corp. by virtue of a purchase agreement dated September 30, 1994. Pursuant to that agreement, all rights to the lands and minerals owned by United States Fuel Company (with limited exceptions) were transferred, by deed, to American Fuel Corp. Additionally, all leasehold interests held by United States Fuel Company, including BLM leases, were assigned by United States Fuel Company to American Fuel Corp.

114.200 Severed Mineral Interests:

Please refer to current United States Fuel Company permit

R645-301-117 INSURANCE, PROOF OF PUBLICATION AND FACILITIES OR STRUCTURES USED IN COMMON.

117.100 A PERMIT APPLICATION WILL CONTAIN EITHER A CERTIFICATE OF LIABILITY INSURANCE OR EVIDENCE OF SELF-INSURANCE IN COMPLIANCE WITH R645-301-800.

The company's current Certificate of Liability Insurance is filed with Utah DOGM. A copy is included in Appendix VIII-3 of Chapter VIII (Bonding and Insurance).

117.200 NEWSPAPER ADVERTISEMENTS

See Section 321.322 and the newspaper advertisement and proof of publication are included in Appendix I-4.

117.300 THE PLANS OF A FACILITY OR STRUCTURE THAT IS TO BE SHARED BY TWO OR MORE SEPARATELY PERMITTED COAL MINING AND RECLAMATION OPERATIONS.

No facilities or structures are planned to be permanently shared with another permitted operation.

R645-303-322

Newspaper Advertisement and Proof of Publication

The attached Exhibit 2 is copy of the proposed advertisement of the filing of the transfer application which will be placed in the Sun-Advocate newspaper located in Price, Utah.

R645-303-323

Performance Bond

Performance bond coverage will consist of.....

Table I-2

United States Fuel Company Licenses and Permits

Permit	Permitting Agency	Status
1. NPDES Permit No. UT-0023094	U.S. Environmental Protection Agency Region VIII 1860 Lincoln Street Denver Colorado 80295	Permit Renewed April 1, 1990
2. Water Supply Facilities I.D. No's 04005 & 04045	Utah Division of Environmental Health Facilities 150 West North Temple Salt Lake City, Utah 84111	Approved March 17, 1980
3. Sedimentation Ponds I.D. No's D003 D004 D005 D006 D007 D008 D009 D011	Utah Division of Water Rights 1636 West North Temple Salt Lake City, Utah 84116	Ponds Approved Oct. 21, 1991
4. Refuse Piles and Slurry Impoundments Blanket Coverage	U.S. Army Corps of Engineers 125 South State Salt Lake City, Utah 84111	Permit Granted Under Section 404 WPCA, 1972
5. Refuse Piles and Slurry Impoundments I.D. No's: 1211-UT-09-00098-01 1211-UT-09-00098-02 1211-UT-09-00098-03 1211-UT-09-00098-04 1211-UT-09-00098-05	Coal Mine Safety and Health Box 25367 Denver, Colorado 80225	Approved 1979 " " " Approved 1987

Table I-2 (Continued)**United States Fuel Company Licenses and Permits**

Permit	Permitting Agency	Status
6. USGS & BLM Resource Recovery and Protection Plan No ID Number	U.S. Geological Survey 8426 Federal Building 125 South State Salt Lake City, Utah 84111	Approved Nov. 22, 1978
7. King IV Roof Control Plan ID No. 42-00098	Coal Mine Safety and Health Box 25367 Denver, Colorado 80225	Approved Feb. 17, 1989
8. King IV Ventilation Plan ID No. 42-00098	Coal Mine Safety And Health Box 25367 Denver, Colorado 80225	Approved Mar. 8, 1989
9. King V Roof Control ID No. 42-01389	Coal Mine Safety And Health Box 25367 Denver, Colorado 80225	Approved Plan Mar. 24, 1983
10. King V Ventilation Plan ID No. 42-01389	Coal Mine Safety and Health Box 25367 Denver, Colorado 80225	Approved Jan. 31, 1983
11. King VI Roof Control Plan ID No. 42-01599	Coal Mine Safety and Health Box 25367 Denver, Colorado 80225	Approved Oct. 17, 1985
12. King VI Ventilation Plan ID No. 42-01599	Coal Mine Safety and Health Box 25367 Denver, Colorado 80225	Approved Jan. 23, 1989
13. Air Quality Approval Orders No Numbers Assigned	Utah Bureau of Air Quality 288 North 1460 West Salt Lake City , Ut 84116	Approvals May 20, 1981 Oct. 23, 1986 July 25, 1989

ATTACHMENT 1

VERIFICATION OF APPLICATION

**American Fuel Company
Permit No. ACT/007/011**

Robert Barra, being first duly sworn, upon oath deposes and says that he is the President and General Manager of American Fuel Company and that he has reviewed and knows the contents of American Fuel Company's Mining and Reclamation Plan submitted to the Utah Division of Oil, Gas and Mining.

I verify that the above mentioned plan is true and correct to the best of my information and belief.

Robert Barra, President
American Fuel Corp.

STATE OF _____ }

COUNTY OF _____ }

Subscribed and sworn to before me this _____ day of _____, 1995 by
Robert Barra, President of American Fuel Corp.

Notary Public
Expiration Date: _____

EXHIBIT 2

PROPOSED ADVERTISEMENT

APPLICATION FOR PERMIT CHANGE

Title of Change:

Permit Transfer to American Fuel Corp.

Permit Number: **ACT/007/011**

Mine: King Mines

Permittee: United States Fuel Company

Description, include reason for change and timing required to implement:

Transfer of assets from United States Fuel Company to American Fuel Corp., including a transfer of permit ACT/007/011 to American Fuel Corp.

No	1. Change in the size of the Permit Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
No	2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
No	3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
No	4. Will permit change include operations in hydrologic basins other than currently approved?
No	5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
Yes	6. Does permit change require or include public notice publication?
No	7. Permit change as a result of a Violation? Violation # _____
No	8. Permit change as a result of a Division Order? D.O.# _____
No	9. Permit change as a result of other laws or regulations? Explain: _____
Yes	10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
Yes	11. Does the permit change affect the surface landowner or change the post mining land use?
No	12. Does permit change require or include collection and reporting of any baseline information?
No	13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
No	14. Does permit change require or include soil removal, storage or placement?
No	15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
No	16. Does permit change require or include construction, modification, or removal of surface facilities?
No	17. Does permit change require or include water monitoring, sediment or drainage control measures?
No	18. Does permit change require or include certified designs, maps, or calculations?
No	19. Does permit change require or include underground design or mine sequence and timing?
No	20. Does permit change require or include subsidence control or monitoring?
No	21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
No	23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area?

Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Signed - Name - Position - Date

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public

My Commission Expires: _____, 19 _____ }

Attest: STATE OF _____ } ss:

COUNTY OF _____ }

Received by Oil, Gas & Mining

ASSIGNED PERMIT CHANGE NUMBER

Application for Permit Change Detailed Schedule of Changes to the Permit

Title of Change:

Transfer of Permit from United States Fuel Company to American Fuel Corp. and showing American Fuel Corp. as the permittee in lieu of United States Fuel Company.

Permit Number: ACT/007/011

Mine: King Mines

Permittee: United States Fuel Company

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit change. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

	DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
REPLACE	Chapter 1 - Legal, Financial and Compliance
REPLACE	Appendix 1-A Current and Previous Coal Mining Permits

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?