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**FRED A. MORETON & COMPANY**

INSURANCE — SURETY BONDS — EMPLOYEE BENEFITS

JAN 09 1991  
DIVISION OF  
OIL, GAS & MINING

*File ACT/015/018*

*#4*

January 8, 1991

Ms. Pam Grubaugh-Littig, Permit Supervisor  
State of Utah, Division of Oil, Gas & Mining  
355 West North Temple, 3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

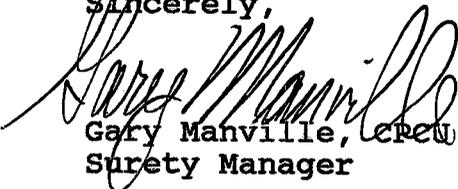
RE: Bond No. 9272158 - Deer Creek Mine  
Permit No. ACT/015/018, PacifiCorp Electric  
Operations, Permittee

Dear Pam:

Pursuant to our Monday telephone conversation, I am enclosing a format of a letter we would like to have from the appropriate official within the Division so that everyone is clear as to what the surety company's obligations are under the bonds they have issued covering this permit.

If you find it necessary to make any significant changes from the wording, please call and let us discuss it first.

Sincerely,

  
Gary Manville, CREU  
Surety Manager

GM:ssc  
0108GM1

Enclosure



649 EAST SOUTH TEMPLE, P.O. BOX 58139, SALT LAKE CITY, UTAH 84158-0139

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American Casualty Company  
of Reading, Pennsylvania  
c/o Fred A. Moreton & Company  
Post Office Box 58139  
Salt Lake City, Utah 84158

RE: Bond No. 9272158  
(Deer Creek Mine Permit No. ACT/015/018)

Gentlemen:

On or about March 15, 1985, the captioned reclamation permit bond was first executed showing Utah Power & Light Company as principal and having a penalty of \$1,224,000.

On or about September 8, 1988, a rider to the bond was executed increasing the penalty from \$1,224,000 to \$1,724,000.

On or about August 3, 1989, two additional bonds were issued covering the same permit on behalf of the same principal, each having a penalty of \$1,724,000. One of the forms was for "non-federal coal", the other for "federal coal".

On or about December 6, 1990, another bond was issued covering the same permit but showing the principal to be PacifiCorp Electric Operations. The penalty remains at \$1,724,000 and the bond was executed on the "federal coal" form.

Please be advised that the Division of Oil, Gas and Mining, as agent for the state of Utah, recognizes that the December 6, 1990 bond is the only bond covering the captioned permit and that all previously issued bonds and riders have been superseded and replaced by the December 6, 1990 bond.

GM:ssc  
0108GM2