

LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & MCCARTHY
A PROFESSIONAL CORPORATION
SUITE 1600
50 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84144-0450
TELEPHONE (801) 532-3333
FACSIMILE (801) 534-0058

DENISE A. DRAGOO

DIRECT DIAL: (801) 237-0495
E-MAIL: ddragoo@vancott.com

ADDRESS ALL CORRESPONDENCE TO
POST OFFICE BOX 45340
84145-0340

September 25, 1997

Via Facsimile & U.S. Mail
(423) 450-3333

Mr. Tracy Tucker
SEDGWICK JAMES OF TENNESSEE, INC.
4700 Old Kingston Pike
Knoxville, Tennessee 37919

RE: *HORIZON COAL CORPORATION -/- HORIZON MINING, LLC*

Dear Tracy:

As we have discussed, on August 29, 1997, Horizon Coal Corporation ("HCC") formed a joint venture with Tokyo Boeki (U.S.A.) Inc., as Horizon Mining, LLC, a Utah limited liability company. HCC assigned the assets of the Horizon Mine to the new entity in return for an 84% membership interest. Tokyo Boeki has a 16% membership interest in Horizon Mining, LLC. As we have discussed, we would appreciate confirmation that Sedgwick James of Tennessee, Inc. has changed the name of the principal on the following bonds to Horizon Mining, LLC:

1. Surety Bond No. RED1043117 in the amount of \$40,000 payable to the United States Department of the Interior regarding Coal Exploration License UTU-74111; and
2. Reclamation Bond secured by Redland Insurance Company in the amount of \$209,200 payable to the State of Utah, Division of Oil, Gas & Mining regarding Mine Permit No. ACT/007/020.

Please note that HCC will remain the permittee of ACT/007/020 until the State of Utah has approved the transfer application. Thank you for your assistance in this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:146337

cc: Scott Kiscaden
Todd Kiscaden
Robert Scott
Shoichi Yamada
Larry Jones
Pamela Grubaugh-Littig, Utah Division of Oil, Gas & Mining