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North American Consultants, Inc.

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September 1, 1988

**DIVISION OF
OIL, GAS & MINING**

Dr. Dianne R. Nielson
Director Utah Division of Oil, Gas and Mining
355 North Temple
III Triad Center - Suite 350
Salt Lake City, Utah 84180-1203

Dear Dr. Nielson:

I want to thank you for taking time out of your busy schedule to meet with Denise Dragoo and myself on Thursday, August 25, 1988, to discuss the various compliance problems Kaiser Coal has been encountering over the past few months.

From our frank discussions, I believe, we have developed a workable arrangement to mitigate most of the serious compliance problem areas that face us. You and Barbara Roberts have been most cooperative and understanding of Kaiser's problems and I am sincerely grateful for your efforts.

I am sure that by working together, we can resolve most of the compliance problems that face us. We will provide you with a full accounting of the sources of all funds made available as well as all payments made to cover the cost of compliance with DOGM's regulations.

Enclosed is the 1987 annual report of NACCO Industries, the holding company of which The North American Coal Corporation is a subsidiary, for your information.

Again, it was a pleasure meeting you and I look forward to working with you on Kaiser's behalf.

Sincerely,

Louis Kuchinic, Jr.

LK:mcs
cc: Barbara Roerts
Denise Dragoo