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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 24, 1996

John M. Burke
Kimball, Parr, Waddoups, Brown & Gee
Suite 1300
185 South State Street
P. O. Box 11019
Salt Lake City, Utah 85147-0019

Re: Corrected Legal Description and Findings for the Soldier Canyon Mine,
ACT/007/018, Folder #3, Carbon County, Utah

Dear Mr. Burke:

Per our telephone conversation, I am enclosing two replacement pages for your permit documents on the Soldier Canyon Mine. One is the revised findings page that was inadvertently switched with the Dugout Canyon findings and the other is a revised page two of the permit which corrects the legal description for the mine. These pages should just be substituted for the previously submitted pages.

We appreciate all your help through this transfer process and apologize for any confusion we may have caused. Please call if you have any further question.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

Enclosures

cc: P. Grubaugh-Littig

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FINDINGS

Canyon Fuel Company, LLC
Application for Permit Transfer
Soldier Canyon Mine
ACT/007/018

December 20, 1996

Upon closing of the Purchase and Sale Agreement between the Coastal Corporation, Coastal Coal Company, Inc., Atlantic Richfield Company, and Itochu Corporation, Canyon Fuel Company, LLC will be responsible to continue to conduct the operations involved in full compliance with the terms and conditions of the originally issued permit most recently renewed on February 3, 1992. Therefore, Finding of the original Decision Document and renewal Decision Document are still pertinent and satisfy the requirements of R645-300-133.

Canyon Fuel Company, LLC has submitted a replacement performance bond sufficient to cover reclamation costs in the permit area. After this permit transfer has been effected, Canyon Fuel Company, LLC will be responsible for the entire area which was under permit by Soldier Creek Coal Company and will assume all liability for compliance with terms and conditions of the Soldier Canyon Mine permit and any orders, stipulations or conditions associated with that permit.

The following findings specifically apply to the application for permit transfer.

1. DOGM's records and the results of a 510{c} clearance check, show that neither Coastal States Energy Company, Canyon Fuel Company, LLC or any of their affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violations of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act. At the present time, affiliates of the Coastal Corporation and affiliates of the Atlantic Richfield Company do control coal mining operations that have outstanding enforcement issues, however, all of the issues have been, or are in the process of being corrected through the appropriate legal process, as required by R645-300-132. (Coastal entities involved in outstanding forfeiture litigation will remain with Coastal and are not part of this transfer process.)
2. The State of Utah, DOGM has determined that the application for permit transfer is accurate and complete, and complies with the requirements of R645-300-133.100.
3. The applicant will have the legal right to enter and begin coal mining activities

Section 18: N1/2N1/2, SE1/4NE1/4, S1/2NW1/4,
NE1/4SW1/4NE1/4, NW1/4SW1/4NE1/4; and
Section 19: Portion of SW1/4SW1/4

Township 12 South, Range 12 East, SLBM

Section 32: NW1/4, SW1/4NE1/4, E1/2NE1/4, S1/2

Township 13 South, Range 11 East, SLBM

Section 1 : E1/2SE1/4;

Section 11: SE1/4SE1/4;

Section 12: E1/2, E1/2N1/4, E1/2SW1/4;

Section 13: N1/2NE1/4, NE1/4NW1/4, SE1/4NE1/4, NE1/4SE1/4;

Section 24: Portions of SE1/4SE1/4;

Section 25: Portions of N1/2NW1/4SE1/4, Portions of S1/2SW1/4NEE1/4;

IBC #1 Legal: Beginning at the north east corner of Section 12, Township 13 South Range 11 East, go 2,508 Feet south 00°26' 03 east, thence 1,324 feet north 89°47'01" west, thence 3,772 feet south 00°22'14" east, thence 921 feet north 45°20'28" west, thence 209 feet north 12°10'17" west, thence 252 feet north 00°40'55" east, thence 377 feet north 07°27'51" east, thence 151 feet north 06°50'34" west, thence 139 feet north 15°02'16" west, thence 1,236 feet north 36°36'37" west, thence 417 feet north 12°54'07" west, thence 281 feet north 07°34'52" west, thence 198 feet north 25°47'14" west, thence 197 feet north 39°01'24" west, thence 212 feet north 07°19'35" west, thence 425 feet north 27°01" west, thence 178 feet north 11°41'22" west, thence 864 feet north 27°07'43" west, thence 240 feet north 06°28'20" west, thence 238 feet north 01°12'13" west, thence 194 feet north 11°18'36" east, thence 315 feet north 16°52'27" east, thence 3,436 feet south 89°26'59" east, thence 2, 508 feet south 00°26'03" east to point of beginning

IBC #2 Legal: Beginning at the north east corner of IBC #1; thence north 0°00'00" west for a distance of 3720.3 feet; thence north 90°00'00" west for a distance of 1,192.8 feet; thence south 28°00'00" west for a distance of 4,181.6 feet; thence south 89°0'00" east for a distance of 3,163.7 feet to the pont of beginning; containing approximately 186 acres (See exhibit 1.12-2)

As described more precisely in the Soldier Canyon Mine Mining and Reclamation Permit on file with the Division of Oil, Gas and Mining.