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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

July 15, 1998

Richard Pick, President and CEO
Canyon Fuel Company, LLC
6955 Union Park Center, Suite 540
Salt Lake City, Utah 84047

Re: Bonds Replaced, Skyline Mine, ACT/007/005, Soldier Canyon Mine, ACT/007/018, Banning Loadout, ACT/007/034, Dugout Mine, ACT/007/039, SUFCO Mine, ACT/041/002, Folder #4, Carbon and Sevier Counties, Utah

Dear Mr. Pick:

The Division is in receipt of bonds posted by Liberty Mutual Insurance Company which replaced bonds posted by United Pacific Insurance Company for the above-noted mines and loadout. :

* Gordon Creek #2, #7, and #8 Mines - Bond #14-000-068-0005-UT, issued by Liberty Mutual Insurance Company in the amount of $641,443, which replaced United Pacific Insurance Company #U-62-99-65 and #8082-93-00 for the same amount.

* Skyline Mine - Bond #14-000-068-0004-UT, issued by Liberty Mutual Insurance Company in the amount of $5,076,000, which replaced United Pacific Insurance Company #U2760729 for the same amount.

* Soldier Canyon Mine - Bond #14-000-068-0002-UT, issued by Liberty Mutual Insurance Company in the amount of $3,238,000, which replaced United Pacific Insurance Company #U2760732 for the same amount.

* Banning Loadout - Bond #14-000-068-0003-UT, issued by Liberty Mutual Insurance Company in the amount of $350,000, which replaced United Pacific Insurance Company #U2760739 for the same amount.

* Dugout Mine - Bond #14-000-068-0009-UT, issued by Liberty Mutual Insurance Company in the amount of $1,260,000, which replaced United Pacific Insurance Company #U8006340 for the same amount.

* Dugout Exploration - Bond #14-000-068-0008-UT, issued by Liberty Mutual Insurance Company in the amount of $30,000, which replaced United Pacific Insurance Company #U80006249 for the same amount.

* SUFCO Mine - Bond #14-000-068-0001-UT, issued by Liberty Mutual Insurance

Company in the amount of $3,988,000, which replaced United Pacific Insurance Company #U276070 for the same amount.

If you have any questions, please call me.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

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Enclosure
cc: Virginia Forbes, Arch Coal, Inc.
Price Field Office
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