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James T. Jensen
Executive Vice President
& General Counsel

RECEIVED
DEC 10 1997
DIV. OF OIL, GAS & MINING

Savage Industries Inc.
5250 South Commerce Drive
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
(801) 261-8766 FAX

December 9, 1997

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

RE: Reclamation Bond
Savage Coal Terminal
Permit ACT/007/0~~0~~2

ACT/007/022 #2
Copy PAM

Enclosed is a Surety Bond No. 158987108 issued by National Fire Insurance Company of Hartford, as Surety, on behalf of Savage Industries Inc., as Permittee, in favor of the State of Utah, Division of Oil, Gas and Mining (the "Division") in the penal sum of $2,525,000.00. Savage has exercised its option to purchase the Savage Coal Terminal from Mountain Coal Company and title to the Savage Coal Terminal transferred to Savage Industries Inc. effective today, December 9, 1997.

Request is made that the enclosed bond be substituted for the current surety bond on file with the Division and that the current surety bond be returned by the Division to Mountain Coal Company, c/o David M. Arnolds, Esq., Legal Department, ARCO, 555 Seventeenth Street, Denver, Colorado 80202.

Call me if you have any questions concerning this letter or enclosure.

Sincerely,

James T. Jensen

James T. Jensen
Encl.
cc: David M. Arnolds, Esq. (w/o encl.)