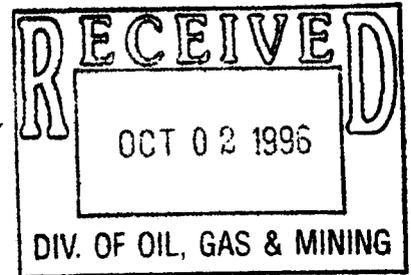


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September 30, 1996

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CONFIRMATION OF
FACSIMILE

Ms. Mary Ann Wright
UTAH DIVISION OF OIL, GAS & MINING
1594 West North Temple, Suite 1210
P.O. Box 14580
Salt Lake City, Utah 84114-5801

RE: *Contemporaneous Reclamation Timetable, Hiawatha Complex, U.S. Fuel Company, ACT/007/011, Folder #2, Carbon County, Utah*

Dear Ms. Wright:

*File # 5
Copy NOV files, Joe*

We have been retained by United States Fuel Company ("U.S. Fuel") to appeal the fact of violation of N96-46-1-1 and N96-46-2-1 (the "NOVs") regarding Hiawatha Mine Complex, ACT/007/011. On September 24, 1996, an informal order upholding the fact of the NOVs was issued by the Division. U.S. Fuel informs me that the Division of Oil, Gas & Mining ("Division") developed Table III-9, *Contemporaneous Reclamation Timetable* ("*Timetable*"), in connection with N96-46-1-1. U.S. Fuel appealed this violation and the *Timetable* was adopted as part of the mining and reclamation plan for ACT/007/011 under the protest of U.S. Fuel.

By letter dated September 19, 1996, the Division suggested that the initiation of rough grading should be undertaken at the Middle Fork Mine site consistent with the *Timetable* by September, 1996. U.S. Fuel seeks to stay completion of the *Timetable*, including reclamation activities at the Middle Fork Mine site, until the Board of Oil, Gas & Mining ("Board") has had an opportunity to review this matter.

The informal order in this matter was issued more than forty-five days after the hearing on August 8, 1996. Contrary to the order, U.S. Fuel has not ceased mining operations and continues to protest the *Timetable*. We would appreciate an opportunity to review this matter with you in hopes that we may be able to settle our dispute prior to taking

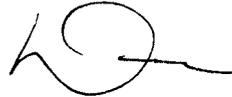
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the issue to the Board. Michael Watson, President of U.S. Fuel, will be in town on Tuesday, October 1, 1996, and we would like an opportunity to meet with you regarding this matter.

Once again, we appreciate your consideration of the stay in execution of the *Timetable*, pending settlement of this matter with the Division or review by the Board. I look forward to reviewing this matter with you as soon as possible.

We appreciate your assistance.

Very truly yours,



Denise A. Dragoo

DAD:jmc:102379

cc: Michael Watson
James Carter, Esq.
Pete Hess
Thomas A. Mitchell, Esq.