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March 26, 1979

Ms. Denise Dragoo, Asst. Attorney General  
 State of Utah, Division of Oil, Gas, & Mining  
 1588 West North Temple  
 Salt Lake City, Utah 84116

Re: Compliance Order and Schedule  
 Case No. ACT/043/001  
 Utah Coal & Energy, Inc.

Dear Denise:

It is my understanding that the Board will consider taking a security interest in equipment owned by my client, Utah Coal & Energy, Inc., in lieu of a bond.

My client feels that this would be a much better solution, at least temporarily, assuming that all of the details could be worked out.

In order to facilitate matters, I am enclosing information on generators which are owned by my client and have been proposed as the subject matter of the security interest.

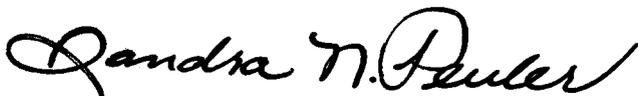
There are three generators owned by Utah Coal & Energy, Inc., and all are complete with panel boards for the engine, heat exchangers, pumps, and switches.

#1: Model #31AD8½ 6 cylinder Fairbanks-Morris Serial #925144	#2: Model #31AD8½ 8 cylinder Fairbanks-Morris Serial #930713	#3: Model #31AD8½ 6 cylinder Fairbanks-Morris Serial #924614
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If this proposal is acceptable to the Board, we will proceed with an appraisal and whatever else is necessary for approval.

Thank you for your assistance in this matter.

Sincerely,



Sandra N. Peuler