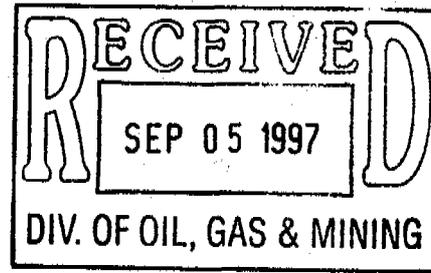


Mountain Coal Company
 West Elk Mine
 Post Office Box 591
 Somerset, Colorado 81434
 Telephone 303 929-5015



August 29, 1997

ACT 1007/016 #2

Ms. Pamela Grubaugh-Littig
 Permit Supervisor
 Division of Oil, Gas & Mining
 1594 West North Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801

Re: Application for Partial Bond Release
 Gordon Creek No. 2/7/8 Mines
 ACT/007/016
 Carbon County, Utah

Dear Ms. Littig:

Mountain Coal Company has completed Phase I of the approved reclamation plan for the Gordon Creek No. 2/7/8 Mines. This is based upon the completion of backfilling, grading, topsoil replacement and drainage control in accordance with the approved reclamation plan.

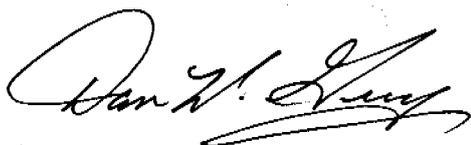
In accordance with the provisions of R645-301-880, Mountain Coal Company is hereby applying for partial release of the performance bond. The present bond posted for this site is \$641,443.00. Mountain Coal Company is applying for release of 60% of the original bond, or \$384,865.00. This will leave an amount of \$256,578.00 to be held until Phase II bond release. The disturbed area for this site was 24.30 acres.

Copies of letters for notification to land owners, agencies, and water companies in the area are enclosed. A copy of the newspaper advertisement to be placed along with submittal of this application is enclosed. This advertisement will run for four consecutive weeks in the local area paper. Proof of publication will be forwarded to you upon receipt.

Page 2

It is our hope this application will meet with your approval. If you have any questions, or need any further information, please let me know.

Respectfully,

A handwritten signature in cursive script, appearing to read "Dan W. Guy". The signature is written in black ink and is positioned above the typed name.

*Dan W. Guy, P.E.
for Paige B. Beville*

Encl.

*cc: Paige Beville
File*