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Coastal
The Energy People

ROBERT A. FEILNER
SENIOR VICE PRESIDENT
COASTAL STATES ENERGY COMPANY

007/018 #2

RECEIVED

AUG 09 1993

DIVISION OF
OIL GAS & MINING

August 9, 1993

Mr. James W. Carter, Director
Division of Oil, Gas and Mining
335 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Application to Transfer Mining Permit No. ACT/007/018 for Soldier Creek Coal Company's Soldier Canyon Mine

Dear Mr. Carter:

This application for approval of transfer of Mining Permit No. ACT/007/018 for the Soldier Canyon Mine is submitted pursuant to R645-303-300.

1. R645-303-321.100: The name of the current permittee is Soldier Creek Coal Company ("Soldier Creek"), P.O. Box I, Price, Utah 84501, with respect to Permit No. ACT/007/018 for the Soldier Canyon Mine.
2. R645-303-321.200: The Soldier Canyon Mine is currently operated by Soldier Creek pursuant to Permit No. ACT/007/018. One hundred percent (100%) of the stock of Soldier Creek is owned by Sage Point Coal Company ("Sage Point"). In turn, 100% of the stock of Sage Point is held by Elk River Resources, Inc. ("Elk River"). On July 3, 1993, Coastal States Energy Company ("Coastal States") signed an acquisition agreement with Elk River to purchase 100% of the Sage Point stock. This acquisition is currently under review by the Department of Justice and the Federal Trade Commission pursuant to the Hart-Scott-Rodino Act.

Upon completion of this transfer, Permit No. ACT/007/018 will continue to be held by Soldier Creek, same address as above. In effect, neither the permittee (Soldier Creek) nor the parent (Sage Point) of the permittee will change, but, rather, Coastal States will merely replace Elk River as the parent of Sage Point.

Coastal States Energy Company

A SUBSIDIARY OF THE COASTAL CORPORATION
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3. R645-303-321.300: Enclosed herewith are 3 copies of the Application for Permit Transfer, pertaining to "Legal, Financial, Compliance and Related Information," which reflect the modifications to the listed ownership of Soldier Creek and of Sage Point. In this regard, it should be noted that the officers and directors named in the current Chapter 1 will remain in effect until this transaction is closed, whereupon the officers and directors recited in the enclosed permit transfer application will be appointed.

Please review the information and initiate any required public comment period, such that Coastal States can be provided assurance that Permit No. ACT/007/018 can be transferred without interruption to Soldier Canyon Mine production.

Should a review of this submittal identify the need for additional information or clarification of any items, please notify us immediately.

Obviously contingent upon our submission of a replacement surety bond, we request that this permit transfer be made effective on the closing date for the above transaction. The pertinent date will be provided to you once the H-S-R review has been concluded.

We appreciate the assistance and cooperation of your staff in the preparation and review of this submittal.

Sincerely,



Robert A. Feilner
Senior Vice President