

Snell & Wilmer

0001

L.L.P.
LAW OFFICES
111 East Broadway
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Salt Lake City, Utah 84111-1004
(801) 237-1900
FAX (801) 237-1950

PHOENIX, ARIZONA
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IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

Time In _____

FACSIMILE REQUEST FORM

Time Out _____

PLEASE DELIVER THE FOLLOWING MATERIAL AS SOON AS POSSIBLE

TO: FACSIMILE NUMBER:
**PAMELA GRUBAUGH-
LITTIG
LARRY G. JONES**

TO: FACSIMILE NUMBER:
**539-3940
435-472-3980**

FROM:

Denise A. Drago

REMARKS:

RE: HORIZON MINE, PERMIT NO. ACT/007/020

*ACT/007/020 #2
Copy Pam (all)*

ORIGINAL DOCUMENT: Will not be sent

CONFIRMATION No.:
(IF REQUIRED)

NUMBER OF PAGES: 26
(INCL. COVER PAGE)

DATE: January 4, 1999

CLIENT/ MATTER: 33999.0001

PLEASE RETURN TO: Julie McKenzie

PERSONAL FAX: No

REQUEST/ATTORNEY: Denise A. Drago

DIRECT LINE: (801) 237-1998

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PLEASE CALL US AT (801) 237-1900
OUR FACSIMILE NUMBER IS (801) 237-1950**

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Snell & Wilmer

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Salt Lake City, Utah 84111
(801) 237-1900
Fax: (801) 237-1950

SALT LAKE CITY, UTAH

PHOENIX, ARIZONA

TUCSON, ARIZONA

IRVINE, CALIFORNIA

Denise A. Drago (801) 237-1998
Internet: ddrago@swlaw.com

January 4, 1999

Via Facsimile & U.S. Mail

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas & Mining
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84114-5801

RE: *Horizon Mine, Permit No. ACT/007/020*

Dear Pam:

At your request, we have amended the Application for Permit Change to make the enclosed revisions you requested to Chapter 2, Legal, Financial, Compliance and Related Information. Also enclosed per your request is an organizational chart reflecting Horizon Coal, LLC. Please review the enclosed information and, if it meets with your approval, we will submit the additional five copies.

We have also been in contact with Richard Hadfield with Acordia and he has confirmed that the changes requested by the Division to the cancellation clause of the insurance certificate will be made by the insurance company.

We appreciate your assistance in this matter. Please let me know if you have any questions.

Very truly yours,



Denise A. Drago

DAD:jmc:74002

Enclosures

cc: Larry Jones (via facsimile)

Horizon Mining, LLC
(a Utah limited liability company)

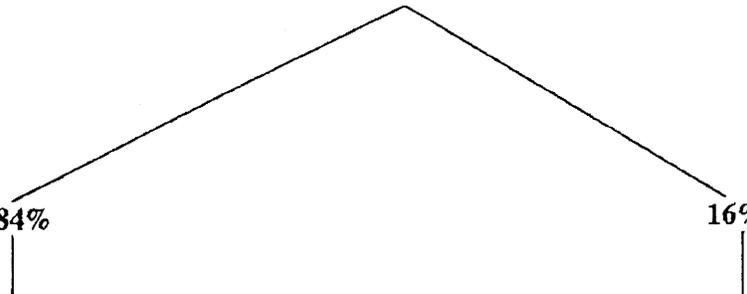
84%

Horizon Coal, LLC
(a Virginia limited liability company)

16%

Tokyo Boeki (U.S.A.) Inc.
(a New York corporation)

Tokyo Boeki
(a Japanese corporation)



Ked-Kess

CHAPTER 2

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC
1998 January 4, 1999

~~December 7~~

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
2.1 Scope	2-1
2.2 Identification of Interests	2-1
2.2.1 Permit Application and Mine Operator	2-1
2.2.2 Applicant's Resident Agent	2-1
2.2.3 Applicant's Business Entity	2-1
2.2.4 Names and Addresses of Members and Managers.....	2-2
2.2.5 Principal Shareholder, Owned or Controlled	2-2-3
2.2.6 Prior Business Identification, Options/Bids on Contiguous Lands.....	2-3
2.2.7 Permit Status	2-3-4
2.2.8 Mine Safety and Health Administration Identification Number	2-4-5
2.2.9 Abandoned Mine Land Reclamation Fee.....	2-4-5
2.3 Compliance Information	2-5
2.3.1 Permit Suspensions or Revocations	2-5
2.3.2 Bond or Security Forfeitures	2-5
2.3.3 Environmental Protection Violation Notices.....	2-5-6
2.4 Right of Entry and Operation Information	2-6
2.5 Relationship to Area Designated Unsuitable for Mining.....	2-6-7
2.6 Permit Term	2-6-7
2.7 Personal Injury and Property Damage Insurance.....	2-6-7
2.8 Performance Bond	2-7
2.9 Other Licenses and Permits.....	2-7
2.10 Location of Public Office for Filing Application	2-8
2.11 Newspaper Advertisement and Proof of Publication	2-8-9
2.12 Contiguous Ownership	2-9

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC
~~1999~~ January 4, 1999

December 7,

CHAPTER 2

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

2.1 Scope

The information contained in this section is intended to fulfill the requirements of R645-301-100 and to ensure that all relevant information on the ownership and control of the mining activities is supplied to the regulatory agency(s).

2.2 Identification of Interests

2.2.1 Permit Application and Mine Operator

The permit applicant and mine operator is:

Horizon Mining, LLC
12530 Consumer's Road
P.O. Box 599
Helper, Utah 84526
Telephone: (435) 472-3994
Employer I.D. No. 87-0569216

2.2.2 Applicant's Resident Agent

The resident agent who will accept service of process is:

Denise A. Drago, Esq.
~~VAN COTT, BAGLEY, CORNWALL & McARTHUR~~
~~50 South Main, Suite 1600~~
~~P.O. Box 45340~~ SNELL & WILMER, L.L.P.
~~111 East Broadway, Suite 900~~
Salt Lake City, Utah ~~84445-0340~~ 84415-0340
Telephone: (801) ~~532-3333~~ 237-1900

2.2.3 Applicant's Business Entity

Horizon Mining, LLC, is a Utah limited liability company, duly organized, validly existing and in good standing in the State of Utah.

Chapter 2. Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998 |

2.2.4 Names and Addresses of Applicant's Members and Managers

1. Members:

Horizon Coal, LLC, a Virginia limited liability company (84%)
P.O. Box 599
Helper, Utah 84526

Tokyo Boeki (U.S.A.) Inc. (16%)
60 East 42nd Street
New York, New York 10165

2. Managers:

Name and Address

~~Scott Kiscaden~~
~~15215 Foxchase Lane~~
~~Abingdon, Virginia 24210~~

~~Todd Kiscaden~~ Managers of Horizon Mining, LLC

Name and Address Appointed As Of:

Scott Kiscaden August 29, 1997
71 Pence Lane
Weyers Cave, Virginia 24486

Todd Kiscaden August 29, 1997
P.O. Box 599
Helper, Utah 84526

Robert Scott Scott August 29, 1997
Commonwealth Coal Sales, Inc.
5413 Patterson Avenue, Suite 205
Richmond, Virginia 23226

Shoichi Yamada August 29, 1997
Tokyo Boeki (U.S.A.) Inc.
60 East 42nd Street
New York, New York 10165

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998

3. Managers of Horizon Coal, LLC

Name and Address Appointed As Of:

Scott Kiscaden October 16, 1998
71 Pence Lane
Wevers Cava, Virginia 24486

Paula Kiscaden October 16, 1998
P.O. Box 599
Helper, Utah 84526

Robert Scott October 16, 1998
Commonwealth Coal Sales, Inc.
5413 Patterson Avenue, Suite 205
Richmond, Virginia 23226

Larry G. Jones October 16, 1998
P.O. Box 599
Helper, Utah 84526

4. Officers of Tokyo Boeki (U.S.A.) Inc.:

Name and Address Appointed As Of:

Shoichi Yamada, Vice President, Director August 29, 1997
Tokyo Boeki (U.S.A.) Inc.
60 East 42nd Street
New York, New York 10165

2.2.5 Principals, Owned or Controlled

- The Members of Horizon Coal, LLC, are Scott Kiscaden, Robert Scott, Larry Jones and Paula Kiscaden.
- 100% of the stock of Tokyo Boeki (U.S.A.) Inc. is held by Tokyo Boeki, Ltd., a Japanese corporation.

2.2.6 Prior Business Identification, Options/Bids on Contiguous Lands

Horizon has filed for "lease by application" is lessee of Federal Coal Lease No. UTU-74804 which is contiguous to the permit area on the following described lands:

Township 13 South, Range 8 East, SLM

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998 |

Section 6: SE1/4SW1/4, S1/2SE1/4, NW1/4SE1/4;
Section 7: Lots 1-3, E1/2, E1/2W1/2;
Section 8: NW1/4NW1/4, S1/2NW1/4, SW1/4NE1/4, N1/2SW1/4,
W1/2SE1/4 SW1/4SW1/4;
Section 17: N1/2NW1/4, SW1/4NE1/4;
Section 18: NE1/4NE1/4.

Containing 1,288.49 acres.

2.2.7 Permit Status

Current or Previous Coal Mining Permits or Pending Permit Application Held by Horizon Mining, LLC, Members or Managers:

1. Horizon Mining, LLC: None

2. Members:

Horizon Coal, LLC: None

Tokyo Boeki (U.S.A.) Inc.: None

3. Managers:

a. Scott Kiscaden and/or Todd Kiscaden

(See Paula Kiscaden: (See Appendix 2-4 for complete list)

Horizon Coal Corporation:

(ACT/007/020)

White Oak Mining & Construction Co., Inc.

(ACT/007/001);

Kinvest, Inc./Grand Valley Coal Company:

(McClaine Canyon Mine Permit No. CO-004-80;

Munger Canyon Mine, CO-020-81)

Branham and Baker Coal Company, Inc.:

(See Appendix A, 1.14 and 1.15)

Harrison Mining Corporation:

(See Appendix A)

Harrison Processing Corporation:

(See Appendix A)

Marine Coal Corporation:

(Permit No. 836-5248)

Premier Elkhorn Coal Company:

(Permit No. 898-0364)

Panther Land Corp.:

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998 |

(See Appendix A)
Sidewinder Mining Co.:
(Permit No. 898-9054)
Jackal Mining Co.:
(Permit No. 898-5497)
Tennessee Construction Co.:
(Permit No.: 898-8043)
Wyoming Pocahontus Land Company:
(E008800)

4. Parent Company of Members

~~K&K Holding Co., Inc.~~

~~Horizon Mine Permit No. ACT/007/020~~

Tokyo Boeki:

- None

Horizon Coal, LLC:

- None

2.2.8 Mine Safety and Health Administration Identification Number

The MSHA number issued April 20, 1995 by the Department of Labor to Horizon Coal Corporation have been transferred to Horizon Mining, LLC as follows:

- Horizon No. 1 Mine MSHA No. 42-02074
- Horizon No. 2 Mine MSHA No. 42-02075 (not opening at present time)

2.2.9 Abandoned Mine Land Reclamation Fee

The abandoned mine land reclamation fee will be paid by ~~Mike Gipson~~ Larry G. Jones.

2.3 Compliance Information

2.3.1 Permit Suspensions or Revocations

Neither the permittee/operator, nor any of its subsidiaries, affiliates, members or managers or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998

2.3.1 Bond or Security Forfeitures

Neither the permittee/operator, nor any of its subsidiaries, affiliates, members or managers or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

2.3.3 Environmental Protection Violation Notices

1. Members:

a. Tokyo Boeki (U.S.A.), Inc.:

Neither Tokyo Boeki (U.S.A.) Inc., nor any person who owns or controls Tokyo Boeki (U.S.A.) Inc. has received any violation notices in connection with any underground or surface coal mining activities within the last three years.

b. Horizon Coal, LLC ("HCC"):

Horizon Coal, LLC, has not received any violation notices in connection with any underground or surface coal mining activities within the last three years.

2. Managers:

a. Shoichi Yamada; Robert Scott

~~Neither~~ With the exception of violations issued to Horizon Mining, ~~neither~~ Mr. Yamada nor Mr. Scott have received any violation notices in connection with any underground or surface coal mining activities within the last three years.

b. Scott Kiscaden and/or Todd Kiscaden:

~~The companies listed above~~ Scott Kiscaden and Todd Kiscaden have received violation notices in connection with underground or surface mining activities within the last three years as listed at Appendix C.

2.4 Right of Entry and Operations Information:

~~HCC~~ Horizon Coal Corporation ("HCC") and Tokyo Boeki entered into an Operating Agreement dated August 29, 1997. Under the terms of the Operating Agreement, HCC agreed to assign to Horizon Mining, LLC, all right, title and interest in the Horizon Mine, subject to Division approval

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998

of the transfer of Mine Permit No. ACT/007/020. Right of Entry was conveyed by Deed and Assignment dated August 29, 1997, recorded September 18, 1997, at Book 395, Pages 230-238, official records of Carbon County, Utah. On October 16, 1998, K&K Holding Co., Inc. and HCC merged and HCC assigned its Membership Interest in the Operating Agreement to Horizon Coal, LLC, a Virginia limited liability company.

Horizon Mining, LLC, bases its right to enter and undertake coal mining on: (1) a lease from Hidden Splendor Resources, Ltd., and (2) a right of way from the United States Bureau of Land Management.

The documentation pertaining to the lease from Hidden Splendor can be found in Appendix 2-1. The Hidden Splendor lease document describes a lease of fee coal and a sublease of federal coal. The federal coal lease SL-0630311 has expired.

Horizon has a right of way through BLM lands to facilitate mining coal from fee lands. Horizon stipulates that it will mine only fee coal and federal coal within the right of way. The right of way application is found in Appendix 2-3-application, described in Appendix 2-3, was incorporated into federal lease UTU-74804.

2.5 Relationship to Areas Designated Unsuitable for Mining

The permit area is not within an area or under study as an area designated as unsuitable for mining under R645-103-400, nor have any petitions been filed with UDOGM under R645-103-420 that could affect the proposed permit area (see Plate 1-2). No surface operations or facilities are located within 300 feet of an occupied dwelling or within 100 feet of a cemetery. A public road right of way passes through the permit area and provides access to public property. Coal haulage activities will occur within 100 feet of the public road right of way where the permit area road joins a public county road (see Appendix 3-1).

2.6 Permit Term

The Horizon No. 1 Mine is proposed for a 5-year term under the Permanent Regulatory Program. Chapter 3.3, Operational Plan, discusses the extent of underground mining activities to be conducted over the 5-year permit term.

2.7 Personal Injury and Property Damage Insurance

A copy of the Certificate of Insurance issued to Horizon Mining, LLC, by Acordia, Reager Harris, effective through April 1, 1998, is on file with the Division. The insurance company has listed Horizon Mining, LLC, as the named insured party under Commercial General policy number 3710-46-32 and Automobile Liability policy number 7320-38-69, which are currently in effect at Horizon Mine. Horizon Mining, LLC, coverage is effective from August 29, 1997.

2.8 Performance Bond

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998 |

Horizon Mining, LLC, has provided UDOGM with a surety bond number 125421 in the amount of \$3,398,000, issued by Frontier Insurance Company, as surety, as provided in R645-301-830.

2.9 Other Licenses and Permits

Licenses and permits needed to conduct a coal mining operation are listed below.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7, 30, 1998

LICENSES & PERMITS -- HORIZON MINE NO. 1

PERMIT	ISSUING AUTHORITY
ACT/007/020	Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 P.O. Box 145801 Salt Lake City, Utah 84114-5801
Construction and Air Quality BAQE-336-91	Division of Air Quality 288 North 1640 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Construction, Sedimentation Pond and Drainage System	Division of Water Pollution Control 288 North 1460 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Water Rights (leased)	Division of Water Rights 453 South Carbon Avenue Price, Utah 84501
Construction Sewer Facilities	Southeastern Utah Health District 6 East Main Street Price, Utah 84501
Carbon County Planning & Zoning	Carbon County Courthouse Price, Utah 84501
UPDES (UTG040019)	State of Utah Department of Environmental Quality Water Quality Division 288 North 1460 West Salt Lake City, Utah 84114-4870
MSHA (see Section 2.2.8)	U.S. Department of Labor Mine Safety & Health Administration P.O. Box 25367 Denver, Colorado 80225

2.10 Location of Public Office for Filing Application

A copy of this permit application is on file with the Utah Division of Oil, Gas & Mining, P.O. Box 145801, Salt Lake City, Utah 84114-5801. A copy of the filing fee receipt is located in Appendix 2-2.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 7-30, 1998 |

2.11 Newspaper Advertisement and Proof of Publication

Notice of the permit transfer application was published in the *Sun Advocate*, Price, Utah, on September 30, 1997. Proof of publication was submitted to the Division pursuant to R645-303-322 on October 22, 1997. The newspaper advertisement was published in the following form:

NOTICE

Notice is hereby given that Horizon Coal Corporation, permittee of the Horizon Coal Mine, has submitted an application to the Division of Oil, Gas & Mining under the provisions of R645-303-300 for transfer of Permit No. ACT/007/020, to Horizon Mining, LLC, whose address is P.O. Box 599, Helper, Utah 84526. Upon approval of the permit transfer, the permit and permit area will be owned or controlled by Horizon Mining, LLC, a Utah limited liability company. The permit area is located in Carbon County, Utah, and is described as follows:

Township 13 South, Range 8 East, SLM, Utah

Section 8: SE1/4 SW1/4, SW1/4 NW1/4 SW1/4 SE1/4,
W1/2 SW1/4 SW1/4 SE1/4
Section 17: NW1/4 NE1/4, S1/2 NW1/4, N1/2 NW1/4
SW1/4, NE1/4 SW1/4, NW1/4 SE1/4, N1/2
SE1/4 SW1/4, N1/2 SW1/4 SE1/4, W1/2 W1/2
SW1/4 NE1/4
Containing 318 acres more or less.

Pertinent comments are solicited from anyone affected by this proposal. No comments were filed within thirty (30) days with:

State of Utah, Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

2.12 Contiguous Ownership.

See Chapter 4.

Kalean

CHAPTER 2

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

January 4, 1999

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
2.1 Scope	2-1
2.2 Identification of Interests	2-1
2.2.1 Permit Application and Mine Operator	2-1
2.2.2 Applicant's Resident Agent	2-1
2.2.3 Applicant's Business Entity	2-1
2.2.4 Names and Addresses of Members and Managers.....	2-2
2.2.5 Principal Shareholder, Owned or Controlled	2-3
2.2.6 Prior Business Identification, Options/Bids on Contiguous Lands.....	2-3
2.2.7 Permit Status	2-4
2.2.8 Mine Safety and Health Administration Identification Number	2-5
2.2.9 Abandoned Mine Land Reclamation Fee.....	2-5
2.3 Compliance Information	2-5
2.3.1 Permit Suspensions or Revocations	2-5
2.3.2 Bond or Security Forfeitures	2-5
2.3.3 Environmental Protection Violation Notices.....	2-6
2.4 Right of Entry and Operation Information	2-6
2.5 Relationship to Area Designated Unsuitable for Mining.....	2-7
2.6 Permit Term	2-7
2.7 Personal Injury and Property Damage Insurance.....	2-7
2.8 Performance Bond	2-7
2.9 Other Licenses and Permits.....	2-7
2.10 Location of Public Office for Filing Application	2-8
2.11 Newspaper Advertisement and Proof of Publication	2-9
2.12 Contiguous Ownership	2-9

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

January 4, 1999

CHAPTER 2

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

2.1 Scope

The information contained in this section is intended to fulfill the requirements of R645-301-100 and to ensure that all relevant information on the ownership and control of the mining activities is supplied to the regulatory agency(s).

2.2 Identification of Interests

2.2.1 Permit Application and Mine Operator

The permit applicant and mine operator is:

Horizon Mining, LLC
12530 Consumer's Road
P.O. Box 599
Helper, Utah 84526
Telephone: (435) 472-3994
Employer I.D. No. 87-0569216

2.2.2 Applicant's Resident Agent

The resident agent who will accept service of process is:

Denise A. Dragoo, Esq.
SNELL & WILMER, L.L.P.
111 East Broadway, Suite 900
Salt Lake City, Utah 84111
Telephone: (801) 237-1900

2.2.3 Applicant's Business Entity

Horizon Mining, LLC, is a Utah limited liability company, duly organized, validly existing and in good standing in the State of Utah.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

2.2.4 Names and Addresses of Applicant's Members and Managers

1. Members:

Horizon Coal, LLC, a Virginia limited liability company (84%)
P.O. Box 599
Helper, Utah 84526

Tokyo Boeki (U.S.A.) Inc. (16%)
60 East 42nd Street
New York, New York 10165

2. Managers of Horizon Mining, LLC

Name and Address

Appointed As Of:

Scott Kiscaden
71 Pence Lane
Weyers Cave, Virginia 24486

August 29, 1997

Todd Kiscaden
P.O. Box 599
Helper, Utah 84526

August 29, 1997

Robert Scott
Commonwealth Coal Sales, Inc.
5413 Patterson Avenue, Suite 205
Richmond, Virginia 23226

August 29, 1997

Shoichi Yamada
Tokyo Boeki (U.S.A.) Inc.
60 East 42nd Street
New York, New York 10165

August 29, 1997

3. Managers of Horizon Coal, LLC

Name and Address

Appointed As Of:

Scott Kiscaden
71 Pence Lane
Weyers Cava, Virginia 24486

October 16, 1998

Paula Kiscaden
P.O. Box 599
Helper, Utah 84526

October 16, 1998

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

Robert Scott
Commonwealth Coal Sales, Inc.
5413 Patterson Avenue, Suite 205
Richmond, Virginia 23226

October 16, 1998

Larry G. Jones
P.O. Box 599
Helper, Utah 84526

October 16, 1998

4. Officers of Tokyo Boeki (U.S.A.) Inc.:

Name and Address

Appointed As Of:

Shoichi Yamada, Vice President, Director
Tokyo Boeki (U.S.A.) Inc.
60 East 42nd Street
New York, New York 10165

August 29, 1997

2.2.5 Principals, Owned or Controlled

- The Members of Horizon Coal, LLC, are Scott Kiscaden, Robert Scott, Larry Jones and Paula Kiscaden.
- 100% of the stock of Tokyo Boeki (U.S.A.) Inc. is held by Tokyo Boeki, Ltd., a Japanese corporation.

2.2.6 Prior Business Identification, Options/Bids on Contiguous Lands

Horizon is lessee of Federal Coal Lease No. UTU-74804 which is contiguous to the permit area on the following described lands:

Township 13 South, Range 8 East, SLM

Section 6: SE1/4SW1/4, S1/2SE1/4, NW1/4SE1/4;
Section 7: Lots 1-3, E1/2, E1/2W1/2;
Section 8: NW1/4NW1/4, S1/2NW1/4, SW1/4NE1/4, N1/2SW1/4,
W1/2SE1/4 SW1/4SW1/4;
Section 17: N1/2NW1/4, SW1/4NE1/4;
Section 18: NE1/4NE1/4.

Containing 1,288.49 acres.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

2.2.7 Permit Status

Current or Previous Coal Mining Permits or Pending Permit Application Held by Horizon Mining, LLC, Members or Managers:

1. Horizon Mining, LLC: None
2. Members:

Horizon Coal, LLC: None

Tokyo Boeki (U.S.A.) Inc.: None
3. Managers:
 - a. Scott Kiscaden and/or Paula Kiscaden: (See Appendix 2-4 for complete list)
 - Horizon Coal Corporation:
(ACT/007/020)
 - White Oak Mining & Construction Co., Inc.
(ACT/007/001);
 - Kinvest, Inc./Grand Valley Coal Company:
(McClaine Canyon Mine Permit No. CO-004-80;
Munger Canyon Mine, CO-020-81)
 - Branham and Baker Coal Company, Inc.:
(See Appendix A, 1.14 and 1.15)
 - Harrison Mining Corporation:
(See Appendix A)
 - Harrison Processing Corporation:
(See Appendix A)
 - Marine Coal Corporation:
(Permit No. 836-5248)
 - Premier Elkhorn Coal Company:
(Permit No. 898-0364)
 - Panther Land Corp.:
(See Appendix A)
 - Sidewinder Mining Co.:
(Permit No. 898-9054)
 - Jackal Mining Co.:
(Permit No. 898-5497)
 - Tennessee Construction Co.:
(Permit No.: 898-8043)
 - Wyoming Pocahontus Land Company:
(E008800)

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

4. Parent Company of Members

Tokyo Boeki:

- None

Horizon Coal, LLC:

- None

2.2.8 Mine Safety and Health Administration Identification Number

The MSHA number issued April 20, 1995 by the Department of Labor to Horizon Coal Corporation have been transferred to Horizon Mining, LLC as follows:

- Horizon No. 1 Mine MSHA No. 42-02074
- Horizon No. 2 Mine MSHA No. 42-02075 (not opening at present time)

2.2.9 Abandoned Mine Land Reclamation Fee

The abandoned mine land reclamation fee will be paid by Larry G. Jones.

2.3 Compliance Information

2.3.1 Permit Suspensions or Revocations

Neither the permittee/operator, nor any of its subsidiaries, affiliates, members or managers or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

2.3.1 Bond or Security Forfeitures

Neither the permittee/operator, nor any of its subsidiaries, affiliates, members or managers or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

2.3.3 Environmental Protection Violation Notices

1. Members:

a. Tokyo Boeki (U.S.A.), Inc.:

Neither Tokyo Boeki (U.S.A.) Inc., nor any person who owns or controls Tokyo Boeki (U.S.A.) Inc. has received any violation notices in connection with any underground or surface coal mining activities within the last three years.

b. Horizon Coal, LLC:

Horizon Coal, LLC, has not received any violation notices in connection with any underground or surface coal mining activities within the last three years.

2. Managers:

a. Shoichi Yamada; Robert Scott

With the exception of violations issued to Horizon Mining, neither Mr. Yamada nor Mr. Scott have received any violation notices in connection with any underground or surface coal mining activities within the last three years.

b. Scott Kiscaden and/or Todd Kiscaden:

Scott Kiscaden and Todd Kiscaden have received violation notices in connection with underground or surface mining activities within the last three years as listed at Appendix C.

2.4 Right of Entry and Operations Information:

Horizon Coal Corporation ("HCC") and Tokyo Boeki entered into an Operating Agreement dated August 29, 1997. Under the terms of the Operating Agreement, HCC agreed to assign to Horizon Mining, LLC, all right, title and interest in the Horizon Mine, subject to Division approval of the transfer of Mine Permit No. ACT/007/020. Right of Entry was conveyed by Deed and Assignment dated August 29, 1997, recorded September 18, 1997, at Book 395, Pages 230-238, official records of Carbon County, Utah. On October 16, 1998, K&K Holding Co., Inc. and HCC merged and HCC assigned its Membership Interest in the Operating Agreement to Horizon Coal, LLC, a Virginia limited liability company.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

Horizon Mining, LLC, bases its right to enter and undertake coal mining on: (1) a lease from Hidden Splendor Resources, Ltd., and (2) a right of way from the United States Bureau of Land Management.

The documentation pertaining to the lease from Hidden Splendor can be found in Appendix 2-1. The Hidden Splendor lease document describes a lease of fee coal and a sublease of federal coal. The federal coal lease SL-0630311 has expired.

Horizon has a right of way through BLM lands to facilitate mining coal from fee lands. Horizon stipulates that it will mine only fee coal and federal coal within the right of way. The right of way application, described in Appendix 2-3, was incorporated into federal lease UTU-74804.

2.5 Relationship to Areas Designated Unsuitable for Mining

The permit area is not within an area or under study as an area designated as unsuitable for mining under R645-103-400, nor have any petitions been filed with UDOGM under R645-103-420 that could affect the proposed permit area (see Plate 1-2). No surface operations or facilities are located within 300 feet of an occupied dwelling or within 100 feet of a cemetery. A public road right of way passes through the permit area and provides access to public property. Coal haulage activities will occur within 100 feet of the public road right of way where the permit area road joins a public county road (see Appendix 3-1).

2.6 Permit Term

The Horizon No. 1 Mine is proposed for a 5-year term under the Permanent Regulatory Program. Chapter 3.3, Operational Plan, discusses the extent of underground mining activities to be conducted over the 5-year permit term.

2.7 Personal Injury and Property Damage Insurance

A copy of the Certificate of Insurance issued to Horizon Mining, LLC, by Acordia, Reager Harris, effective through April 1, 1998, is on file with the Division. The insurance company has listed Horizon Mining, LLC, as the named insured party under Commercial General policy number 3710-46-32 and Automobile Liability policy number 7320-38-69, which are currently in effect at Horizon Mine. Horizon Mining, LLC, coverage is effective from August 29, 1997.

2.8 Performance Bond

Horizon Mining, LLC, has provided UDOGM with a surety bond number 125421 in the amount of \$3,398,000, issued by Frontier Insurance Company, as surety, as provided in R645-301-830.

2.9 Other Licenses and Permits

Licenses and permits needed to conduct a coal mining operation are listed below.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

LICENSES & PERMITS – HORIZON MINE NO. 1

PERMIT	ISSUING AUTHORITY
ACT/007/020	Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 P.O. Box 145801 Salt Lake City, Utah 84114-5801
Construction and Air Quality BAQE-336-91	Division of Air Quality 288 North 1640 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Construction, Sedimentation Pond and Drainage System	Division of Water Pollution Control 288 North 1460 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Water Rights (leased)	Division of Water Rights 453 South Carbon Avenue Price, Utah 84501
Construction Sewer Facilities	Southeastern Utah Health District 6 East Main Street Price, Utah 84501
Carbon County Planning & Zoning	Carbon County Courthouse Price, Utah 84501
UPDES (UTG040019)	State of Utah Department of Environmental Quality Water Quality Division 288 North 1460 West Salt Lake City, Utah 84114-4870
MSHA (see Section 2.2.8)	U.S. Department of Labor Mine Safety & Health Administration P.O. Box 25367 Denver, Colorado 80225

2.10 Location of Public Office for Filing Application

A copy of this permit application is on file with the Utah Division of Oil, Gas & Mining, P.O. Box 145801, Salt Lake City, Utah 84114-5801. A copy of the filing fee receipt is located in Appendix 2-2.

Chapter 2, Legal, Financial, Compliance
Horizon Mining, LLC

December 30, 1998

2.11 Newspaper Advertisement and Proof of Publication

Notice of the permit transfer application was published in the *Sun Advocate*, Price, Utah, on September 30, 1997. Proof of publication was submitted to the Division pursuant to R645-303-322 on October 22, 1997. The newspaper advertisement was published in the following form:

NOTICE

Notice is hereby given that Horizon Coal Corporation, permittee of the Horizon Coal Mine, has submitted an application to the Division of Oil, Gas & Mining under the provisions of R645-303-300 for transfer of Permit No. ACT/007/020, to Horizon Mining, LLC, whose address is P.O. Box 599, Helper, Utah 84526. Upon approval of the permit transfer, the permit and permit area will be owned or controlled by Horizon Mining, LLC, a Utah limited liability company. The permit area is located in Carbon County, Utah, and is described as follows:

Township 13 South, Range 8 East, SLM, Utah

Section 8: SE1/4 SW1/4, SW1/4 NW1/4 SW1/4 SE1/4,
W1/2 SW1/4 SW1/4 SE1/4
Section 17: NW1/4 NE1/4, S1/2 NW1/4, N1/2 NW1/4
SW1/4, NE1/4 SW1/4, NW1/4 SE1/4, N1/2
SE1/4 SW1/4, N1/2 SW1/4 SE1/4, W1/2 W1/2
SW1/4 NE1/4
Containing 318 acres more or less.

Pertinent comments are solicited from anyone affected by this proposal. No comments were filed within thirty (30) days with:

State of Utah, Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

2.12 Contiguous Ownership.

See Chapter 4.