



A PROFESSIONAL
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July 14, 1999

HAND DELIVERED

Pam Grubaugh-Littig
Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West Temple
Salt Lake City, Utah 84114-5801

Re: *Proposed Transfer of Horizon Mine Permit
(ACT/007/020) from Horizon Mining, LLC to
Lodestar Energy, Inc.* #2

Dear Ms. Grubaugh-Littig:

On behalf of Lodestar Energy, Inc. ("Lodestar"), in connection with the above-referenced permit transfer, please find enclosed a Reclamation Agreement for the Horizon Mine, including a proposed replacement bond, which has been fully executed by Lodestar and by Frontier Insurance Company (as bond surety).

If you have any questions, please give me a call at 801.536.6658.

Sincerely,

A handwritten signature in black ink that reads "Mike".

Mike Malmquist

Enclosure

cc: Eb Davis
Denise Drago