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July 30, 1999

William Rowley
First American Title Insurance Company
358 East 400 South
Salt Lake City, UT 84111

VIA FACSIMILE

Re: Disbursement of Funds/Escrow Number 24431BR

Dear Bill:

ACT/007/aso

On behalf of our respective clients, Lodestar Energy, Inc., ("Buyer") and White Oak Mining and Construction Co., Inc., Horizon Mining, LLC, and Grand Valley Coal Company, jointly ("Seller") we hereby request disbursement of funds pursuant to paragraph 4 of the Closing Escrow Agreement between the parties, dated as of July 14, 1999, as follows:

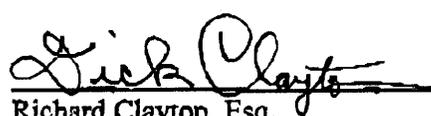
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1. \$1,000.00 payable to the Colorado Division of Minerals and Geology.
2. \$280.00 payable to the Utah Division of Oil, Gas & Mining.

Please hand deliver checks in these amounts to Denise Drago, for distribution to the payees. Thank you for your assistance in this matter.

Very truly yours,


Denise A. Drago
Attorney for Grand Valley Coal Company,
Horizon Mining LLC, and White Oak
Mining and Construction Co., Inc.


Richard Clayton, Esq.
Attorney for Lodestar Energy, Inc.

RDC/dh
cc: Eberley Davis
Pam Dillender
John Madison

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