

0028

BANK ONE, NA
COMMERCIAL BANKING GROUP

*Incoming OK
12/07/01
FAX PFO
Copy Joe
and
Pam*

FACSIMILE TRANSMITTAL SHEET

TO: Pam Grubaugh-Littig	FROM: Cally Johnson
COMPANY: State of Utah	DATE: December 23, 2002
FAX NUMBER: 359-3940	TOTAL NO. OF PAGES INCLUDING COVER: 3
PHONE NUMBER:	SENDER'S TELEPHONE NUMBER: 801-481-5531
RE: M.B.S.C., L.L.C.	SENDER'S FAX NUMBER: 801-481-5351

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Attached is a copy of the letter of credit that was issued to State of Utah for M.B.S.C., L.L.C.

If you need anything else please let me know.

Thanks,

RECEIVED

DIV. OF OIL, GAS & MINING



BANK ONE, NA - 1717 MAIN STREET, 11TH FLOOR, DALLAS, TEXAS 75201

TELEPHONE: 1-888-525-9395

IRREVOCABLE STANDBY LETTER OF CREDIT NO. ST120510

PLACE AND DATE OF ISSUE:
DALLAS, TEXAS 12/23/2002

DATE AND PLACE OF EXPIRY:
12/18/2003 IN DALLAS, TEXAS

APPLICANT:
M.B.S.C., LLC.
3212 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84105

ADVISING BANK:
NOT APPLICABLE

BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UTAH 84114

AMOUNT: USD2,838,000.00
TWO MILLION EIGHT HUNDRED
THIRTY EIGHT THOUSAND AND
NO/100 U.S. DOLLARS

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AVAILABLE BY BENEFICIARY'S SIGHT DRAFT(S) DRAWN ON BANK ONE, NA WHEN ACCOMPANIED BY THE ORIGINAL OF THIS CREDIT AND THE FOLLOWING DOCUMENT(S):

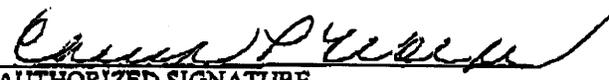
- BENEFICIARY'S SIGNED AND DATED STATEMENT STATING THAT: QUOTE - PURSUANT TO R645-301-880,900, HIAWATHA COAL COMPANY, INC. IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT THE REGULATORY SYSTEM, THE PERMIT AND THE RECLAMATION PLAN. - UNQUOTE

SPECIAL CONDITIONS:
PARTIAL DRAWINGS ARE PROHIBITED.

DRAFTS MUST BE MARKED: " DRAWN UNDER BANK ONE, NA CREDIT NO. ST120510. "

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH ALL THE TERMS AND CONDITIONS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT DEPARTMENT, AT 1717 MAIN STREET, 11TH FLOOR, DALLAS, TEXAS 75201 ON OR BEFORE THE EXPIRATION OF THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.


AUTHORIZED SIGNATURE
BANK ONE, NA
SS: