0002

LAW OFFICES OF
KIMBALL, PARR, WADDOUPS, BROWN & GEE
A PROFESSIONAL CORPORATION
SUITE 1300
185 SOUTH STATE STREET
POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147-0019
TELEPHONE (801) 532-7840
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JOHN M. BURKE

RECEIVED
DEC 1 9 1996
DIV. OF OIL, GAS & MINING

VIA HAND DELIVERY

December 19, 1996

Daron Haddock, Permit Supervisor
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Copy for each file

Re: Permits No. ACT/007/005, Skyline Mine; (2) ACT/041/002, SUFCo Mine; (3) ACT/007/018, Soldier Canyon Mine; and (4) ACT/007/034, Banning Loadout

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Dear Daron:

Please find enclosed a draft of a letter which we request that an authorized official of the Division of Oil, Gas, and Mining execute releasing Coastal States Energy Company and Soldier Creek Coal Company from liability on the bonds for the above-referenced permits.

We request that a letter similar to the attached draft be issued upon receipt by the Division of evidence that the stock merger and purchase transaction described in the draft has closed. We expect to provide you with a letter to this effect tomorrow, December 20, 1996.

Thank you for your assistance in this matter.

Very truly yours,

John M. Burke

John M. Burke

Enclosure
cc: R. Kirk Mueller
Clayton J. Parr
Vernal Mortensen
JMB/wm

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DRAFT

December 19, 1996

Coastal States Energy
6955 Union Park Center, Suite 550
Midvale, Utah 84047

ATTN: Vernal Mortensen, Senior Vice President

Re: Permits No. ACT/007/005, Skyline Mine; (2) ACT/041/002, SUFCo Mine; (3) ACT/007/018, Soldier Canyon Mine; (4) and ACT/007/034, Banning Loadout

Dear Mr. Mortensen:

In documents dated December 20, 1996, the Division of Oil, Gas, and Mining approved the amendment of the above-described permits to reflect a change in the name of the owner to Canyon Fuel Company, LLC, effective upon (1) the merger of Soldier Creek Coal Company into Sage Point Coal Company; (2) the merger of Sage Point Coal Company, Utah Fuel Company, Skyline Coal Company, and Southern Utah Fuel Company into Coastal States Energy Company; (3) the merger of Coastal States Energy Company into Canyon Fuel Company, LLC; and (4) the purchase of Canyon Fuel Coal Company, LLC by ARCO Uinta Coal Company and Itochu Coal International, Inc. The Division has now received satisfactory evidence that the above-referenced transaction occurred as anticipated on December 20, 1996.

The Division has also received sufficient substitute bonds provided on behalf of Canyon Fuel Company, LLC as principal. Accordingly, liability under the following bonds by Coastal States Energy Company and Soldier Creek Coal Company is hereby released and discharged:

Bond No.:	U1712871-1
Amount:	$3,238,000
Surety:	United Pacific Insurance Company
Permit:	ACT/007/018
Site:	Soldier Canyon Mine
Principal:	Soldier Creek Coal Company

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Bond No.:	U1712871-8
Amount:	$350,000
Surety:	United Pacific Insurance Company
Permit:	ACT/007/034
Site:	Banning Loadout
Principal:	Soldier Creek Coal Company

Bond No.:	U605244-14
Amount:	$3,988,000
Surety:	United Pacific Insurance Company
Permit:	ACT/041/002
Site:	Convulsion Canyon Mine
Principal:	Coastal States Energy Company

Bond No.:	U605244-06
Amount:	$3,180,000
Surety:	United Pacific Insurance Company
Permit:	ACT/007/005
Site:	Skyline Mine
Principal:	Coastal States Energy Company

Bond No.:	JP 1277
Amount:	$30,000
Surety:	St. Paul Fire and Marine Ins. Co.
Permit:	U-07064
Site:	Dugway Canyon
Principal:	Soldier Creek Coal Company

Sincerely,

cc: John M. Burke

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