

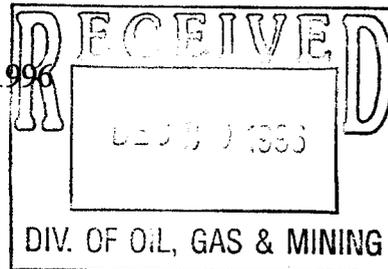
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UNITED STATES FUEL COMPANY
340 HARDCRABBLE ROAD
HELPER, UTAH 84526

TELEPHONE: (801) 472-3372

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December 18, 1996



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

RE: ~~Appeal of Facts of Violations N96-46-1-1 and~~
~~N96-46-2-1, U.S. Fuel Company, Hiawatha Mine Complex, Carbon~~
~~County, Utah, Board Docket No. 96-011, Cause No. ACT/007/011~~

Dear Ms. Wright:

Violation files #5
J. M. [unclear]
Copy Chris Alford
for Board

Enclosed as you requested is the \$200.00 penalty assessment regarding N96-46-1-1 and the \$440.00 assessment regarding N96-46-2-1 to be held in escrow pending resolution of the above-entitled matter. As you are aware, at United States Fuel Company's ("U.S. Fuel's") request, the Division held an assessment conference regarding the proposed assessments for N96-46-1-1 and N96-46-2-1 on October 18, 1996 at 11:00 a.m. U.S. Fuel has yet to receive an order from the Division confirming, vacating or reducing the amount of the proposed penalty. No final assessment has been issued to U.S. Fuel. The proposed penalties were held open pending settlement discussions between U.S. Fuel and the Division. Further settlement discussions are scheduled with the Division on December 27, 1996 regarding this matter. We wish to confirm that payment of these penalties into escrow in no way waives U.S. Fuel's pending challenge to the Division's proposed penalty assessments. In addition, pursuant to paragraphs 7 and 13 of our Petition for Review and Request for Hearing currently pending before the Board of Oil, Gas & Mining, U.S. Fuel notified the

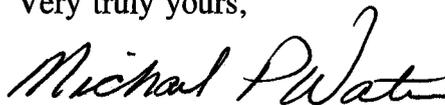
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Board that an assessment conference on the proposed assessment was pending before the Division and therefore not a matter for review. If the Division does not intend to issue a decision as a result of the October 18, 1996 assessment conference, we request that the Division agree to amendment of the Petition pending before the Board to allow U.S. Fuel to address both the fact of violation and the proposed assessments.

In addition, as you are aware, U.S. Fuel has petitioned the Board for review of fact of violation N96-35-2-1 and has requested that this matter be consolidated with the pending appeal regarding N96-46-1-1 and N96-46-2-1. A Proposed assessment had not been issued for N96-35-2-1 at the time the petition was filed with the Board. An informal hearing and assessment conference on this NOV is currently scheduled for Monday, December 30, 1996, at 10:00 a.m. If the Assessment Officer issues a decision on this matter prior to the Board hearing, U.S. Fuel will escrow any pending proposed final assessment prior to the Board hearing on January 22, 1997. In such event, the Board petition must be amended to clarify that the penalty assessment is at issue before the Board.

We would appreciate further clarification regarding this matter.

Very truly yours,



Michael Watson

MW:jmc:102379

cc: Denise Dragoo, Esq.
Don Moquin, Esq.
Patrick O'Hara, Esq.

