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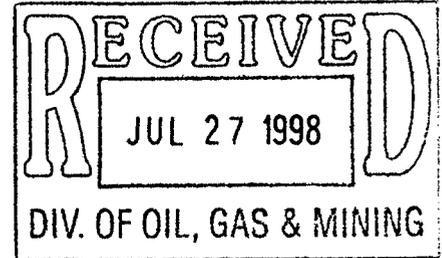
LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & MCCARTHY
A PROFESSIONAL CORPORATION
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50 SOUTH MAIN STREET
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ADDRESS ALL CORRESPONDENCE TO
POST OFFICE BOX 45340
84145-0340

DENISE A. DRAGOO

DIRECT DIAL: (801) 237-0465
E-Mail: ddragoo@vancott.com

July 27, 1998

HAND DELIVERED



Pamela Grubaugh-Littig
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 200
Salt Lake City, Utah 84116

RE: ~~ACT/007/001, White Oak Mining & Construction Co., Inc., and~~ #2
~~ACT/007/020, Horizon Mining, LLC~~

Dear Pam:

Enclosed as we have discussed are replacement surety bonds issued by Frontier Insurance Company for White Oak Mine, Permit No. ACT/007/001, and Horizon Mine, Permit No. ACT/007/020. Also enclosed is a Stipulation to Revise the Reclamation Agreement for each of the above-referenced mine permits.

Once you have confirmed that these bonds meet the Division's requirements for bond replacement, please notify me by letter and facsimile. In addition, please notify Tina Cloanougher at Van American by facsimile and U.S. mail that the reclamation surety bonds have been replaced by Frontier. Van American's address is 167 East Main Street, 2nd Floor, Lexington, Kentucky 40507; facsimile (606) 225-1020.

We appreciate your assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to be "Denise A. Dragoo".

Denise A. Dragoo

DAD:jmc:161889
Enclosures
cc: Scott Kiscaden