Chapter 1

R645-301-100 General Contents
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**INTEGRATED**

DEC 16 2010

Div. of Oil, Gas & Mining

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<td>Permit Area</td>
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<td>Plate 1-2</td>
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<td>Plate 1-3</td>
<td>Sub-Surface Ownership</td>
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R645-301-100 GENERAL CONTENTS
R645-301-112 Identification of Interests

112.100 Statement of corporation
Castle Valley Mining LLC is a foreign limited liability company, registered in the state of Utah. Castle Valley Mining LLC is the payer of the abandoned mine reclamation fee. Federal Identification Number: 27-2909495.

112.200-230 Names, addresses, and telephone numbers of the applicant, and the applicant’s resident agent who will accept service of process.

Applicant: Castle Valley Mining
P.O. Box 475
5550 W. Bear Canyon Rd.
Huntington UT, 84528
(435) 687-5454

Correspondence should be sent to the Applicant.

Resident Agent: Tony Welch
P.O. Box 475
5550 W. Bear Canyon Rd.
Huntington, UT 84528
(435) 687-5454

Person paying the abandoned mine land reclamation fee.

Tony Welch
P.O. Box 475
5550 W. Bear Canyon Rd.
Huntington, UT 84528
(435) 687-5454

112.300 For each person who owns or controls the applicant:

112.310 Name and address of each officer, partner, principal, principal shareholder, and director or other person performing a function similar to a director

See Appendix H Ownership and Control pages 1H-3 through 1H-17.
112.320 The person's ownership and control relationship to the applicant including percentage ownership and location in the organizational structure.

See Appendix H Ownership and Control.

112.330 The title of the person's position, date position was assumed, and when submitted under R645-300-147.

See Appendix H Ownership and Control

112.340 All names under which the applicant operates or previously operated a coal mine and reclamation operation in the United States within the 5 years preceding the date of application.

See Appendix H Ownership and Control 1H-18 and 1H-19.

112.350 The Application number or other identifier of, and the regulatory authority for, any other pending coal mine operation permit application filed by the person in any State in the United States.

See Appendix H Ownership and Control, page 1H-19.

112.400 - 420 Coal mining and reclamation operations owned or controlled by the Applicant or by persons who own or control the Applicant

See Appendix H Ownership and Control, pages 1H-18 and 1H-19.
<table>
<thead>
<tr>
<th>Agency and Address</th>
<th>Permit/License</th>
<th>Reference</th>
<th>ID #</th>
<th>Approval Date</th>
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<tr>
<td>Utah State Division of Oil, Gas &amp; Mining</td>
<td>Surface Mining Control and Reclamation Permit</td>
<td>Reclamation Permits</td>
<td>ACT/015/021</td>
<td>11/02/89</td>
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<td></td>
<td>ACT/015/025</td>
<td>11/04/85</td>
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<td>Prevention of Significant Deterioration Permit (PSD)</td>
<td>Clean Air Act Amendments of 1977</td>
<td>Potential emissions less than 100 tons per year. PSD not required</td>
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<td>Spill Prevention Control &amp; Countermeasure Plan</td>
<td>Federal Water Pollution Control Act</td>
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<td>State of Utah Division of Water Quality</td>
<td>Utah Pollutant Discharge Elimination System, Utah General Permit for Coal Mining</td>
<td>Utah Water Pollution Control Act</td>
<td>UTH040006</td>
<td>05/04/89</td>
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<td>Utah Division of Water Rights</td>
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<td>Section 73-3-29 UCA</td>
<td>92-93-02SA</td>
<td>09/02/92</td>
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<td>00-93-01SA</td>
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<td>01-93-07SA</td>
<td>08/28/02</td>
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<td>93-3657</td>
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<td>93-1067</td>
<td>07/25/86</td>
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<td>General Safety Notice of Intent to Mine Coal</td>
<td>Orders Utah Coal Mines</td>
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<td>State of Utah Division of Air Quality</td>
<td>Air Quality Approval Order</td>
<td>Utah Air Conservation Regulation</td>
<td>DAQE-145-02</td>
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<td>UTU-73342</td>
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**Table 1-2 Permits and Licenses**
112.500 & 112.600  Surface ownership, subsurface ownership and description of permit area.

Plate 1-1 shows the Permit Area, Plate 1-2 shows Surface Ownership, Plate 1-3 shows Sub-Surface Ownership. The initials COP on the plates stand for C.O.P. Coal Development Company. Table 1-3 lists the owners of the surface and mineral property rights within the permit area.

Table 1-3 Property Ownership

<table>
<thead>
<tr>
<th>Surface</th>
<th>Coal</th>
<th>Minerals</th>
<th>Grazing</th>
<th>Oil &amp; Gas</th>
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<tr>
<td>A</td>
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<td>B</td>
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<td>C</td>
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<tr>
<td>E</td>
<td>2</td>
<td>1</td>
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</tr>
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1. C.O.P. Coal Development Co.
   3212 South State Street
   Salt Lake City, Utah  84115

2. U.S. Forest Service
   599 W. Price River Drive
   Price, Utah          84501

3. Bureau of Land Management
   125 South 600 West
   Price, Utah          84501

See Plate 1-2 for location of areas A, B, C, D, and E.
Plate 1-1 shows the Permit Area, Plate 1-2 shows Surface Ownership, Plate 1-3 shows Sub-Surface Ownership. The initials COP on the plates stand for C.O.P. Coal Development Company. Table 1-3 lists the owners of the surface and mineral property rights within the permit area.

Federal lease U-024316, U-024318, U-020668, U-38727, U-46484, U-61048, and U-61049 and a Fee Ground are held by C.O.P. Coal Development Co.

Federal leases SL-025431, SL-069985, U-51923 and Fee Ground are held by ANR Inc.

The total disturbed acreage within the permit area is approximately 40.64 acres.
A total of 10,991.83 acres are included in the permit area. This includes 6,615.43 acres of federal coal and 4,376.40 acres of private coal owned by C. O. P. Development. Following is a description of the Permit Area.

A. T16S, R7E SLBM

- Sec. 14 S1/2
- Sec. 23 E1/2, E1/2 W1/2
- Sec. 24 W1/2, W1/2 E1/2
- Sec. 25 NW1/4 NW1/4, E1/2 NW1/4, SW1/4 SW1/4, E1/2 SW1/4
- Sec. 26 NE1/4 NE1/4, NW1/4 NE1/4, N1/2 SW1/4 NE1/4 and the access/haul road and topsoil storage area as shown on Plate 2-1.

B. T16S, R7E SLBM

- Sec. 1 Lots 1 and 2, S1/2 NE1/4, SE1/4
- Sec. 10 N1/2, N1/2 S1/2, SE1/4 SW1/4, S1/2 SE1/4
- Sec. 11 All
- Sec. 12 All
- Sec. 13 All
- Sec. 14 NE1/4, E1/2 NW1/4
- Sec. 24 E1/2, E1/2,
- Sec. 25 E1/2

C. T16S, R7E SLBM

- Sec. 18 SW1/4, SW1/4
- Sec. 19 S1/2 NW1/4, SW1/4, SW1/4 SE1/4, N1/2 SE1/4, S1/2 NE1/4
- Sec. 20 S1/2 NW1/4, N1/2 SW1/4
- Sec. 30 W1/2, W1/2 NE1/4, NW1/4 SE1/4

D. T16S, R8E SLBM

- Sec. 25 SW1/4 NW1/4, NW1/4 SW1/4

E. T6S, R8E SLBM

- Sec. 19 Lot 1, NE1/4 NW1/4, N1/2 NE1/4
- Sec. 20 N1/2 NW1/4, NE1/4, NE1/4, NE1/4
- Sec. 21 W1/2 NW1/4, N1/2 SW1/2, SE1/4 SW1/4, S1/2 SE1/4

Note: Letter (A, B, C, D & F) corresponds with ownership shown in Table 1-3

06/2014
112.700 Mine associated structures MSHA numbers

<table>
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<tr>
<th>Structure</th>
<th>MSHA ID No.</th>
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<td>Castle Valley Mine #3</td>
<td>Mine MSHA # 42-02263</td>
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<tr>
<td>Castle Valley Mine #4</td>
<td>Mine MSHA # 42-02335</td>
</tr>
</tbody>
</table>

112.800 Interest in Lands, options, or bids for lands contiguous to the permit area.

There are no current interests, options or pending bids for lands contiguous to the permit area.

112.900 Not Applicable

R645-301-113 Violation Information

113.100 A statement as to whether the applicant has:

113.110 Had a federal or state coal mining permit revoked

Castle Valley Mining LLC has had no federal or state mining and reclamations permits revoked.

113.120 Forfeited a performance bond or security deposit

Castle Valley Mining LLC has never forfeited a performance bond.

113.200-240 Not Applicable

113.300-350 For any violation include the date of issuance and identity of the issuing regulatory authority. A brief description of the violation alleged in the notice. The date and location of any judicial proceeding initiated concerning the violation. The current status of the proceedings and of the violation notice. The actions taken by any person identified to abate the violation.

Violation information for Castle Valley Mining LLC is given in Appendix 1-A.
R645-301-114 Right of Entry Information

114.100-300 A description of the documents upon which the legal right to enter and begin coal mining and reclamation is based.

The Applicant's right to enter the lands and to conduct operations in the permit area is based on the documents listed below. (See Appendix 1-I)


6. Right-of-way U-52411 for the Bear Canyon Road. Appendix (1-B)

The coal operating agreements grant Castle Valley Mining LLC the exclusive authority to operate and control specific tracts of land owned and leased by C.O.P. Coal Development Company and ANR Company Inc. Castle Valley Mining LLC has the exclusive right to, and use of the property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Castle Valley Mining LLC also has unrestricted use of all access roads leading to and from the property.

The April 24, 1985 letter from C.O.P. Coal Development Company to Co-Op Mining Company located in Appendix 2-A granted Co-Op Mining Company permission to store topsoil on C.O.P. property in the ball park area at Bear Canyon.
R645-301-115 Status of Unsuitability Claims

115.100 Information as to whether the permit area is within an area designated as unsuitable for coal mining and reclamation operations.

No portion of the area to be permitted is within an area designated as unsuitable for mining under the provision of 30 CFR 764 and 765. To the best of the applicant's knowledge, no portion of the area to be permitted is under study of designation as unsuitable for mining in an administrative preceding under 30 CFR 764 and 765.

In preparing this application, Co-Op has conducted the most comprehensive study known to date of the suitability of the permit area. That study makes up the chapters that follow in this report.

State and Federal regulations allow an area to be unsuitable for the mining of coal if:

1. Reclamation is not economically or technologically feasible.

Reclamation at the Bear Canyon Mine is economically and technologically feasible. Reclamation plans are detailed in R645-301-240.

2. Coal mining is incompatible with state and local land use.

Coal mining is compatible with present and future land use of the permit area. R645-301-411 describes land use in detail.
3. Mining would affect fragile or historical lands and significantly damage historical, cultural, scientific, or aesthetic values of natural systems.

The permit area is neither historically significant nor fragile. There is only one archaeological site in the permit area, which will not be affected by mining and reclamation activities. (see R645-301-411.143.) Damage to natural systems will be minimal and will be mitigated (R645-301-535), and R645-301-731). The area contains no endangered animal or plant species (R645-301-322).

4. Mining would effect renewable-resource lands and result in substantial losses of food, fiber, or water supply.

The permit area contains no prime farmland (R645-301-221) and limited merchantable timber (R645-301-411.120). The mine will have only minor impact, some of it beneficial, on water resources (R645-301-731.100).

5. Mining would affect natural-hazard lands and thereby endanger life and property.

The permit lands are not natural-hazard lands.

In addition, the permit area includes no cemeteries, no national trails, no wild and scenic rivers, no wilderness study areas, and no significant harvestable forest cover.
Claim of exemption as described in R645-301-333

No exemption claimed

Information regarding owners of nearby buildings

Waiver letters from the occupants of dwellings located within 300 feet of the coal mining operations are found in Appendix I-F. The dwelling nearest to the underground mine workings is the hunting cabin. Pictures were taken in 2004 for the pre-blast survey and are stored at the mine site.

R645-301-116 Permit Term

Starting and termination dates and the anticipated number of acres to be affected during each phase of mining over the life of the mine.

The mine started construction in 1981 and was in production by late fall of 1981.

Termination dates anticipated for each phase of mining are nebulous at this time although a detailed estimate of production and reserves are included in the Geology Section and a projection of 13 years appears realistic (from 2005). The final termination date for the mining operation is expected to be 2018.

The actual surface acreage disturbed by the mine operation is identified in Table 1-1, R645-301-222.300, and R645-301-240. Plate 1-1 shows the permit area and Plates 5-2 show the surface facilities and disturbed area.
Table 1-4 Surface Disturbance Summary

<table>
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<tr>
<th>DESCRIPTION</th>
<th>Total acres</th>
<th>Pre-1977 acres</th>
<th>New acres</th>
<th>Reclaimed Acres</th>
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<tr>
<td>Sed Pond B &amp; Scale Office Pad</td>
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<td>1.37</td>
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<td>Main Pad Area</td>
<td>12.32</td>
<td>8.89</td>
<td>3.43</td>
<td></td>
</tr>
<tr>
<td>Portal Access Road</td>
<td>3.25</td>
<td>0.02</td>
<td>3.23</td>
<td></td>
</tr>
<tr>
<td>Blind Canyon Seam Portal Area</td>
<td>0.63</td>
<td>0.51</td>
<td>0</td>
<td>1.18</td>
</tr>
<tr>
<td>Upper Storage Pad</td>
<td>0</td>
<td>-0-</td>
<td>0</td>
<td>0.87</td>
</tr>
<tr>
<td>Shower House Pad</td>
<td>2.19</td>
<td>-0-</td>
<td>2.19</td>
<td></td>
</tr>
<tr>
<td>Tank Seam Access Road</td>
<td>0</td>
<td>-0-</td>
<td>0</td>
<td>2.91</td>
</tr>
<tr>
<td>Tank Seam Portal Pad</td>
<td>0</td>
<td>-0-</td>
<td>0</td>
<td>0.66</td>
</tr>
<tr>
<td>No. 3 Mine Access Road</td>
<td>3.26</td>
<td>-0-</td>
<td>3.26</td>
<td></td>
</tr>
<tr>
<td>Conveyor belt Access/Topsoil Stockpile</td>
<td>1.56</td>
<td>-0-</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Upper Conveyor belt Access Road No. 2</td>
<td>0.96</td>
<td>-0-</td>
<td>0.96</td>
<td></td>
</tr>
<tr>
<td>WHR Blind Canyon Seam Portal Area</td>
<td>1.58</td>
<td>-0-</td>
<td>1.58</td>
<td></td>
</tr>
<tr>
<td>1No. 4 Mine Access Road</td>
<td>0.89</td>
<td>-0-</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>2WHR Tank Seam Portal Pad Area</td>
<td>2.22</td>
<td>-0-</td>
<td>2.22</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>35.08</strong></td>
<td><strong>12.25</strong></td>
<td><strong>21.21</strong></td>
<td><strong>5.62</strong></td>
</tr>
</tbody>
</table>

116.200 No Response is needed
R645-301-117 Insurance, Proof of Publication and Facilities or Structures Used in Common

117.100 Proof of liability insurance.

A copy of Castle Valley Mining LLC certificate of insurance is provided (Appendix 1-C).

117.200 Proof of publication in newspapers for permit, significant revision, and permit renewal.

As required with the filing of this application with Division of Oil, Gas, and Mining, the applicant has filed an advertisement with the Emery County Progress and Salt Lake Tribune, local newspapers with circulation in Emery & Carbon countries sufficient to cover the locality of the applicant's operations. This advertisement follows the format required under 30 CFR 786.11 9aO and R645-300-121. Proof of publication can be found with a copy of the publication in Appendix 1-D.

117.300 Facilities Shared With Other Operations

Not Applicable
R645-301-120  Permit Application Format and Contents

R645-301-130  Reporting of Technical Data

All technical data submitted is accompanied by the names of persons or organizations that collected and analyzed the data along with the dates it was collected and analyzed and the methods used.

131.000  No Response Necessary
132.000  No Response Necessary

R645-301-140  Maps and Plans

All maps of the permit area are at a scale of 1:6,000 or larger. All maps of adjacent area are at a scale of 1:24,000 or larger and clearly show the lands and waters. All maps include the types of information set forth U.S.G.S. 1:24,000 scale series. All maps distinguish which phase of operation it is showing, and which areas mining and reclamation has occurred.

R645-301-150  Completeness

All information required under R645-301 will be included.
Appendix 1A
Violation Information
Bear Canyon Permit # C/013/025

Below is a list of violations received for the above referenced permit number in the previous three years as of 2/14/06

**N-04-46-1-1**

The violation was issued 4/26/04 because ditches and culverts did not meet their design capacity. Rocks and sediment were removed from the ditches and culverts to restore them to their design capacity.

**N-04-46-2-2**

The violation was issued 6/29/04 because the mine refuse from the rock tunnels was being stored in sediment pond D causing it to not have the required storage capacity. The material was moved to the appropriate storage site to abate the violation.

**N-05-46-1-1**

The violation was issued 4/15/05 because the operator was two weeks late in submitting the fourth quarter water monitoring date for monitoring points SBC-9a, SBC-11, MH-1, and all of the NPDES outfall sites. The sites were all no flow. The amendment was abated by submitting the required information.

**N-06-46-1-1**

The violation was issued 2/1/06 because the operator failed to collect baseline wastewater monitoring data in August of 2005. The violation will be abated by collecting the baseline samples in August of 2006.
April 2, 2001

CERTIFIED RETURN RECEIPT
7099 3400 0016 8895 9840

Wendell Owen, Mine Manager
Co-Op Mining Company
P.O. Box 1245
Huntington, Utah 84528

Re: Proposed Assessment for State Violation No. N01-43-1-1, C/015/025, Compliance File

Dear Mr. Owen:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, James Smith, on March 7, 2001. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by your or your agent within fifteen (15) days of receipt of the Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of violation, you should file a written request for an Informal Conference within 30 days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.

2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within 30 days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.
If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Vickie Southwick.

Sincerely,

Pamela Grubaugh-Littig
Assessment Officer

Enclosure
cc: OSM Compliance Report
    Vickie Southwick, DOGM
    O:\015025.BCN\Compliance\Assessment\N01-43-1-1 P-assw.wpd
WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING  

COMPANY/MINE  Co-Op Mining Company/Bear Canyon Mine  
PERMIT  C/015/025  
NOV #  NO1-43-1-1  
VIOLATION  1 of 1  

ASSESSMENT DATE  03/29/2001  
ASSESSMENT OFFICER  Pamela Grubaugh-Littig  

I.  HISTORY  (Max. 25 pts.)  

A.  Are there previous violations, which are not pending or vacated, which fall one (1) year of today’s date?  

<table>
<thead>
<tr>
<th>PREVIOUS VIOLATIONS</th>
<th>EFFECTIVE DATE</th>
<th>POINTS</th>
</tr>
</thead>
</table>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted  

TOTAL HISTORY POINTS  0  

II.  SERIOUSNESS  (Either A or B)  

NOTE:  For assignment of points in Parts II and III, the following apply:  

1.  Based on facts supplied by the inspector, the Assessment Officer will determine within each category the violation falls.  
2.  Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector’s and operator’s statements as guiding documents.  

Is this an EVENT (A) or HINDRANCE (B) violation?  (A) Event  

A.  EVENT VIOLATION  (Max 45 pts.)
1. What is the event which the violated standard was designed to prevent?

   Prevent off-site impacts or activity outside the permit area.

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<table>
<thead>
<tr>
<th>PROBABILITY</th>
<th>RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
</tr>
<tr>
<td>Unlikely</td>
<td>1-9</td>
</tr>
<tr>
<td>Likely</td>
<td>10-19</td>
</tr>
<tr>
<td>Occurred</td>
<td>20</td>
</tr>
</tbody>
</table>

   ASSIGN PROBABILITY OF OCCURRENCE POINTS  20

   PROVIDE AN EXPLANATION OF POINTS:

   Sediment was carried outside the permit area by runoff.

3. What is the extent of actual or potential damage? RANGE 0-25

   In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

   ASSIGN DAMAGE POINTS  5

   PROVIDE AN EXPLANATION OF POINTS:

   There was no evidence that sediment reached Bear Creek.

B. HINDRANCE VIOLATION (Max 25 pts.)

   1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? RANGE 0-25

   Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

   ASSIGN HINDRANCE POINTS

   PROVIDE AN EXPLANATION OF POINTS:

   TOTAL SERIOUSNESS POINTS (A or B) 25
III. NEGLIGENCE  (Max 30 pts.)

A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

<table>
<thead>
<tr>
<th>State Degree of Negligence</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Negligence</td>
<td>0</td>
</tr>
<tr>
<td>Negligence</td>
<td>1-15</td>
</tr>
<tr>
<td>Greater Degree of Fault</td>
<td>16-30</td>
</tr>
</tbody>
</table>

STATE DEGREE OF NEGLIGENCE  **Negligence**

ASSIGN NEGLIGENCE POINTS  **10**

PROVIDE AN EXPLANATION OF POINTS:

*The permittee had been notified in December 2000 to maintain these straw bales.*

IV. GOOD FAITH  (Max 20 pts.)

(Either A or B)

(Does not apply to violations requiring no abatement measures)

A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area? IF SO--EASY ABATEMENT

Easy Abatement Situation

- Immediate Compliance -11 to -20*  
  (Immediately following the issuance of the NOV)
- Rapid Compliance -1 to -10  
  (Permittee used diligence to abate the violation)
- Normal Compliance 0  
  (Operator complied within the abatement period required)  
  (Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

* Assign in upper or lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

B. Did the permittee not have the resources at hand to achieve compliance, or does
the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation
- Rapid Compliance -11 to -20* (Permittee used diligence to abate the violation)
- Normal Compliance -1 to -10* (Operator complied within the abatement period required)
- Extended Compliance 0 (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)

EASY OR DIFFICULT ABATEMENT?  Easy

ASSIGN GOOD FAITH POINTS -10

PROVIDE AN EXPLANATION OF POINTS:
The permittee was given 30 days to abate this violation (i.e., until April 7, 2001). The violation was terminated, effective March 23, 2001.

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION N01-43-1-1
I. TOTAL HISTORY POINTS 0
II. TOTAL SERIOUSNESS POINTS 25
III. TOTAL NEGLIGENCE POINTS 10
IV. TOTAL GOOD FAITH POINTS -10
    TOTAL ASSESSED POINTS 25

TOTAL ASSESSED FINE $300
To the following Permittee or Operator:

Name: [Redacted]

Mine:\ Surface \ Underground \ Other

County: \ State: \ Telephone:

Mailing Address: P.O. Box 1245, Huntington, Utah 84528

State Permit No.

Ownership Category: \ State \ Federal \ Fee \ Mixed

Date of inspection: 22 Feb 2001
Time of inspection: 09:19 \ a.m. \ p.m.

Operator Name (other than Permittee):

Mailing Address:

Under authority of the Utah Coal Mining and Reclamation Act, Section 40-10-1 et seq., Utah Code Annotated, 1953, the undersigned authorized representative of the Division of Oil, Gas & Mining has conducted an inspection of above mine on above date and has found violation(s) of the act, regulations or required permit condition(s) listed in attachment(s). This notice constitutes a separate Notice of Violation for each violation listed.

You must abate each of these violations within the designated abatement time. You are responsible for doing all work in a safe and workmanlike manner.

The undersigned representative finds that cessation of mining is express or in practical effect required by this notice. For this purpose, “mining” means extracting coal from the earth or a waste pile, and transporting it within or from the mine site.

This notice shall remain in effect until it expires as provided on reverse side of this form, or is modified, terminated or vacated by written notice of an authorized representative of the director of the Division of Oil, Gas & Mining. Time for abatement may be extended by authorized representative for good cause, if a request is made within a reasonable time before the end of abatement period.

Date of service/mailing: [Redacted] \ Time of service/mailing: [Redacted]

Permittee/Operator representative

Signature: [Redacted]

Title: Reclamation Specialist

Identification Number:

SEE REVERSE SIDE

STATE OF UTAH
NATURAL RESOURCES
Division of Oil, Gas & Mining

3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

Page 1 of 2

INTEGRATED
on equal opportunity employer

NOV 03 2005
Div. of Oil, Gas & Mining
NOTICE OF VIOLATION NO. N-01-03-1-1

Violation No. 1 of 1

Nature of violation

The permit boundary at the haul field arc no longer trapping sediment because sediment was filled in since he had not been removed away of the haul into the unpermitted area.

Provisions of act, regulations or permit violated

R.45.3.01 - 742.110, - 742.111

Portion of operation to which notice applies

Top soil pile at the haul field - the straw holes at the bottom of the out slope.

Remedial action required (including any interim steps)

Behind the straw bank and perform any other necessary maintenance so the bank function to trap sediment before it can leave the permit area.

Abatement time (including interim steps)

Thirty day in receipt of NOV

INTEGRATED
NOV 03, 2005
Div. of Oil, Gas & Mining

WHITE-DOGMA YELLOW-OSM PINK-PERMITTEE/OPERATOR GOLDENROD-NOV FILE

an equal opportunity employer
VACATION/TERMINATION OF
NOTICE OF VIOLATION/CESSATION ORDER

To the following Permittee or Operator:

Name: Co-Op Mining Company (Bear Cyn Mine)

Mailing Address: P.O. Box 617 - Provo, Utah 84601

State Permit No.: 5/015/025

Utah Coal Mining & Reclamation Act, Section 40-10-1 et seq., Utah Code Annotated (1953):

Notice of Violation No. N 01-43-1-1 dated 03/07/2001, 19__.

Cessation Order No. C 19__.

Part of is vacated terminated because: A new salt fence was installed at the haul road to control sediment in runoff and to keep it within the disturbed area.

Part of is vacated terminated because

Part of is vacated terminated because

Date of service/mailing _____________________ Time of service/mailing ___________ a.m. __ p.m.

Permittee/Operator representative

Signature

Title

Reclamation Specialist

Title

Div. of Oil, Gas & Mining

INTEGRATED

NOV 03 2005

on equal opportunity employer

5/85
APPENDIX 1-B

TITLE INSURANCE POLICY
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, hereinafter called the Company, issues, as of Date of Policy shown in Schedule A, against loss or damage not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. title in the estate or interest described in Schedule A being vested otherwise than as stated therein
2. any defect in or lien or encumbrance on such title
3. lack of right of access, to and from the land or
4. unmarketability of such title

IN WITNESS WHEREOF, First American Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officer, as of Date of Policy shown in Schedule A.

First American Title Insurance Company

[Seal]

President

Secretary

[Seal]

INCORPORATED

NOV 03 2005
Div. of Oil, Gas & Mining
SCHEDULE A

Total Fee for Title Search, Examination
and Title Insurance

Policy No. 8593-1

Amount of Insurance: __________________________

Date of Policy: September 29, 1981 at 10:10 a.m.

1. Name of Insured:

C.O.P. Coal Development Company,
a Utah corporation.

2. The estate or interest referred to herein is at Date of Policy vested in:

C.O.P. Coal Development Company,
a Utah corporation.

3. The estate or interest in the land described in Schedule C and which is covered by this policy is:

FEE $5,000

INCORPORATED

NOV 03 2005

Div. of Oil, Gas & Mining
The land referred to in this policy is situated in the County of Emery, State of Utah, and is described as follows:

Section 26: E; and all that part of SE; lying West of a Northeast-Southwest fault line.

EXCEPTING THEREFROM all coal.

14: S
22: NE, NW, NE
23: All
24: NW and all that part of the NW and the NE lying West of a Northeast-Southwest fault line.

25: All that part of the NW lying West of a Northeast-Southwest fault line.

26: NE, NW, and all that part of the NE lying West of a Northeast-Southwest fault line.

* * *
AGREEMENT

This agreement made and entered into this 3rd day of August 1983, by and between Emery County, a body corporate and politic (County), and Co-Op Mining Company, a Utah general partnership (Co-Op),

WHEREAS, there is an existing road in Emery County known as Bear Creek Road, and

WHEREAS, Co-Op requires extensive use of said road, and

WHEREAS, due to said extensive use, said road should be relocated for the health, safety and welfare of the citizens of County as well as others who may have occasion to use said road,

NOW, THEREFORE, be it agreed as follows:

1. The parties hereto agree and acknowledge that the southern 0.65 miles of the road known as Bear Creek Road is a County road. Said County road runs from State Road 31 in a northerly direction for approximately 0.65 miles to a presently existing gate. Thereafter the road is a private road.

2. That Co-Op will relocate the Bear Creek Road according to the plans and specifications prepared by the Emery County Engineer and described on the document entitled Bear Canyon County Road Relocation dated October 12, 1982.

3. Co-Op will relocate the Road according to the plans and specifications referred to above at their expense. Co-Op will reimburse County for engineering costs incurred by County concerning the preparation of said plans and specifications and site inspections up to One Thousand ($1,000.00) Dollars.

4. Co-Op will indemnify and defend County for any damage caused, or loss incurred to or claim made by any public or private individual, firm, group, association, partnership or corporation as a result of the construction conducted to relocate Bear Creek Road. Said indemnification will continue until such time as County approves the completed roadway and accepts the construction thereof.

5. Co-Op acknowledges and accepts the easements of North Emery Water Users and Huntington City which exist in, along and across the relocate Bear Creek Road. Said easements are in existence on the ground. Co-Op's acknowledgment thereof herein recognizes and preserves said easements.

6. Co-Op agrees to encase water lines of North Emery Water Users and Huntington City in nestable corrugated pipe pursuant to plans and specifications prepared by the Emery County Engineer.
7. Co-Op agrees to allow access to other property served by the relocated Bear Creek Road. Said access shall be allowed to the owner of the property, their successor in interest or any other individual, firm, group, association, partnership or corporation who requires access due to their association with the owner or because the owner has granted permission to the individual, firm, group, association, partnership or corporation to go upon his property. Co-Op will not withhold access due to the type of activity which the then owner or his agents, employees or invitees intend or in fact conduct.

8. Co-Op will provide a completion and performance bond to Emery County upon the execution hereof in the amount of Twenty-Five Thousand ($25,000.00) Dollars which will remain in force and effect for twelve (12) months after the date said road is accepted by County as indicated in paragraph 4 above.

9. Co-Op will provide liability insurance in an amount not less than Five Hundred Thousand ($500,000.00) Dollars to be in force during the construction of said road. Said policy will name County as an insured.

10. Co-Op agrees to complete said road in a timely manner not to exceed eighteen (18) months from the date of this agreement. County may make demand upon the bonding company under the bond provided pursuant to paragraph 8 above and secure completion of the relocation in the event construction is not completed within the agreed upon eighteen (18) months.

11. It is further understood that any additional improvements of the relocated Bear Creek Road will be at the expense of all primary users.

12. The Co-Op agrees to reclaim that portion of the old Bear Creek Road according to the specifications and requirements of the Bureau of Land Manager (BLM).

13. That the Co-Op agrees to provide Emery County with the necessary easement agreements with the Utah Department of Transportation.

14. Co-Op acknowledges and agrees to comply with standard number 6.3.8 "Protection Zone" of the Utah State Health Drinking Water Standards as it applies to supplies of drinking water in Bear Canyon.

15. County agrees to inspect the relocated Bear Creek Road within ten (10) days after notification by Co-Op of the completion thereof. County must within five (5) working days of said inspection accept the road or notify Co-Op of any deficiencies which must be then corrected by Co-Op within the time period outlined in paragraph 10 above. Should County fail to notify Co-Op of any deficiencies within five (5) working days, the road is deemed accepted by County and the twelve (12) month period indicated in paragraph 8 above begins to run from the sixth (6th) day after inspection.
IN WITNESS WHEREOF, this agreement is executed the day and year above first written, at Castle Dale, Utah, pursuant to a resolution of the Emery County Board of Commissioners at a regularly scheduled meeting of the Board.

EMERY COUNTY, a body politic and corporate,

ATTEST

[Signature]
County Clerk

By [Signature]
Chairman of the Emery County Board of Commissioners

IN WITNESS WHEREOF this agreement is executed at Huntington, Utah.
DATED this [Date] day of [Month], 1983.

CO-OP MINING COMPANY, a Utah general partnership

By [Signature]
a General Partner
CORPORATION SPECIAL WARRANTY DEED

THIS CORPORATION SPECIAL WARRANTY DEED, made this ___ day of ___, 1980, by PEABODY COAL COMPANY ("Grantor"), a Delaware corporation at 301 North Memorial Drive, P.O. Box 335, St. Louis, Missouri 63166, to C.O.P. COAL DEVELOPMENT COMPANY ("Grantee"), a Utah corporation at 3753 South State Street, Salt Lake City, Utah 84115.

Grantor, for and in consideration of the sum of $10.00 and other valuable consideration in hand paid by Grantee, receipt whereof is hereby acknowledged, conveys and, as hereinafter provided, warrants to the Grantee, and to its successors, heirs, and assigns, forever, all of that real estate ("Property"), situated in Emery County, Utah, described in Appendix D-1 affixed hereto and hereby made a part hereof.

Together with all the hereditaments and appurtenances thereunto belonging, and with all the estate, right, title, interest, claim or demand whatsoever, of the Grantor, either in law or equity of, in and to the Property.

TO HAVE AND TO HOLD the Property unto the Grantee, his heirs, successors and assigns forever; provided, however, that this conveyance is made and accepted upon the following covenants, which shall be binding upon and enforceable against Grantee and his heirs, successors and assigns and shall be deemed covenants running with the land:

(a) Grantee knows and understands that the Property may include mined-out areas with rough, unnatural and unstable surfaces, loose rocks and shale, open pits and shafts, slurry ponds, haulage roads, areas which have been used for blasting, subsidence areas and areas which have been used for operation of heavy equipment;

(b) Grantee assumes all risks and responsibility for any injuries or damages sustained by any person or to any property, in whole or in part, resulting from, arising out of, or in any way connected with, the possession or use of the Property by Grantee, and Grantee agrees to indemnify and hold harmless Grantor, its agents, employees or representatives, from any and all claims, demands, actions, or suits of any kind or nature whatsoever for such injuries and damages, and any expenses connected therewith;

(c) Grantor does not warrant or represent subjacent or lateral support of the surface and subsurfaces of the Property;

(d) Grantor does not warrant or represent that the Property is safe, habitable, or otherwise suitable for the purposes for which it is intended to be used by Grantee or for any other purpose whatsoever. Grantee represents that he has inspected the Property and agrees to accept the same "as is".

The Grantor, for itself and for its successors, does represent, warrant, promise, and agree to and with the Grantee, its heirs, successors and assigns, that Grantor has not done, or suffered to be done, anything whereby Grantor's estate in said Property hereby granted is, or has been, in any manner encumbered or charged, except as herein recited; and that Grantor will warrant and forever defend Grantor's estate in Property granted.
persons lawfully claiming, or to claim the same, by, through, or under Grantor.

The conveyance is subject to all rights-of-way, easements, leases, deed and plat restrictions, partitions, severances, encumbrances, licenses, reservations and exceptions which are of record as of the date first above written, and to all rights of persons in possession, and to physical conditions, encroachments, and possessory rights which would be evident from an inspection of the Property, and to taxes and assessments not delinquent; and to all reservations and exceptions (if any) stated in Appendix D-1.

IN WITNESS WHEREOF, said Grantor has caused its corporate seal to be hereeto affixed, and has caused its name to be signed to these presents by its Vice President of Resources Management, and attested by its Assistant Secretary, the day and year first above written.

ATTEST: J. M. Tomhill PEABODY COAL COMPANY
Title: Title:
STATE OF MISSOURI)
COUNTY OF ST. LOUIS)

On the ___ day of __________, 1980, personally appeared before me JAMES F. HOBBS, who being by me duly sworn, did say that he is the Vice President, Resources Management of Peabody Coal Company, and that the attached instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors and said JAMES F. HOBBS acknowledged to me that said corporation executed the same.

Given under my hand and notarial seal this ___ day of __________, 1980.

My Commission Expires:

THIS INSTRUMENT PREPARED BY:
James C. Sevem, Attorney
301 North Memorial Drive
St. Louis, Missouri 63102

INCORPORATED
NOV 05 2005
Div. of Oil, Gas & Mining
SURFACE LANDS

Township 16 South, Range 7 East, BLM(Utah)
Section 26: NE 1/4, SE 1/4 lying West of a Northeast-Southwest fault line.

COAL LANDS

Township 16 South, Range 7 East, BLM(Utah)
Section 14: S 1/2
Section 22: SE 1/4, NW 1/4, NE 1/4, SE 1/4
Section 23: All
Section 24: NW 1/4, NE 1/4, all that part of the SW 1/4 NW 1/4 lying West of a Northeast-Southwest fault line, all that part of the W 1/2 SW 1/4 lying West of a Northeast-Southwest fault line.
Section 25: All that part of the NW 1/4 NW 1/4 lying West of a Northeast-Southwest fault line.
Section 26: All that part of the NE 1/4 NE 1/4 lying West of a Northeast-Southwest fault line, W 1/2 NE 1/4, NW 1/4 NW 1/4
PARTIAL ASSIGNMENT OF FEDERAL COAL LEASE UTAH 024318

THIS ASSIGNMENT, made this 1st day of April, 1980, by PEABODY COAL COMPANY ("Assignor"), a Delaware Corporation at 301 North Memorial Drive, P.O. Box 235, St. Louis, Missouri 63166, to C.O.P. COAL DEVELOPMENT COMPANY ("Assignee"), a Utah corporation at 3753 South State Street, Salt Lake City, Utah 84115.

Assignor, for and in consideration of the sum of $10.00 and other valuable consideration in hand paid by the Assignee, the receipt and sufficiency of which are hereby acknowledged, does ASSIGN, TRANSFER, CONVEY, AND, AS HEREAFTER STATED, WARRANT unto Assignee, and to its successors, heirs, and assigns forever, all Assignor's right, title and interest in and to Assignor's leasehold estate, and all property rights of Assignor held in connection therewith, in that certain Coal Lease from the United States of America (Appendix E-2 attached), which bears serial number Utah 024318, but only insofar as said estate and rights relate to that certain real estate ("Federal Property"), which is described in Appendix E-2 attached hereto and made a part hereof.

Assignee accepts the foregoing assignment and does hereby assume and agree to pay and discharge, or cause to be paid and discharged, all obligations and liabilities of Assignor under said Coal Lease from and after the date hereof, but only insofar as such obligations and liabilities relate to the said Federal Property.

The Assignor, for itself and for its successors, does represent, warrant, promise and agree to and with the Assignee, its successors, heirs and assigns, that Assignor has not done, or suffered to be done, anything whereby Assignor's estate in said Federal Property hereby granted is, or has been, in any manner encumbered or charged, except as herein recited; and that Assignor will warrant and forever defend Assignor's estate in said Property against all persons lawfully claiming, or to claim the same, by, through, or under Assignor.

The assignment is subject to grazing rights and to those rights-of-way, easements, leases, deed and plat restrictions, partitions, severances, encumbrances, licenses, reservations, and exceptions which are of record on this assignment date, and to all rights of persons in possession, and to physical conditions, encroachments and possessory rights which would be evident from an inspection of the Federal Property.

The Assignee agrees to reassign the said partial Federal Lease to Assignor, with special warranties of title, in the event the transactions contemplated by the Contract for the Sale of Real Estate dated April 1, 1980, between the parties are not closed by the Closing Date contained in said Contract.
IN WITNESS WHEREOF, said Assignor has caused its corporate seal to be hereof affixed, and has caused its name to be signed to these presents by its Vice President of Resource Management and attested by its Assistant Secretary, the day and year first above written.

ATTEST:

Title: Assistant Secretary

Title: Vice President

ACCEPTED BY C.O.P. COAL DEVELOPMENT COMPANY

By

Title: President

STATE OF )

COUNTY OF )

On the ___ day of ___, 1980, personally appeared before me JAMES P. HOONIS, who being by me duly sworn, did say that he is the Vice President, Resource Management of Peabody Coal Company, and that the attached instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors and said JAMES P. HOBS acknowledged to me that said corporation executed the same.

Given under my hand and notarial seal this ___ day of ___, 1980.

My Commission Expires:

STATE OF )

COUNTY OF )

On the ___ day of ___, 1980, personally appeared before me __________, who being by me duly sworn, did say that he is the __________, and that the attached instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors and said __________ acknowledged to me that said corporation executed the same.

Given under my hand and notarial seal this ___ day of ___, 1980.

My Commission Expires:

Assignment Approved Effective:

THE UNITED STATES OF AMERICA

By

Chief Adjudication Branch
Bureau of Land Management

INTEGRATED INCORPORATED

NOV 03 2005

Div. of Oil, Gas & Mining
FEDERAL PROPERTY

Township 16 South, Range 7 East, BLM (Utah)
Section 26: E 1/2 NW 1/4
PARTIAL ASSIGNMENT OF FEDERAL COAL LEASE UTAH 02423

THIS ASSIGNMENT, made this 1st day of April, 1980, by PEABODY COMPANY ("Assignor"), a Delaware Corporation at 301 North Memorial Drive, P.O. Box 235, St. Louis, Missouri 63166, to C.O.P. COAL DEVELOPMENT COMPANY ("Assignee"), a Utah corporation at 3753 South State Street, Salt Lake City, Utah 84115.

Assignor, for and in consideration of the sum of $10.00 and other valuable consideration in hand paid by the Assignee, the receipt and sufficiency of which are hereby acknowledged, does ASSIGN, TRANSFER, CONVEY, AND, AS HEREAFTER STATED, WARRANT unto Assignee, and to its successors, heirs, and assigns forever, all Assignor's right, title and interest in and to Assignor's leasehold estate, and all property rights of Assignor held in connection therewith, in that certain Coal Lease from the United States of America (Appendix E-1-1 attached), which bears serial number Utah 02423, but only insofar as said estate and rights relate to that certain real estate ("Federal Property"), which is described in Appendix E-1-2 affixed hereto and made a part hereof.

Assignee accepts the foregoing assignment and does hereby assume and agree to pay and discharge, or cause to be paid and discharged, all obligations and liabilities of Assignor under said Coal Lease from and after the date hereof, but only insofar as such obligations and liabilities relate to the said Federal Property.

The Assignor, for itself and for its successors, does represent, warrant, promise and agree to and with the Assignee, its successors, heirs and assigns, that Assignor has not done, or suffered to be done, anything whereby Assignor's estate in said Federal Property hereby granted is, or has been, in any manner encumbered or charged, except as herein recited; and that Assignor will warrant and forever defend Assignor's estate in said Property against all persons lawfully claiming, or to claim the same, by, through, or under Assignor.

The assignment is subject to grazing rights and to those rights-of-way, easements, leases, deed and plat restrictions, partitions, severances, encumbrances, licenses, reservations, and exceptions which are of record on this assignment date, and to all rights of persons in possession, and to physical conditions, encroachments and possessory rights which would be evident from an inspection of the Federal Property.

The Assignee agrees to reassign the said partial Federal Lease to Assignor, with special warranties of title, in the event the transactions contemplated by the Contract for the Sale of Real Estate dated April 1, 1980, between the parties are not closed by the Closing Date contained in said Contract.
IN WITNESS WHEREOF, said Assignor has caused its corporate seal to be hereeto affixed, and has caused its name to be signed to these presents by its Vice President of Resource Management and attested by its Assistant Secretary, the day and year first above written.

ATTORNEY /

[Signature]
Title: Assistant Secretary

PEABODY COAL COMPANY

[Signature]
Title: Vice President

Resource Management

ACCEPTED BY C.O.P. COAL DEVELOPMENT COMPANY

By [Signature]
Title: [Name]

STATE OF [State] ss.
COUNTY OF [County] ss.

On the [Day] day of [Month], 1980, personally appeared before me [Name], who being by me duly sworn, did say that he is the Vice President, Resource Management of Peabody Coal Company, and that the attached instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors and said [Name] acknowledged to me that said corporation executed the same.

Given under my hand and notarial seal this [Day] day of [Month], 1980.

[Signature]
Notary Public

STATE OF [State] ss.
COUNTY OF [County] ss.

On the [Day] day of [Month], 1980, personally appeared before me [Name], who being by me duly sworn, did say that he is the [Title], and that the attached instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors and said [Name] acknowledged to me that said corporation executed the same.

Given under my hand and notarial seal this [Day] day of [Month], 1980.

[Signature]
Notary Public

My Commission Expires: [Date]

Assignment Approved Effective:

THE UNITED STATES OF AMERICA

By [Signature]
Chief Adjudication Branch
Bureau of Land Management
FEDERAL PROPERTY

255-016  Township 16 South, Range 7 East, BLM (Utah)
Section 13:  W 1/2 W 1/2
Section 14:  E 1/2 NW 1/4, NE 1/4
Containing 400 acres, more or less.
PERMIT

District No. 4  Date: October 1, 1982  Application of Co-op Mining Company

By: Name: Title:  County

Address: Box 1245, Huntington, Utah Phone: 74-3286, in County

is hereby granted, subject to the Regulations for the Control and Protection of State Highway Rights-of-Way, Standard Specifications for Road and Bridge Construction, Specifications for Excavation on State Highways, General Safety Orders of the Industrial Commission, Safety Manual for Road and Bridge Construction, Instructions to Flagmen, the approved plans, and any special limitations set forth herein, permission for the purpose of to construct an approach 10 feet wide for a

within right-of-way limits of Highway No. 31, State Maintenance Section No. 08-31-01, Milepost No. 32, in the following location:

Receipt of $5.00 permit fee is hereby acknowledged (delete where not applicable). The work permitted herewith shall commence and shall diligently be prosecuted to completion. The work shall be completed and all disturbed surfaces or objects restored on or before . In the event work is commenced under this permit, the applicant agrees to prosecute the same to completion by the date herein above specified. In the event the applicant fails to complete the work the Utah Department of Transportation may, at its election, fill in or otherwise correct any existing impediments at the expense of and subject to immediate payment by the applicant.

Applicant shall execute a bond in the minimum amount of $1000, increased by multiples thereof as determined by the District Director, to insure faithful performance of the permittee's obligation. The bond shall remain in force for three years after completion of the work.

Before work permitted herewith is commenced, the applicant shall notify and commencement of said work is understood to indicate that the applicant will comply with all instructions and regulations of the Utah Department of Transportation with respect to performance of said work, and that he will properly safeguard said work to prevent accident and shall indemnify and hold harmless the Utah Department of Transportation from all damages arising out of any and all operations performed under this Permit.

If applicant fails to comply with Utah Department of Transportation regulations, specifications, or instructions pertinent to this permit, the District Director or his duly authorized representative may by verbal order suspend the work until the violation is corrected. If the applicant fails to comply promptly, the District Director or his authorized representative may issue a written order stopping all or any part of the work. When satisfactory corrective action is taken, an order permitting resumption of work may be issued.

Special Limitations: Per agreement with the BLM, a attached may

INTEGRATED

NOV. 3, 2005

Div. of Oil, Gas & Mining

(Signature of Applicant)

Approved by: District Director
Mr. Wendell Owen
CO-OP Mining Company
P. O. Box 1245
Huntington, Utah 84528

Dear Mr. Owen:

Right-of-way U-52411 was issued to Emery County on September 15, 1983, for the Bear Canyon Road. A copy of the agreement between your company and the County has been received. We are therefore closing Trespasses UT-060-6434 and UT-060-6438.

Sincerely yours,

[Signature]
Area Manager

cc: Joe Helfrich, Utah Div. of Oil, Gas and Mining
4241 State Office Building, SLC, UT 84114
PROPERTY DESCRIPTION

THE SW¼ OF THE SW¼, SECTION 24, T 16 S., R 7 E., S.L.B. & M.

THE NW¼ OF THE NW¼, SECTION 25, T 16 S., R 7 E., S.L.B. & M.

THE EAST ½ OF THE NE¼, SECTION 26, T 16 S., R 7 E., S.L.B. & M.

CONTAINING 160 ACRES. TOT.

KEY MAP

INcorporated
Nov 03 2005
Div. of Oil, Gas & Mining
C.O.P. COAL DEVELOPMENT COMPANY  
53 West Angelo Avenue  
Salt Lake City, Utah 84115

January 21, 2001

State of Utah  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84101-1203

Gentlemen:

Please be advised that C.O.P. Coal Development Company is the record owner of the fee ground and Federal Coal lease #’s 020668, 024316, 024318, 38727, 46484, and 61049, located in Bear Canyon, Emery County, Utah, which includes all of the real property involved in Permit No. Act/015/025. C.O.P. is currently leasing all of the property to Co-op Mining Company and the lease permits Co-op to use the land for coal mining and related activities. This lease agreement will automatically be extended without amendment unless either party gives 30 days written notice of cancellation.

Very truly yours,

[Signature]

Joseph O. Kingston, President  
C.O.P. Coal Development Company

INTEGRATED  
11/03/2005  
Div. of Oil, Gas & Mining

1B-19  
9/16/2005
DECISION

C.O.P. Coal Development Company
53 West Angelo Avenue
Salt Lake City, Utah 84115

Coal Leases
U-020668 and U-38727

Assignments Approved

On May 17, 1991, assignments of coal leases U-020668 and U-38727 entered into on May 2, 1991, between C.O.P. Coal Development Company, as assignee, and Nevada Electric Investment Company, as assignor, were filed in this office.

Satisfactory evidence of the qualifications and holdings of C.O.P. Coal Development Company has been filed. The lease accounts are presumed to be in good standing inasmuch as neither of the leases appear on the Mineral Management Service (MMS) list of leases with unpaid assessments. The assignee, C.O.P. Coal Development Company, has agreed by letter dated September 18, 1991, to be liable for any delinquent rent/royalty payments discovered through an MMS audit. Therefore, the assignments appear to meet the requirements of the regulations and are hereby approved effective February 1, 1992. Approval of these assignments does not constitute approval of any of the terms therein which may be in violation of the lease terms.

Cash lease bonds in the amount of $5,000 each were filed and accepted on January 10, 1992, with an effective date of February 1, 1992.

Chief, Minerals
Adjudication Section

Enclosure
Assignment

cc: Nevada Electric Investment Company
2835 S. Jones, Suite 5
Las Vegas, Nevada 89102

Dr. Dianne Nielson
Division of Oil, Gas, and Mining
MMS, APS, Denver, CO w/encl.
Moab District Office
Price Coal Office
U-921
APPENDIX 1-C

INSURANCE
# Certificate of Liability Insurance

**DATE:** 12/01/2010

**ACORD 25 (2009/09)**

**Certificate Number:** 570049030577

**Revision Number:**

**Certificate Holder:**

**Cancellation:**

**Utah Division of Oil, Gas & Mining**

1504 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, UT 84114-5801 USA

**Re: Castle Valley Mine, Permit C/015/025**

---

**Certificate of Liability Insurance**

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by the policies below. This certificate of insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder.

**Important:** If the certificate holder is an additional insured, the policy(ies) must be endorsed. If subrogation is waived, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsements.

### Coverage

**Certificate Holder:** Castle Valley Mining LLC

**Producer:** Aon Risk Insurance Services West, Inc.

**Address:**

Fresno CA Office 5250 North Palm Avenue Suite 400 Fresno CA 93704 USA

**Contact Information:**

**Insurance:**

Castle Pikeville KY 41502 USA

**Producer:**

Suite Fresno 93704 USA

**Producer ID:** 570000031836

---

**Certificate Number:** 570049030577

**Revision Number:**

---

**Certificate of Liability Insurance**

This certificate to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

Limits shown are as requested.

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<th>Policy Number</th>
<th>Policy Term</th>
<th>Policy Limit</th>
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**Description of Operations/Facilities/Vehicles**

- **Pollution/Environm Imp:**
  - Policy:
    - PPLG24898531001
  - Term:
    - 06/01/2010 to 01/01/2012

**Deductible:**

- **General Liability:**
  - X Occur
  - $1,000,000

**Limits:**

- **General Liability:**
  - EACH OCCURRENCE
    - DAMAGE TO RENTED PROPERTY (Ex. excluded)
    - M.D. EXP. (Any one person)
    - PERSONAL & ADV. INJURY
    - GENERAL AGGREGATE
    - PRODUCTS-COMP/POL AGG
    - $1,000,000

**Additional Remarks Schedule:**

- **General Liability:**
  - Per Occurrence
  - $1,000,000

**Additional Insured:**

- N/A

---

**Certificate of Liability Insurance**

**Authorization Representative:**

Aon Risk Insurance Services West, Inc.

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APPENDIX 1-D

AFFIDAVIT OF PUBLICATION
AFFIDAVIT OF PUBLICATION

STATE OF UTAH
County of Emery, ss.

I, Robert L. Finney, on oath, say that I am the Publisher of The Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for Four (4) consecutive issues, and that the first publication was on the 1st day of April, 1981, and that the last publication of such notice was in the issue of such newspaper dated the 22nd day of April, 1981.

Subscribed and sworn to before me this 7th day of May, 1982.

My Commission expires October 26, 1983

Residing at Price, Utah

Publication fee, $ 41.60

NOTICE OF FILING APPLICATION FOR COAL MINING AND RECLAMATION PERMIT

Co-op Mining Company, Box 300, Huntington, Utah, hereby announces its intent to file application for a coal mining permit for the Bear Canyon mine with the Division of Oil, Gas, and Mining under the laws of the State of Utah. A copy of the complete application is available for public inspection at the Emery County Recorder's Office, Emery County Court House, Castle Dale, Utah 84513. Written comment on the application should be submitted to the State of Utah Oil, Gas, and Mining Division, 1508 West North Temple, Salt Lake City, Utah 84118. The area to be mined can be found on the USGS Hiawatha quadrangle map. The approximately 820 acres of the permit area are on private property (fee coal area) described as follows:

Area 16 South; Range 7 East SLM
Sec. 14; SW 1/4
Sec. 22; E 1/4; E 1/4 NW
3/4, E 1/4 SW 1/4; SW 1/4 SW

Sec. 24; All West of the N-S fault
Sec. 25; All West of the N-S fault
Published in the Emery County Progress April 1, 8, 15 and 22, 1981.

My Commission Expires October, 1983

Residing at Price, Utah

Publication fee, $ 41.60

INCORPORATED

DIV. OF OIL, GAS & MINING

NOV 05 2005
AFFIDAVIT OF PUBLICATION

STATE OF UTAH  )
    County of Carbon,  ) ss.

I, Dan Stockburger, on oath, say that I am
the General Manager of The Sun-Advocate,
a weekly newspaper of general circulation, published at Price,
State and County aforesaid, and that a certain notice, a true copy
of which is hereto attached, was published in the full issue of
such newspaper for Four (4)
consecutive issues, and that the first publication was on the
30th day of January, 1987, and that the
last publication of such notice was in the issue of such newspaper
dated the 19th day of February, 1987.

Subscribed and sworn to before me this

Holly Op Baker
Notary Public.

My Commission expires MY COMMISSION EXPIRES OCTOBER 22, 1990
Publication fee, $ 69.60
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

County of Emery

I, Dan Stockburger, on oath, say that I am the General Manager of the The Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for Four (4) consecutive issues, and that the first publication was on the 28th day of March, 1989, and that the last publication of such notice was in the issue of such newspaper dated the 18th day of April, 1989.

Subscribed and sworn to before me this 18th day of April, 1989.

[Signature]

Notary Public

My Commission expires October 2, 1990
Residing at Price, Utah
Publication fee: $45.60

NOTICE OF FILING AND APPLICATION FOR COAL MINING PERMIT

Co-op mining Company, Box 1245, Huntington, Utah, hereby announces its intent to file application for a coal mining permit for an addition to the permitted area of the Bear Canyon mine (ACT/015/025) with the Division of Oil, Gas, and Mining under the laws of the State of Utah. A copy of the complete application is available for public inspection at the Division of Oil, Gas and Mining offices, 355 W North Temple, 3 Triad Center, Salt Lake City, Utah 84108. Written comment on the application should be submitted to the State of Utah, Oil Gas and Mining Division, at the above address. The area to be mined can be found on the USGS Harwarth quadrangle map. The addition to the permitted area is on private property fee coal area described as follows: T16S, R7E, SLM, Sec. 14, SE 1/4.

Published in the Emery County Progress March 28, April 4, 11 and 18, 1989.

INCORPORATED

NOV 0 3 2005

Div. of Oil, Gas & Mining
LEGAL ADVERTISING INVOICE

ACCOUNT NAME: Filing and Application for Coal Mining Company

AD NUMBER: P-29

LECT TELEPHONE: 901-361-2450

CUST REF NO: 1

SCHEDULE: Apr 30, May 6, 13, 20, 1989

TOTAL AMOUNT DUE: 125.24

DUE AND PAYABLE ON RECEIPT OF THIS INVOICE

PLEASE RETURN THIS PORTION

WITH YOUR PAYMENT IN THE ENCLOSED ENVELOPE

MAKE CHECKS PAYABLE TO:

NEWSPAPER AGENCY CORPORATION

ACCOUNT NUMBER: LE-3612450

BILLING DATE: 04/21/89

AD NUMBER: P-29

PAY THIS AMOUNT: 125.24

INTEGRATED

MARCH 1, 1985

COMMISION EXPIRES

RESIDING IN SALT LAKE COUNTY
STATE OF UTAH

ss.
County of Emery)

I, Dan Stockburger, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for consecutive issues, and that the first publication was on the

22nd day of June 1993

and that the last publication of such notice was in the issue of a newspaper dated the

13th day of July 1993

Subscribed and sworn to before me this

13th day of July 1993

Notary Public

My Commission expires January 10, 1995

Residing at Price, Utah

Publication fee, $ 64.00

NOTICE
Co-Op Mining Company, P.O. Box 1245, Huntington, Utah, hereby announces its intent to file application to extend mining into the Tank Seam, located above the existing seam within the existing permit area of the Bear Canyon Mine (ACT/015/025) with the Division of Oil, Gas, and Mining under the laws of the State of Utah. This includes an additional surface disturbance of approx. 3.5 acres. A copy of the complete application is available for public inspection at the Division of Oil, Gas, and Mining offices, 355 West, North Temple, Suite 350, Salt Lake City, Utah 84180-1203. Written comments on the application should be submitted to the State of Utah, Division of Oil, Gas & Mining, at the above address.

The area to be mined can be found on the USGS Hiawatha quadrangle map. The proposed mining and surface disturbance is within privately owned Fee Land. The coal area is described as follows; T16S, R7E SLBM Fee Land, Sec. 14 SW¼, SE¼, Sec. 23 E¼, W¼, Sec. 24 All West of N-S Bear Canyon Fault, Sec. 25 All West of N-S Bear Canyon Fault, Sec. 26 NE¼, NW¼, NE¼, N¼, SW¼, and access haul road and topsoil storage area shown on Plate 2-1 of the Mining and Reclamation Plan.

Published in the Emery County Progress June 22, 29 and July 6 and 13, 1993.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

ss.

County of Carbon.)

I, Dan Stockburger, on oath, say that I am the Publisher of
the Sun Advocate, a twice-weekly newspaper of general
circulation, published at Price, State and County aforesaid,
and that a certain notice, a true copy of which is hereto
attached, was published in the full issue of such newspaper
for .................................. consecutive issues, and that the
first publication was on the

22nd day of ................., 19 ....

and that the last publication of such notice was in the issue
of such newspaper dated the

13th day of .................., 19 .....

Subscribed and sworn to before me this

13th day of ........................, 19 ....

Notary Public

My Commission expires January 10, 1995

Residing at Price, Utah

Publication fee, $..................

NOTICE

Co-Op Mining Company, P.O. Box 1245, Huntington, Utah, hereby
announces it's intent to file application to extend mining into the Tank
Seam, located above the existing seam within the existing permit area of
the Bear Canyon Mine (ACT/015/025) with the Division of Oil, Gas, and
Mining under the laws of the State of Utah. This includes an additional
surface disturbance of approx. 3.5 acres. A copy of the complete applica-
tion is available for public inspection at the Division of Oil, Gas, and
Mining offices, 355 West, North Temple, Suite 350, Salt Lake City, Utah
84180-1203. Written comments on the application should be submitted
to the State of Utah, Division of Oil, Gas & Mining, at the above address.
The area to be mined can be found on the USGS Hiawatha quadrangle
map. The proposed mining and surface disturbance is within privately
owned Fee Land. The coal area is described as follows; T16S, R7E SLBM
Fee Land, Sec. 14 SW¼ , SE¼ , Sec. 23 E¼ , E¼ , W¼ , Sec. 24 All West of
N-S Bear Canyon Fault, Sec. 25 All West of N-S Bear Canyon Fault, Sec.
26 NE¼ NE¼ , NW¼ NE¼ N¼ , SW¼ NE¼ and access/haul road and
topsoil storage area shown on Plate 2-1 of the Mining and Reclamation
Plan.

Published in the Sun Advocate June 22, 29 and July 6 and 13, 1993.

INCORPORATED

NOV 03 2005

Div. of Oil, Gas & Mining
Affidavit of Publication

As Newspaper Agency Corporation Legal Bookkeeper, I certify that the attached advertisement of Notice to Op Mining Company, P.O. Box 1245, H, for Op Mining Company was published by the Newspaper Agency Corporation, agent for the Salt Lake Tribune and Desert News daily newspapers.

Published on: Jun 29, Jul 6, 1993

Signature: [Signature]

Effective Date: 07/06/93

Notice

Co-Op Mining Company, P.O. Box 1245, Huntington, Utah hereby announces its intent to file application to extend mining into the tank seam, located above the existing seam within the existing permit area of the Bear Canyon Mine (AGC 015 025) with the Division of Oil, Gas, and Mining, under the laws of the State of Utah. This includes an additional surface disturbance of approx. 13 acres. A copy of the complete application is available for public inspection at the Division of Oil, Gas, and Mining offices, 359 West North Temple, Suite 300, Salt Lake City, Utah 84114-1203. Written comments on the application should be submitted to the State of Utah, Division of Oil, Gas, and Mining, at the above address. The notice to be mined can be found on the USBGS map, the proposed mining and surface disturbance is within privately owned land. The notice to be mined is located in the following 15SMs: R76 E3, Sec. 24 West 1/2 of N/S Bear Canyon fault, Sec. 21 W1/2 of N/S Bear Canyon fault, Sec. 25 W1/2 of N/S Bear Canyon fault, Sec. 24 W1/2 of N/S Bear Canyon fault, Sec. 24 W1/2 of N/S Bear Canyon fault, Sec. 24 W1/2 of N/S Bear Canyon fault

Account Name: Co-Op Mining Company

Schedule: 06 1993

CAPTION: Notice to Op Mining Company, P.O. Box 1245, H

Rate: .00

Size: 1 Column

Times: 2

Rate: 1.16

Ad Charge: 97.44

Total Amount Due: 97.44

Thank you for placing your order with us.

INcorporated

Div. of Oll. Gas & Min.
Newspaper Agency Corporation
The Salt Lake Tribune (The) Salt Lake News

LEGAL ADVERTISING INVOICE

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<td>HUNTINGTON, UT 84326</td>
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<td>FOR BILLING INFORMATION</td>
<td>CALL (801) 237-2922</td>
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AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY CORPORATION LEGAL BOOKKEEPER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF "CO-OP MINING COMPANY, P.O. BOX 1245, H" FOR CO-OP MINING COMPANY WAS PUBLISHED BY THE NEWSPAPER AGENCY CORPORATION, AGENT FOR THE SALT LAKE TRIBUNE AND DESERT NEWS/DAILY NEWSPAPERS, PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY, IN THE STATE OF UTAH.

PUBLISHED ON JUL 21 1993

SIGNATURE

DATE 07/21/93

ACCOUNT NAME |

COMPANY |

SCHEDULE |

ACCOUNT NUMBER |

TELEPHONE |

801-381-2450 |

AD NUMBER |

78820040 |

NO. |

CAPTION |

MISC. CHARGES |

00 |

NOTICECO-OP MINING COMPANY, P.O. BOX 1245, H .00 |

4E TIMES RATE |

1 .00 .00 |

ON RECEIPT OF THIS INVOICE TOTAL AMOUNT DUE |

.00 |

THANK YOU FOR USING LEGAL ADVERTISING

Dw. of Oil, Gas & Mining

INCORPORATED

NOV 03 2005
Newspaper Agency Corporation
The Salt Lake Tribune (X) DESERET NEWS

PROOF OF PUBLICATION

CUSTOMER NAME AND ADDRESS
CO-OP MINING CO.
P.O. BOX 1245
HIGHWAY 31
HUNTINGTON, UT 84528

ACCOUNT NAME
CO-OP MINING CO.

TELEPHONE
801-687-2450

ACCOUNT NUMBER
C68724501.07

INVOICE NUMBER
TL7782000501

SCHEDULE
START 07/11/95 END 08/08/95

CUST. REF. NO.

CAPTION
NOTICE CO-OP MINING COMPANY, P.

SIZE
40 LINES 1.00 COLUMN

TIMES
5
RATE
1.16

MISC. CHARGES
0.00
AD CHARGES
232.00

TOTAL COST
232.00

AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY CORPORATION LEGAL BOOKKEEPER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF NOTICE CO-OP MINING COMPANY, P. FOR CO-OP MINING CO. WAS PUBLISHED BY THE NEWSPAPER AGENCY CORPORATION, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH.

PUBLISHED ON
START 07/11/95 END 08/08/95

SIGNATURE

DATE
08/08/95

INCORPORATED

NOV 03 2005

Div. of Oil, Gas & Mining

THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION" PLEASE PAY FROM BILLING STATEMENT.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH) ss.
County of Emery.)

I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 22nd day of August, 1995 and that the last publication of such notice was in the issue of such newspaper dated the 12th day of September, 1995.

Kevin Ashby - Publisher

Subscribed and sworn to before me this 12th day of September, 1995.

Linda Thayn
Notary Public  My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, $96.00

NOTICE

Co-Op Mining Company, P.O. Box 1247, Huntington, Utah 84528 hereby announces its intent to renew its coal mine and reclamation permit for coal mining activities at the Bear Canyon Mine, Permit No. ACT/015/025, issued Nov 1, 1985. The Bear Canyon Mine is located on Bear Canyon, approximately 12 road miles west of Huntington, Utah. The permit area, found on the USGS Hooawatha Quadrangle map, is described as follows: T16S, R13E, S1/2, SW1/4, Sec. 13, E1/2, E1/2, W1/2, Sec. 23, All Sec. 24 West of N-S Fault, All Sec. 25 West of N-S Fault, NE1/4, NE1/4, NW1/4, NE1/4 N1/2 SW1/4, NE1/4 and access/haul road and topsoil storage area, Sec. 26, as shown on Plate 1 of the Mining and Reclamation Plan. Written comments, objections, or requests for informal conferences should be directed to the Utah Division of Oil, Gas & Mining, 3 Triad Center, Suite 350, Salt Lake City, Utah, 84180-1203. Copies of the renewal application are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City and at the Emery County Recorder's office, Emery County Courthouse, Castle Dale, Utah 84719.

Published in the Emery County Progress August 22, 29, September 5 and 12, 1995.

INCORPORATED
NOV 0 3 2005
Div. of Oil, Gas & Mining
**AFFIDAVIT OF PUBLICATION**

**STATE OF UTAH)**

ss.

County of Emery,)

1. Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 13th day of May, 1997 and that the last publication of such notice was in the issue of such newspaper dated the 3rd day of June, 1997.

**Kevin Ashby - Publisher**

Subscribed and sworn to before me this 3rd day of June, 1997.

**Linda Mayr**

Notary Public. My commission expires January 10, 1999 Residing at Price, Utah

Publication fee,  $83.20

**NOTICE**

Co Op Mining Company, P.O. Box 1245, Huntington, Utah, 84528 hereby announces its intent to expand its coal mining activities in the Tank Seam at the Bear Canyon Mine Permit No. ACT-015/025, issued Nov. 1, 1985. The Bear Canyon Mine is located in Bear Canyon approximately 12 road miles west of Huntington, Utah. The proposed permit expansion area, found on the USGS Haawatha Quadrangle map, is described as follows: T16S, R15E, S14, W1/4, Sec. 13, NE1/4, Sec. 14, as shown on Plate 2-1 of the Mining and Reclamation Plan. Coal mining activities in this area will involve mining coal from the Tank Seam, Bear Canyon #2 Mine. Any comments, objections, or requests for informal conferences should be directed to the Utah Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801. Copies of the permit application are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City and at the Emery County Recorder's office, Emery County Courthouse, Castle Dale, Utah, 84513.

Published in the Emery County Progress May 13, 20, 27 and June 3, 1997

**INCORPORATED**

**NOV 0 3 2005**

Div. of Oil, Gas & Mining
**Newspaper Agency Corporation**

The Salt Lake Tribune (NA)\n**DESERET NEWS**

**PROOF OF PUBLICATION**

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**ACCOUNT NAME**

| CO-OP MINING COMPANY       | |

**TELEPHONE**

| 801-687-2450 |

**INVOICE NUMBER**

| T1598201771 |

**SCHEDULE**

| START 05/13/97 | END 06/03/97 |

**CUST. REF. NO.**

| NOTICE |

**CAPTION**

| NOTICE |

| SIZE |

| 29 LINES | 1.00 COLUMN |

**TIMES**

| 4 |

**RATE**

| 1.16 |

**MISC. CHARGES**

| AD CHARGES |

| .00 | 180.96 |

**TOTAL COST**

| 180.96 |

**AFFIDAVIT OF PUBLICATION**

AS NEWSPAPER AGENCY CORPORATION LEGAL BOOKKEEPER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT FOR CO-OP MINING COMPANY WAS PUBLISHED BY THE NEWSPAPER AGENCY CORPORATION, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH.

PUBLISHED ON START 05/13/97 END 06/03/97

SIGNATURE

DATE 06/03/97

**INCORPORATED**

NOV 03 2005

Div. of Oil, Gas & Mining

THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION" PLEASE PAY FROM BILLING STATEMENT.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

ss.

County of Emery.

1. Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 7th day of December, 1999 and that the last publication of such notice was in the issue of such newspaper dated the 28th day of December, 1999.

Kevin Ashby - Publisher

Subscribed and sworn to before me this 28th day of December, 1999.

Linda Sharp

Notary Public  My commission expires January 10, 2003 Residing at Price, Utah

Publication fee.  $158.40

NOTICE

Co-Op Mining Company, P.O. Box 1245, Huntington, Utah 84528 hereby announces its intent to expand its coal mine and reclamation permit for coal mining activities at the Bear Canyon Mine. Permit No. ACT-015-025, issued Nov. 1, 1985. The Bear Canyon Mine is located in Bear Canyon approximately 12 road miles west of Huntington, Utah. The permit expansion area, which will include new portals in the Wild Horse Ridge area, consists of 620.26 private acres and 1,338.17 federal acres within Federal Coal Leases U-020668 and U-38727. The area can be found on the USGS Hiawatha Quadrangle map and is described as follows:

T16S, R7E, SLBM
Section 24  All portions east of north-south fault except NE1/4NE1/4
Section 25  All portions east of the north-south fault

T16S, R8E, SLBM
Section 19  S1/2NW1/4, SW1/4, SW1/4SE1/4
Section 30  W1/2, W1/2NE1/4, NW1/4SE1/4
Section 31  NE1/4NW1/4, NW1/4NE1/4

The area is shown on Plate 2-1 of the Mining and Reclamation Plan. Written comments, objections, or requests for informal conferences should be directed to the Utah Division of Oil, Gas & Mining, 1954 West North Temple, Suite 1210, Salt Lake City, Utah; 84114-5961. Copies of the Wild Horse Ridge application are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City and at the Emery County Recorder's office, Emery County Courthouse, Castle Dale, Utah; 84513.

Published in the Emery County Progress December 7, 14, 21 and 28, 1999

INCORPORATED

NOV 03 2005

Div. of Oil, Gas & Mining
# PROOF OF PUBLICATION

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## ACCOUNT NAME
CO-OP MINING COMPANY

## TELEPHONE
435-687-2450

## INVOICE NUMBER
T1.8200GN4QI

## SCHEDULE
START 12/07/99   END 12/28/99

## CAPTION
NOTICE Co-Op Mining Company,

## SIZE
58 LINES 1.00 COLUMN

## TIMES
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## MISC. CHARGES
.00

## TOTAL COST
269.12

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## AFFIDAVIT OF PUBLICATION

As Newspaper Agency Corporation Legal Bookkeeper, I certify that the advertisement of NOTICE Co-Op Mining Company, Co-Op Mining Company was published by the Newspaper Corporation, Agent for the Salt Lake Tribune and Deseret News, daily printed in the English language with general circulation in Utah, and in Salt Lake City, Salt Lake County in the State of Utah.

Published on START 12/07/99   END 12/28/99

Signature

Date 12/28/99

This is not a statement but a "Proof of Publication" please pay from billing statement.

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**Div. of Oil, Gas & Mining**

**INTEGRATED**

**NOV 03 2005**
Newspaper Agency Corporation
The Salt Lake Tribune ( ) DESERET NEWS
PROOF OF PUBLICATION

CUSTOMER NAME AND ADDRESS
CO-OP MINING COMPANY
P.O. BOX 1245
HUNTINGTON UT 84528

ACCOUNT NAME
CO-OP MINING COMPANY

TELEPHONE
435-687-2450

INVOICE NUMBER
TL82008ED11

SCHEDULE
START 08/08/00 END 08/29/00

CUST. REF. NO.

CAPTION
NOTICE Co-Op Mining Company,

SIZE
43 LINES 1.00 COLUMN

TIMES RATE
4 1.16

MISC. CHARGES AD CHARGES
00 199.52

TOTAL COST
199.52

AFFIDAVIT OF PUBLICATION
AS NEWSPAPER AGENCY CORPORATION LEGAL BOOKKEEPER, I CERTIFY THAT THE ADVERTISEMENT OF NOTICE Co-Op Mining Company, FOR CO-OP MINING COMPANY WAS PUBLISHED BY THE NEWSPAPER AGENCY CORPORATION, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH.

PUBLISHED ON START 08/08/00 END 08/29/00

SIGNATURE

DATE 08/29/00

THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION" PLEASE PAY FROM BILLING STATEMENT.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH\n
ss.\n
County of Emery.)\n
I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 8th day of August, 2000 and that the last publication of such notice was in the issue of such newspaper dated the 29th day of August, 2000.

Kevin Ashby - Publisher

Subscribed and sworn to before me this 29th day of August, 2000.

Linda Thayn
Notary Public My commission expires January 10, 2003 Residing at Price, Utah

Publication fee, $104.00

NOTICE

Co Op Mining Company, P.O. Box 1245, Huntington, Utah 84528 hereby announces its intention to now commence and start open pit strip mining activities at the Bear Canyon Mine, Permit No. ACT-015025, issued Nov. 1, 1989. The Bear Canyon Mine is located in Bear Canyon approximately 12 road miles west of Huntington, Utah. The permit area, found on the USGS Hurricane Quincunx map, is described as follows: T16S, R7E, S36: W1/4 Sec. 11, NE1/4 SW1/4, SE1/4 Sec. 14, E1/2 W1/2, Sec. 23, All Sec. 24 West of N/S Fault. All Sec. 25 West of N/S Fault. NE1/4 NE1/4 NW1/4 NE1/4 W1/2 SW1/4 NE1/4 and access haul road and overburden storage area, Sec. 25, as shown on Plate 2-1 of the Mining and Reclamation Plan. Written comments, objections, or requests for informal conferences should be directed to the Utah Division of Oil, Gas & Mining, 394 West North Temple, Suite 1210, P.O. Box 145601, Salt Lake City, Utah 84114-5601. Copies of the renewal application are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City and at the Emery County Recorder's office, Emery County Courthouse, Castle Dale, Utah 84720.

Published in the Emery County Progress August 8, 15, 22 and 29, 2000.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

ss.

County of Emery,

I, Ken Larson, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 20th day of September, 2005 and that the last publication of such notice was in the issue of such newspaper dated the 11th day of October, 2005.

Ken G Larson - Publisher

Subscribed and sworn to before me this 11th day of October, 2005.

Linda Thayn
Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, $214.56

INTEGRITY

SUPERSEDED

-Nov 03, 2005

DIV OF OIL, GAS & MINING

11/23/05
AFFIDAVIT OF PUBLICATION

STATE OF UTAH)  
ss.
County of Emery,)

I, Richard Shaw, on oath, say that I am the General Manager of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 18th day of October, 2005 and that the last publication of such notice was in the issue of such newspaper dated the 8th day of November, 2005.

Richard Shaw - General Manager

Subscribed and sworn to before me this 8th day of November, 2005.

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, $238.40

INTEGRATED
Div. of Oil, Gas & Mining

NOTICE

Co-Op Mining Company, P. O. Box 1245, Huntington, Utah, 84528 hereby announces its intent to expand underground coal mining activities at the Bear Canyon Mine, Permit No. C/015/025, Issued Nov. 1, 1985. The Bear Canyon Mine is located in Bear Canyon, approximately 12 road miles west of Huntington, Utah. The permit area addition will consist of 2,740.00 private acres and 4,764.36 federal acres within Federal Coal Leases U-024316, U-46484, U-61048, and U-61049. The expanded area can be found on the USGS Hawnthe-Quadrangle map and is described as follows:

T16S R7E  
Section 01: E1/2
Section 10: All except the SW1/4SW1/4
Section 11: All
Section 12: All
Section 13: E1/2, E1/2W1/2
Section 14: E1/2SW1/4

T16S R8E  
Section 06: S1/2NW1/4; SW1/4, S1/2SE1/4,W1/2N1/2SE1/4
Section 07: All
Section 08: W1/2, W1/2E1/2
Section 16: All
Section 17: All
Section 18: All
Section 19: N1/2NW1/4, NE1/4, N1/2SE1/4
Section 20: N1/2, N1/2 SW1/4, NE1/4SE1/4
Section 21: All except the SW1/4SW1/4

The area is shown on Plate 1-1 of the Mining and Reclamation Plan. Written comments, objections, or requests for informal conference should be directed to the Utah Division of Oil, Gas, & Mining, 1594 West, North Temple, Suite 1210, Salt Lake City, Utah, 84114-5801. Copies of the of the application and the current mining plan are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City, and at the Emery County Recorder's office, Emery County Courthouse, Castle Dale, Utah, 84513.

Published in the Emery County Progress October 18, 25, November 1 and 8, 2005.
APPENDIX 1-E

FEDERAL LEASE
United States Department of the Interior

BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE
138 E. SOUTH TEMPLE
SALT LAKE CITY, UTAH 84111

AUG 21 1980

CERTIFIED MAIL

DECISION

C.O.P. Coal Development Company : Coal
53 West Angelo Avenue : U-024316
Salt Lake City, Utah 84115 : U-024318

Assignments Approved
Bond Accepted

On April 25, 1980, Assignments of Coal leases U-024316 and U-024318, entered into on April 1, 1980 between Peabody Coal Company, as assignor, and C.O.P. Coal Development Company, as assignee, were filed in this office.

Satisfactory evidence of the qualifications and holdings of C.O.P. Coal Development Company has been filed and the lease accounts are in good standing. The assignments appear to meet the requirements of the regulations and are hereby approved effective September 1, 1980. Approval of the assignments does not constitute approval of any of the terms therein which may be in violation of the lease terms.

As required by the regulations in 43 CFR 3472.2(a), a Personal Bond and Power of Attorney, secured by $5,000 cash, was filed in this office on August 20, 1980, for each coal lease. The bonds are satisfactory and are accepted effective August 20, 1980.

[Signature]
Chief, Minerals Section

INCORPORATED
NOV 03 2005
Div. of Oil, Gas & Mining
Part I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

C. O. P. Coal Development Company
53 West Angelo Avenue
Salt Lake City, UT 84115

hereinafter called lessee, is readjusted, effective May 1, 1988, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

Sec. 1. This lease readjustment is subject to the terms and provisions of the:


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 7 E., SLM, Utah, Emery County
Sec. 13, W1/4 NW1/4;
Sec. 14, NE1/4, E1/4 NW1/4.

containing 400.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12% percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. Royalties are due to lessor the final day of the months succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an adjustment in the amount of the bond to reflect changed conditions.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. If not submitted already, lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after the effective date of this lease readjustment.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become a LMU or part of a LMU, subject to the provisions set forth in the regulations.

The stipulations established in a LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.
Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.
Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 9. (a) TRANSFERS

This lease may be transferred in whole or in part to any person, association, or corporation qualified to hold such lease interest.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.

- At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later
cancellation for the same default occurring at any other time.

Sec. 12. **HEIRS AND SUCCESSORS** -

**IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assignees of the respective parties hereto.

Sec. 13. **INDEMNIFICATION** -

Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. **SPECIAL STATUTES** -

This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. **SPECIAL STIPULATIONS** -

1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. "In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining."
4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

6. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

7. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.
9. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access road, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.

10. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

11. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Development Roads (FDR), lessees may perform their share of road maintenance by a commensurate share agreement if a significant degree of traffic is generated that is not related to their activities.

12. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

13. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

14. The coal contained within, and authorized for mining under this lease, shall be extracted only by underground mining methods.

15. Existing Forest Service owned or permitted surface improvements will need to be protected, restored, or replaced to provide for the continuance of current land uses.

16. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

17. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

18. The lessee at the conclusion of the mining operations, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.).
their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the lessee, by a professional land surveyor registered in the State of Utah and to the standards and guidelines found in the manual of surveying instruction, U.S. Department of Interior.

19. The lessee at his expense will be responsible to replace any surface water identified for protection, that may be lost or adversely affected by mining operations, with water from an alternate source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or other land uses.

20. The lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COAL LEASE READJUSTMENT

Serial Number U-024318
Lease Date May 1, 1958

Part I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

C. O. P. Coal Development Company
53 West Angelo Avenue
Salt Lake City, UT 84115

hereinafter called lessee, is readjusted, effective May 1, 1988, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

Sec. 1. This lease readjustment is subject to the terms and provisions of the:


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 7 E., SLM, Utah, Emery County
Sec., 26, E½NW¼.

containing 80.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12% percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. Royalties are due to lessor the final day of the months succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an adjustment in the amount of the bond to reflect changed conditions.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. If not submitted already, lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after the effective date of this lease readjustment.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become a LMU or part of a LMU, subject to the provisions set forth in the regulations.

The stipulations established in a LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.
Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.
Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 9. (a) TRANSFERS

This lease may be transferred in whole or in part to any person, association, or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.

- At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later
cancellation for the same default occurring at any other time.

Sec. 12. **HEIRS AND SUCCESSORS** - **IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. **INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. **SPECIAL STATUTES** - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. **SPECIAL STIPULATIONS** -

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared...
A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the Lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.
7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, and 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

DECISION

Nevada Electric Investment Co. : Coal Leases
P. O. Box 320 : U-020668 and
Las Vegas, NV 89151 : U-38727

Leases Readjusted Effective May 1, 1988

On October 30, 1987, Nevada Electric Investment Company was sent a Notice of Proposed Readjustment of Leases in connection with coal leases U-020668 and U-38727. No objections to the terms as stated were filed within the 60 day period allowed. Therefore, coal leases U-020668 and U-38727 are readjusted effective May 1, 1988 as stipulated in the decision and Coal Lease Readjustments.

The new rental and royalty rates will be effective simultaneously with the effective date of the readjustments.

Lease bonds in the amount of $5,000 for each of the subject leases are currently on file. These bonds are conditioned upon compliance with all the terms and conditions of the coal leases. It has been determined that these bonds are presently adequate coverage for these leases.

ROBERT LUNZ
Chief, Minerals
Adjudication Section

Enclosure
Coal Lease Readjustments

cc: Resource Development Committee w/encl.
Solid Minerals w/encl.
USFS, Ogden w/encl.
IMR, AF5, Denver w/encl.
Moab District w/encl.

INCORPORATED
NOV 03 2005
Div. of Oil, Gas & Mining
Part I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

Nevada Electric Investment Company
P. O. Box 230
Las Vegas, NV 89151

hereinafter called lessee, is readjusted, effective May 1, 1988, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

Sec. 1. This lease readjustment is subject to the terms and provisions of the:


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 7 E., SLM, Utah, Emery County
Sec. 25, SE%NE%, NE%SE%.

T. 16 S., R. 8 E., SLM, Utah
Sec. 30, lots 1-4, W%NE%, E%W%, NW%SE%;
Sec. 31, NW%NE%, NE%NW%.

containing 626.32 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12% percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. Royalties are due to lessor the final day of the months succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an adjustment in the amount of the bond to reflect changed conditions.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. If not submitted already, lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after the effective date of this lease readjustment.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become a LMU or part of a LMU, subject to the provisions set forth in the regulations.

The stipulations established in a LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

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Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.
Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 9.(a) TRANSFERS

This lease may be transferred in whole or in part to any person, association, or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.

- At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later
cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN-INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. SPECIAL STIPULATIONS -

1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers, of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

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4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

6. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

7. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.
9. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access road, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.

10. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

11. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Development Roads (FDR), lessees may perform their share of road maintenance by a commensurate share agreement if a significant degree of traffic is generated that is not related to their activities.

12. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

13. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

14. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the surface management agency.

15. The coal contained within, and authorized for mining under this lease, shall be extracted only by underground mining methods.

16. Existing Forest Service owned or permitted surface improvements will need to be protected, restored, or replaced to provide for the continuance of current land uses.

17. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

18. The lessee at the conclusion of the mining operations, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the
requirements of the rectangular surveying system. This work shall be conducted at
the expense of the lessee, by a professional land surveyor registered in the State
of Utah and to the standards and guidelines found in the manual of surveying
instruction, U.S. Department of Interior.

19. The lessee at his expense will be responsible to replace any surface water
identified for protection, that may be lost or adversely affected by mining opera-
tions, with water from an alternate source in sufficient quantity and quality to
maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or
other land uses.

20. The lessee must comply with all the rules and regulations of the Secretary of
Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations
governing the use and management of the National Forest System (NFS) when not
inconsistent with the rights granted by the Secretary of the Interior in the lease.
The Secretary of Agriculture's rules and regulations must be complied with for (1)
all use and occupancy of the NFS prior to approval of a permit/operation plan by
the Secretary of Interior, (2) uses of all existing improvements, such as Forest
Development Roads, within and outside the area licensed, permitted or leased by the
Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a
permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

    Forest Supervisor
    Manti-LaSal National Forest
    599 West Price River Drive
    Price, Utah 84501

    Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
Coal Lease UTU-38727 Modified

Coal lease UTU-38727 was modified effective June 19, 2002. All terms and conditions of the original lease were made consistent with the laws, regulations, and lease terms applicable at the time of this modification.

Additional rental of $110.00 to cover the estimated additional rental for the current rental year was submitted June 17, 2002. Rental in the amount of $3.00 per acre, or a total of $2,343 is due on May 1, 2003.

Within 30 days after the effective date of this lease modification, the lessee shall amend its Bear Canyon Logical Mining Unit application to include the 40.00 acres added to coal lease UTU-38727 by this modification. The modified land shall be segregated into another Federal coal lease should the lessee fail to file such amendment.

Enclosures:
1. Copy of Modified Lease (12 pp)

cc: MMS, Solids (w/copy of modification)
Resource Development Coordinating Committee (w/copy of modification)
Price Coal Office (Attn: Steve Falk) (w/copy of modification)
Manti-LaSal National Forest (w/copy of modification)
Lowell Braxton, Director, UDOGM, Box 145801, SLC, UT 84114 (w/copy of modification)
SITLA, Attn: John Blake (w/copy of modification)
PART I.

THIS MODIFIED COAL LEASE is entered into on JUN 19 2002, by and between the 
UNITED STATES OF AMERICA, hereinafter called the Lessor, through the Bureau of Land Management, and 
C.O.P. Coal Development Company 
53 West Angelo Avenue 
Salt Lake City, Utah 84115

hereinafter called Lessee.

This modified lease shall retain the effective date of May 1, 1958, of the original COAL LEASE UTU-38727, and is effective for a period of 20 years therefrom, and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year (May 1, 1978), and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the: (NOTE: Check the appropriate Act or Acts.)


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessee as the holder of Coal Lease UTU-38727, issued effective May 1, 1958, was granted the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 1.

The Lessor in consideration of fair market value, rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 2.

Tract 1: T. 16 S., R. 7 E., SLM, UT 
Sec. 24, SENE, E2SE; 
Sec. 25, N2NE,SWNE,SWNW, 
NWSW, W2SE, SESE.

Tract 2: T. 16 S., R. 7 E., SLM, UT 
Sec. 24, NENE.

containing 780.39 acres, more or less, together with the right to construct such works, buildings, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
Part II. TERMS AND CONDITIONS

Sec. 1.(a) RENTAL RATE - Lessee shall pay Lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2.(a) PRODUCTION ROYALTIES - The royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to Lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the Lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the Lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is held by inclusion in an amendment to the Bear Canyon LMU.

The Lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - The lands contained in the original lease have been included in the Bear Canyon LMU application UTU-73342 filed April 20, 1990. Within 30 days after the effective date of this lease modification, the Lessee shall amend its application for the Bear Canyon Logical Mining Unit to include the 40.00 acres added to Coal Lease UTU-38727 by this modification. The modified land shall be segregated into another Federal coal lease should the Lessee fail to file such an amendment.

The stipulations established in an LMU approval in effect at the time of LMU approval or modification will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as Lessor may prescribe, Lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of Lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow Lessor access to and copying of documents reasonably necessary to verify Lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual, without an
approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by Lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specifications of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of Lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8 PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither Lessee nor Lessee’s subcontractors shall maintain segregated facilities.

Sec. 9.(a) TRANSFERS (Check the appropriate space)

X This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENTS - The Lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon Lessor’s acceptance of the relinquishment, Lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such times as all portions of this lease are returned to Lessor, Lessee shall deliver up to Lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, Lessee shall remove from the premises all
other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the Lessor, but Lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the Lessor. If the surface is owned by third parties, Lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by Lessee's activity or activities incidental thereto, and reclaim access roads or trail.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT

If Lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the Lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by Lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN- INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall insure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the Lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)
Sec. 15. SPECIAL STIPULATIONS -

SEE ATTACHED STIPULATIONS
SPECIAL STIPULATIONS FOR
MODIFIED COAL LEASE U-38727

1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers, of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.
If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

6. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

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10. Consideration will be given to site selection to reduce adverse visual impacts. Where alternative sites are available, and each alternative is technically feasible, the alternative involving the least damage to the scenery and other resources shall be selected. Permanent structures and facilities will be designed, and screening techniques employed, to reduce visual impacts, and where possible achieve a final landscape compatible with the natural surroundings. The creation of unusual, objectionable, or unnatural land forms and vegetative landscape features will be avoided.
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13. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, or (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

14. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

15. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the surface management agency.

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18. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

19. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

INCORPORATED

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Div. of Oil, Gas & Mining
20. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by a professional land surveyor registered in the State of Utah and to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.

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22. The Licensee/Permittee/Lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
23. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (I) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 as approved will not attain MER as the result of changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered unminable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

24. WASTE CERTIFICATION: The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator’s records for the mine and upon their knowledge of past operations, there has been no hazardous substances per (40 CFR 302.4) or used oil as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.
25. **UNDERGROUND INSPECTION:** All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground. The Authorized Officer may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-lease disposal of non-coal waste must comply with 30 CFR § 817.89.

26. Due to the uncertainty of the amount of recoverable coal tons in this modification and the uncertainty in mining conditions, the lessee will pay the fair market value (FMV) for the coal resources mined in the area of Federal Coal Lease Modification (U-38727) at the rate of $0.25 per ton for the actual tonnage mined. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Minerals Management Service (MMS). The lessee will clearly indicate which portion of the payment is for royalty and what is for lease bonus payment.
The United States of America

Bureau of Land Management
Utah State Office

C.O.P. COAL DEVELOPMENT COMPANY
Company or Lessee Name

J.D. Kingston
(Signature of Lessee)

PRESIDENT
>Title)

6-8-2002
(Date)

By
(Signing Officer)

Chief, Branch of
Minerals Adjudication
Title)

JUN 19 2002
(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.
DECISION

Coal Lease UTU-38727 Modified

Coal lease UTU-38727 was modified effective June 19, 2002. All terms and conditions of the original lease were made consistent with the laws, regulations, and lease terms applicable at the time of this modification.

Additional rental of $110.00 to cover the estimated additional rental for the current rental year was submitted June 17, 2002. Rental in the amount of $3.00 per acre, or a total of $2,343 is due on May 1, 2003.

Within 30 days after the effective date of this lease modification, the lessee shall amend its Bear Canyon Logical Mining Unit application to include the 40.00 acres added to coal lease UTU-38727 by this modification. The modified land shall be segregated into another Federal coal lease should the lessee fail to file such amendment.

Enclosures:
1. Copy of Modified Lease (12 pp)

cc: MMS, Solids (w/copy of modification)
Resource Development Coordinating Committee (w/copy of modification)
Price Coal Office (Attn: Steve Falk) (w/copy of modification)
Manti-LaSal National Forest (w/copy of modification)
Lowell Braxton, Director, UDOGM, Box 145801, SLC, UT 84114 (w/copy of modification)
SITLA, Attn: John Blake (w/copy of modification)
PART I.

THIS MODIFIED COAL LEASE is entered into on JUN 19 2002, by and between the UNITED STATES OF AMERICA, hereinafter called the Lessor, through the Bureau of Land Management, and

C.O.P. Coal Development Company
53 West Angelo Avenue
Salt Lake City, Utah 84115

hereinafter called Lessee.

This modified lease shall retain the effective date of May 1, 1958, of the original COAL LEASE UTU-38727, and is effective for a period of 20 years therefrom, and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year (May 1, 1978), and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the: (NOTE: Check the appropriate Act or Acts.)


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessee as the holder of Coal Lease UTU-38727, issued effective May 1, 1958, was granted the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 1.

The Lessor in consideration of fair market value, rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 2.

Tract 1: T. 16 S., R. 7 E., SLM, UT
  Sec. 24, SENE, E2SE;
  Sec. 25, N2NE,SWNE,SWNW,
  NWSE,W2SE,SESE.

Tract 2: T. 16 S., R. 7 E., SLM, UT
  Sec. 24, NENE.

containing 780.39 acres, more or less, together with the right to construct such works, buildings, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
Part II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay Lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to Lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the Lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations effect at the time the Lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is held by inclusion in an amendment to the Bear Canyon LMU.

The Lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - The lands contained in the original lease have been included in the Bear Canyon LMU application UTU-73342 filed April 20, 1990. Within 30 days after the effective date of this lease modification, the Lessee shall amend its application for the Bear Canyon Logical Mining Unit to include the 40.00 acres added to Coal Lease UTU-38727 by this modification. The modified land shall be segregated into another Federal coal lease should the Lessee fail to file such an amendment.

The stipulations established in an LMU approval in effect at the time of LMU approval or modification will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as Lessor may prescribe, Lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of Lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow Lessor access to and copying of documents reasonably necessary to verify Lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an
approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by Lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specifications of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of Lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8 PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither Lessee nor Lessee’s subcontractors shall maintain segregated facilities.

Sec. 9(a) TRANSFERS
(Choose the appropriate space)

X  This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

X  This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

X  This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENTS - The Lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon Lessor's acceptance of the relinquishment, Lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such times as all portions of this lease are returned to Lessor, Lessee shall deliver up to Lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 90 days thereof, Lessee shall remove from the premises all
other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the Lessor, but Lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the Lessor. If the surface is owned by third parties, Lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by Lessee’s activity or activities incidental thereto, and reclaim access roads or trail.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT

If Lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the Lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by Lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN-INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall insure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the Lessee’s activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)
Sec. 15. SPECIAL STIPULATIONS -

SEE ATTACHED STIPULATIONS
1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers, of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.
If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

6. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

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22. The Licensee/Permittee/Lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
23. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessee reserves the right to seek damages against the operator/lessee in the event (i) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 as approved will not attain MER as the result of changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered unminable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

24. WASTE CERTIFICATION: The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessee that, based upon a complete search of all the operator’s records for the mine and upon their knowledge of past operations, there has been no hazardous substances per (40 CFR 302.4) or used oil as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.
25. **UNDERGROUND INSPECTION**: All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground. The Authorized Officer may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-lease disposal of non-coal waste must comply with 30 CFR § 817.89.

26. Due to the uncertainty of the amount of recoverable coal tons in this modification and the uncertainty in mining conditions, the lessee will pay the fair market value (FMV) for the coal resources mined in the area of Federal Coal Lease Modification (U-38727) at the rate of $0.25 per ton for the actual tonnage mined. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Minerals Management Service (MMS). The lessee will clearly indicate which portion of the payment is for royalty and what is for lease bonus payment.
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

DECISION

Nevada Electric Investment Company : Coal Lease
P. O. Box 320 : U-46484
Las Vegas, NV 89151 :

Lease Readjusted Effective May 1, 1988

On October 16, 1987, Nevada Electric Investment Company was sent a Notice of Proposed Readjustment of Lease in connection with U-46484. The land description in Section 2 of the readjusted lease form is corrected to read:

Sec. 10, N:\, N:\:\:\:\, SE:\:\:\:\, S:\:\:\:\, S:\\:\\SE:\:\.
Sec. 11, all;
Sec. 12, W:\:\:\:\.

The only other objection stated was in regard to the number of tons of recoverable reserves contained on coal lease U-46484. As explained in our letter dated December 16, 1987, the coal reserve estimates are subject to change based on new data at any time within the ten year period following readjustment; therefore, coal lease U-46484 is readjusted effective May 1, 1988 as stipulated in the decision and Coal Lease Readjustment.

The new rental and royalty rate will be effective simultaneously with the effective date of the readjustment.

A lease bond in the amount of $5,000 is currently on file. This bond is conditioned upon compliance with all the terms and conditions of this coal lease and is determined to be adequate coverage at this time.

ROBERT LOPEZ
Chief, Minerals
Adjudication Section

Enclosure
Coal Lease Readjustment

cc: Resource Development Coordinating Committee w/encl.
Solid Minerals (U-921) w/encl.
USFS, Ogden, UT w/encl.
MMS, AFS, Denver, CO w/encl.
Moab District w/encl.
Part I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

Nevada Electric Investment Company
P. O. Box 230
Las Vegas, NV 89151

hereinafter called lessee, is readjusted, effective May 1, 1988, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

Sec. 1. This lease readjustment is subject to the terms and provisions of the:


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 7 E., SLM, Utah, Emery County
Sec. 10, N%, NS%, SE%SW%, S%SE%;
Sec. 11, all;
Sec. 12, W%NW%.

containing 1,400.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

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PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12½ percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. Royalties are due to lessor the final day of the months succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $5,000. The authorized officer may require an adjustment in the amount of the bond to reflect changed conditions.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. If not submitted already, lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after the effective date of this lease readjustment.

The lessor reserves the power to suspend or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in a LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

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Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.
Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 9.(a) TRANSFERS

This lease may be transferred in whole or in part to any person, association, or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessee shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later
cancellation for the same default occurring at any other time.

Sec. 12. **HEIRS AND SUCCESSORS - IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. **INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. **SPECIAL STATUTES -** This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. **SPECIAL STIPULATIONS** -

1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers, of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.
4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

6. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will then be submitted making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

7. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.
9. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access road, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.

10. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

11. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Development Roads (FDR), lessees may perform their share of road maintenance by a commensurate share agreement if a significant degree of traffic is generated that is not related to their activities.

12. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

13. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the surface management agency.

14. The coal contained within, and authorized for mining under this lease, shall be extracted only by underground mining methods.

15. Existing Forest Service owned or permitted surface improvements will need to be protected, restored, or replaced to provide for the continuance of current land uses.

16. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

17. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

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Div. of Oil, Gas & Mining
18. The lessee at the conclusion of the mining operations, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the lessee, by a professional land surveyor registered in the State of Utah and to the standards and guidelines found in the manual of surveying instruction, U.S. Department of Interior.

19. The lessee at his expense will be responsible to replace any surface water identified for protection, that may be lost or adversely affected by mining operations, with water from an alternate source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or other land uses.

20. The lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.blm.gov

DIVISION OF LANDS AND MINERALS

TELEFAX NUMBER (801) 539-4260

DATE: 9/21/05 NUMBER OF PAGES SENT: 15

FAX NUMBER: 435-687-3084 5/24

TO: Priscilla Burton

FROM: Stephen Fink

IFCT: Latest copy of Lease document U-61049

redacted Effective 2/8/03

COMMENTS:

I'm up at SLC office but I found a copy here. If this is not what you need call me Friday at 9:45
Coal lease UTU-61048 is part of the Bear Canyon Logical Mining Unit (LMU) application. The LMU has met its diligent development requirements from production on the fee lands in the application.

Coal lease UTU-61048 is hereby readjusted effective February 8, 2003, in accordance with the regulations at 43 CFR 3451.2.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards.

(1) The relative harm to the parties if the stay is granted or denied,

(2) The likelihood of the appellant’s success on the merits,

(3) The likelihood of immediate and irreparable harm if the stay is not granted, and

(4) Whether the public interest favors granting the stay.

/s/ Joseph J. Incardine

/s/ Kent Hoffman
Deputy State Director
Lands and Minerals

Enclosures
1. Form 1842-1 (1 p)
2. Coal Lease Readjustment (11 pp)
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COAL LEASE READJUSTMENT

Serial Number: UTU-61048
Lease Date: February 8, 1923

Part I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

C.O.P. Coal Development Co.
53 West Angelo Avenue
Salt Lake City, Utah 84115

hereinafter called lessee, is readjusted, effective February 8, 2003, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

Sec. 1. This lease readjustment is subject to the terms and provisions of the:


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 7 E., SLM, UT
Sec. 1, lot 1, SENE, E2SE;
Sec. 12, E2NE.

T. 16 S., R. 8 E., SLM, UT
Sec. 6, lots 11-14, E2SW, W2SE, SESE;
Sec. 7, lots 1, 2, E2NW, W2NE, SENE, SE;
Sec. 8, SWSW.

containing 1,108.27 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.
Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS. Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY. Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.

Neither lessee nor lessee's subcontractors shall maintain segregated facilities.
Sec. 13. INDEMNIFICATION. Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES. This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. SPECIAL STIPULATIONS.

SEE ATTACHED STIPULATIONS
If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the Lessee prior to disturbance shall immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

6. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

7. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and groundwater hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

9. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access roads, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.

10. Consideration will be given to site selection to reduce adverse visual impacts. Where alternative sites are available, and each alternative is technically feasible, the alternative involving the least damage to the scenery and other resources shall be selected. Permanent structures and facilities will be designed, and screening techniques employed, to reduce visual impacts and, where possible, achieve a final landscape compatible with the natural surroundings. The creation of unusual, objectionable, or unnatural landforms and vegetative landscape features will be avoided.
20. The Lessee at the conclusion of the mining operation, or at other times as surface
disturbance related to mining may occur, will replace all damaged, disturbed, or displaced
corner monuments (section corners, quarter corners, etc.) their accessories and
appendages (witness trees, bearing trees, etc.), or restore them to their original condition
and location, or at other locations that meet the requirements of the rectangular surveying
system. This work shall be conducted at the expense of the Lessee, by a professional land
surveyor registered in the State of Utah and to the standards and guidelines found in the

21. The Lessee, at his expense, will be responsible to replace any surface and/or
developed ground water sources identified for protection, that may be lost or adversely
affected by mining operations, with water from an alternate source in sufficient quantity and
quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or
other land uses (authorized by 36 CFR 251).

22. The Licensee/Permittee/Lessee must comply with all the rules and regulations of
the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal
Regulations governing the use and management of the National Forest System (NFS)
when not inconsistent with the rights granted by the Secretary of the Interior in the
license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied
with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan
by the Secretary of Interior, (2) uses of all existing improvements, such as Forest
Development Roads, within and outside the area licensed, permitted or leased by the
Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a
permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:
Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 435-637-2817

who is the authorized representative of the Secretary of Agriculture.
24. WASTE CERTIFICATION: The Lessee must provide upon abandonment, transfer of operation, assignment of rights, sealing-off a mined area and prior to lease relinquishment, certification to the lessor that, based upon a complete search of all the records for the lease and its associated mine operation(s), and upon Lessee’s and the operator’s knowledge of past mining operations associated with the lease, there have been no reportable quantities of hazardous substances per 40 CFR 302.4 or used oil [as per Utah State Administrative Code R-315-15], discharged, deposited or released within the lease, either on the surface or underground, and that all remedial actions necessary have been taken to protect human health and the environment with respect to any such substances. Lessee must additionally provide to Lessor a complete list of all hazardous substances and hazardous materials and their Chemical Abstract Services Registry Numbers, and the oil and petroleum products used or stored on, or delivered to, the lease. Such disclosure will be in addition to any other disclosure required by law or agreement.

25. UNDERGROUND INSPECTION: All safe and accessible areas shall be inspected prior to being sealed. The Lessee shall notify the AO in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground. The AO may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and Utah State Administrative Code R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the Lessee’s expense and shall be submitted to the AO as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the AO has granted a written approval. Any on-lease disposal of non-coal waste must comply with 30 CFR § 817.89.
United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

In Reply Refer To:
3451
U-61048
(UT-932)

CERTIFIED MAIL--Return Receipt Requested

NOTICE

C.O.P. Coal Development Company
53 West Angelo Avenue
Salt Lake City, Utah 84115

Coal Lease
U-61048

Lease Terms and Conditions to be Readjusted

Coal lease U-61048 was issued effective February 8, 1923, and the terms and conditions of the lease become subject to readjustment on February 8, 2003.

Notice is hereby given that the lease terms and conditions will be readjusted under the provisions of 43 CFR 3451.

As required by the regulations at 43 CFR 3451.1(c)(2), a decision containing the readjusted terms and conditions will be forwarded to you no later than February 8, 2003.

Robert Lopez
Chief, Branch of Minerals Adjudication

cc: Resource Development Coordinating Committee
Price Coal Office (Attn: Jay Marshall)
In Reply Refer To:
3432
UTU-61049
(UT-924)

DECISION

C.O.P. Coal Development Company : Coal Lease
53 West Angelo Avenue : UTU-61049
Salt Lake City, Utah 84115

Coal Lease UTU-61049 Modified

Coal lease UTU-61049 was modified effective June 19, 2002. All terms and conditions of the original lease were made consistent with the laws, regulations, and lease terms applicable at the time of this modification.

Additional rental of $200.00 to cover the estimated additional rental for the current rental year was submitted June 17, 2002. Rental in the amount of $3.00 per acre, or a total of $6,591 is due on November 1, 2002.

Within 30 days after the effective date of this lease modification, the lessee shall amend its Bear Canyon Logical Mining Unit application to include the 160.00 acres added to coal lease UTU-61049 by this modification. The modified land shall be segregated into another Federal coal lease should the lessee fail to file such amendment.

Robert Lopez
Chief, Branch of Minerals Adjudication

Enclosures:
1. Copy of Modified Lease (12 pp)

cc: MMS, Solids (w/copy of modification)
    Resource Development Coordinating Committee (w/copy of modification)
    Price Coal Office (Attn: Steve Falk) (w/copy of modification)
    Manti-LaSal National Forest (w/copy of modification)
    Lowell Braxton, Director, UDOGM, Box 145801, SLC, UT 84114 (w/copy of modification)
    SITLA, Attn: John Blake (w/copy of modification)
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  

PART I.  
THIS MODIFIED COAL LEASE is entered into on __JUN 19 2002__, by and between the  
UNITED STATES OF AMERICA, hereinafter called the Lessor, through the Bureau of Land Management, and  

C.O.P. Coal Development Company  
53 West Angelo Avenue  
Salt Lake City, Utah 84115

hereinafter called Lessee.

This modified lease shall retain the effective date of November 1, 1949, of the original COAL LEASE UTU-61049, and is effective for a period of 20 years therefrom, and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year (November 1, 1969), and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:  
(NOTE: Check the appropriate Act or Acts.)

hereinafter referred to as the Act;  


and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessee as the holder of Coal Lease UTU-61049, issued effective November 1, 1949, was granted the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 1.

The Lessor in consideration of fair market value, rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 2.

Tract 1:  
T. 16 S., R. 7 E., SLM, UT  
Sec. 1, 1st lot 2, SWNE,W2SE;  
Sec. 12, W2NE,E2W2,SE;  
Sec. 13, E2, E2W2.

Tract 2:  
T. 16 S., R. 8 E., SLM, UT  
Sec. 19, SENE, NESE;  
Sec. 20, SWNW, NWSW.

containing 2196.09 acres, more or less, together with the right to construct such works, buildings,  

itches, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted,  

subject to the conditions herein provided.
Part II. TERMS AND CONDITIONS

Sec. 1.(a) RENTAL RATE - Lessee shall pay Lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2.(a) PRODUCTION ROYALTIES - The royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to Lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the Lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the Lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $7,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is held by inclusion in an amendment to the Bear Canyon LMU.

The Lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - The lands contained in the original lease have been included in the Bear Canyon LMU. Application UTU-73342 filed April 20, 1990. Within 30 days after the effective date of this lease modification, the Lessee shall amend its application for the Bear Canyon Logical Mining Unit to include the 160.00 acres added to Coal Lease UTU-61049 by this modification. The modified land shall be segregated into another Federal coal lease should the Lessee fail to file such an amendment.

The stipulations established in an LMU approval in effect at the time of LMU approval or modification will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as Lessor may prescribe, Lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of Lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow Lessor access to and copying of documents reasonably necessary to verify Lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Action (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an
approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized cer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by Lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specifications of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of Lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8 PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither Lessee nor Lessee's subcontractors shall maintain segregated facilities.

Sec. 9.(a) TRANSFERS
(Check the appropriate space)

X This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENTS - The Lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon Lessor's acceptance of the relinquishment, Lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such times as all portions of this lease are returned to Lessor, Lessee shall deliver up to Lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, Lessee shall remove from the premises all
other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the Lessor, but Lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the Lessor. If the surface is owned by third parties, Lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by Lessee’s activity or activities incidental thereto, and reclaim access roads or trail.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT
If Lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the Lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by Lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN-INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall insure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the Lessee’s activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seg.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seg.)

INCORPORATED
NOV 03 2005
Div. of Oil, Gas & Mining
SEE ATTACHED STIPULATIONS
1. The Regulatory Authority shall mean the State Regulatory Authority pursuant to a cooperative agreement approved under 30 CFR Part 745 or in the absence of a cooperative agreement, Office of Surface Mining. The authorized officer shall mean the State Director, Bureau of Land Management. The authorized officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service. Surface Management Agency for private surface is the Bureau of Land Management. For adjoining private lands with Federal minerals and which primarily involve National Forest Service issues, the Forest Service will have the lead for environmental analysis and, when necessary, documentation in an environmental assessment or environmental impact statement.

2. The authorized officers, of the Bureau of Land Management, Office of Surface Mining (Regulatory Authority), and the Surface Management Agency (Forest Service) respectively, shall coordinate, as practical, regulation of mining operations and associated activities on the lease area.

3. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this Act and are subject to compliance with Office of Surface Mining Regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

4. Federal Regulations 43 CFR 3400 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of Interior, to consent to leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Manti-LaSal National Forest.

The following stipulations pertain to the lessee responsibility for mining operations on the lease area and on adjacent areas as may be specifically designated on National Forest System lands.

5. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.
If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

6. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

7. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and ground water hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

9. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access road, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.

10. Consideration will be given to site selection to reduce adverse visual impacts. Where alternative sites are available, and each alternative is technically feasible, the alternative involving the least damage to the scenery and other resources shall be selected. Permanent structures and facilities will be designed, and screening techniques employed, to reduce visual impacts, and where possible achieve a final landscape compatible with the natural surroundings. The creation of unusual, objectionable, or unnatural land forms and vegetative landscape features will be avoided.
11. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

12. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Development Roads (FDR), lessees may perform their share of road maintenance by a commensurate share agreement if a significant degree of traffic is generated that is not related to their activities.

13. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, or (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

14. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

15. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the surface management agency.

16. The coal contained within, and authorized for mining under this lease, shall be extracted only by underground mining methods.

17. Existing Forest Service owned or permitted surface improvements will need to be protected, restored, or replaced to provide for the continuance of current land uses.

18. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

19. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.
20. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by a professional land surveyor registered in the State of Utah and to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.

21. The Lessee, at his expense, will be responsible to replace any surface and/or developed ground water sources identified for protection, that may be lost or adversely affected by mining operations, with water from an alternate source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or other land uses (authorized by 36 CFR 251).

22. The Licensee/Permittee/Lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-LaSal National Forest
599 West Price River Drive
Price, Utah 84501

Telephone No.: 801-637-2817

who is the authorized representative of the Secretary of Agriculture.
23. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (I) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 as approved will not attain MER as the result of changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered unminable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

24. WASTE CERTIFICATION: The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no hazardous substances per (40 CFR 302.4) or used oil as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.
25. UNDERGROUND INSPECTION: All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground. The Authorized Officer may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee’s expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-lease disposal of non-coal waste must comply with 30 CFR § 817.89.

26. Due to the uncertainty of the amount of recoverable coal tons in this modification and the uncertainty in mining conditions, the lessee will pay the fair market value (FMV) for the coal resources mined in the area of Federal Coal Lease Modification (U-61049) at the rate of $0.25 per ton for the actual tonnage mined. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Minerals Management Service (MMS). The lessee will clearly indicate which portion of the payment is for royalty and what is for lease bonus payment.
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.
To Whom It May Concern:

C.O.P. Coal Development Company, as the owner of a dwelling within 300 feet of the mining and reclamation operations of Co-op Mining Company at Bear Canyon, Utah, which dwelling is occupied by Kenny Defa and family, is aware of its legal right to deny mining within 300 feet of the dwelling and has knowingly waived that right and consented to the mining and reclamation activities of Co-op Mining Company at Bear Canyon, Utah.

C.O.P. Coal Development Co.

By [Signature]

Kenny Defa, as occupant of the dwelling above described, hereby waives any right he may have to the mining and reclamation activities of Co-op Mining Company within 300 feet of said dwelling and expressly consents to the same.

[Signature]
To Whom it May Concern:

C.O.P. Coal Development Company, as the owner of a dwelling within 300 feet of the mining and reclamation operations of Co-op Mining Company at Bear Canyon, Utah, which dwelling is occupied by Wendell Owen and family, is aware of its legal right to deny mining within 300 feet of the dwelling and has knowingly waived that right and consented to the mining and reclamation activities of Co-op Mining Company at Bear Canyon, Utah.

C.O.P. Coal Development Co.

By

Wendell Owen, as occupant of the dwelling above described, hereby waives any right he may have to the mining and reclamation activities of Co-op Mining Company within 300 feet of said dwelling and expressly consents to the same.

Wendell Owen
To Whom It May Concern:

C.O.P. Coal Development Company, as the owner of a dwelling within 300 feet of the mining and reclamation operations of Co-op Mining Company at Bear Canyon, Utah, which dwelling is occupied by Sportsmans, is aware of it's legal right to deny mining within 300 feet of the dwelling and has knowingly waived that right and consented to the mining and reclamation activities of Co-op Mining Company at Bear Canyon, Utah.

C.O.P. Coal Development Company

By

Joseph O Kingston, President
C.O.P. Coal Development Company

Sportsmans, As occupant of the dwelling above described, hereby waives any right he may have to the mining and reclamation activities of Co-op Mining Company within 300 feet of said dwelling and expressly consents to the same.

Signed

Alan Jenkins, President
Sportsmans

INTEGRATED
7/17/03 2005
Div. of Oil, Gas & Mining

1F-3 4/18/2005
APPENDIX 1H

OWNERSHIP AND CONTROL
Rhino Organizational Structure Chart
March 31, 2016

Royal Energy Resources, Inc.
66,769,112 Common Units
9,455,252 Subordinated Units

100%

Rhino GP LLC (the General Partner) Incentive Distribution Rights

85% Limited Partner Interest

1% General Partner Interest

14% Limited Partner Interest

Public Unitholders
10,150,025 Common Units
2,900,047 Subordinated Units

Rhino Resource Partners LP
(the Partnership)

100% Ownership Interest

Rhino Energy LLC
(the Operating Company)

100% Ownership Interest

Operating Subsidiaries

Total Units:
Common 76,919,137
Subordinated 12,355,299
GP Notional 596,111
Total 89,870,547

INCORPORATED
JUN 03 2016
Div. of Oil, Gas & Mining
<table>
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<th>Name</th>
<th>Relationship</th>
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<tr>
<td>William L. Tuorto</td>
<td>Director, CEO, and Treasurer</td>
<td>Start date – 3-6-2015</td>
</tr>
<tr>
<td>Brian Hughes</td>
<td>Director and VP</td>
<td>Start date – 10-13-2015</td>
</tr>
<tr>
<td>Douglas C. Holsted</td>
<td>CFO</td>
<td>Start date – 6-8-2015</td>
</tr>
<tr>
<td>Ian Ganzer</td>
<td>COO</td>
<td>Start date – 6-10-2015</td>
</tr>
<tr>
<td>Ronald Phillips</td>
<td>President and Secretary</td>
<td>Start date – 10-13-2015</td>
</tr>
<tr>
<td>William L. Tuorto</td>
<td>Equity Owner - 5.54%</td>
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<tr>
<td>E-Starts Money Co.</td>
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<tr>
<td>(sole owner and officer is William L. Tuorto, with a start date of 1-13-2015)</td>
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LIST OF OFFICERS FOR RHINO GP LLC, RHINO ENERGY LLC, AND SUBSIDIARIES

Rhino GP LLC

William Tuorto - Director, Chairman of the Board
Joseph Funk - Director
Ronald Phillips - Director
Ian Ganzer - Director
Douglas Holsted - Director
Brian Hughes - Director
David Hanig - Director
Michael Thompson - Director

Audit Committee
David Hanig - Member
Michael Thompson - Member

Conflicts Committee
David Hanig - Member
Michael Thompson - Member

Compensation Committee
William Tuorto - Chairman
Joseph Funk - Member

Executive Committee
William Tuorto - Chairman
Joseph Funk - Member

Joseph Funk - President & Chief Executive Officer
Richard A. Boone - Executive Vice President and Chief Financial Officer
Brian Aug - Vice President of Sales
R. Chad Hunt - Senior Vice President of Business Development
Elizabeth Branham - Vice President, Controller & Assistant Secretary
Whitney Kegley - Vice President, Secretary & General Counsel

INCORPORATED

JUN 03 2018

Div. of Oil, Gas & Mining

1H-5 04/16
Rhino Energy LLC

Joseph Funk - President & Chief Executive Officer
Richard Boone - Executive VP, Chief Financial Officer & Treasurer
Whitney Kegley - Vice President, Secretary & General Counsel
Elizabeth Branham - Vice President, Controller, Assistant Secretary

Brian Aug - Vice President Sales
R. Chad Hunt - Senior Vice President of Business Development
Scott Morris - Vice President of Finance

Castle Valley Mining LLC

Joseph Funk - President & Chief Executive Officer
R. Chad Hunt - Vice President
Richard Boone - Executive VP, Chief Financial Officer & Treasurer
Whitney Kegley - Vice President, Secretary & General Counsel
Elizabeth Branham - Vice President, Controller, Assistant Secretary
Brian Aug - Vice President of Sales
Scott Morris - Vice President of Finance

INCORPORATED
JUN 03 2016
Div. of Oil, Gas & Mining

1H-6 04/16
## Officers and Directors

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<tr>
<th>OFFICER</th>
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<tr>
<td>Joe Funk</td>
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<td>9/4/2009</td>
<td>8/19/2013</td>
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<td>4/11/2012</td>
<td>11/14/2014</td>
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<td>Vice President</td>
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<td>9/4/2009</td>
<td></td>
</tr>
<tr>
<td>Richard Boone</td>
<td>Senior Vice President, CFO &amp; Treasurer</td>
<td>N/A</td>
<td>1/1/2007</td>
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</tr>
<tr>
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<tr>
<td>Elizabeth Branham</td>
<td>Vice President, Controller, Assistant Secretary</td>
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<tr>
<td>Brian Aug</td>
<td>Vice President of Sales</td>
<td>N/A</td>
<td>8/5/2013</td>
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<tr>
<td>Corey Heaps</td>
<td>Vice President</td>
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<td>9/8/2010</td>
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<td>Mark Zand</td>
<td>Chairman</td>
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<td>6/10/2010</td>
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<tr>
<td>Chad Hunt</td>
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<td>6/10/2010</td>
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<tr>
<td>Christopher N. Moravec</td>
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<td>6/10/2010</td>
<td>3/2/2012</td>
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<tr>
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<tr>
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<tr>
<td>Arthur Amron</td>
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<tr>
<td>Jay Maymudes</td>
<td>Vice President, Secretary and Treasurer</td>
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<tr>
<td>Paul Jacobi</td>
<td>Vice President</td>
<td>N/A</td>
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<td>Gary Isaac</td>
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<td>6/10/2010</td>
<td>2/28/2013</td>
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Rhino Energy LLC  
Member, Shareholder - 100%  
N/A  
6/10/2010
# Rhino Energy LLC

**424 Lewis Hargrett Circle, Suite 250**  
**Lexington, KY 40503**

## Officers and Directors

<table>
<thead>
<tr>
<th>OFFICER</th>
<th>TITLE</th>
<th>BEGIN DATE OWNERSHIP</th>
<th>BEGIN DATE AFFILIATION</th>
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<td>11/14/2014</td>
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<tr>
<td>David Zatezalo</td>
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<td>Christopher I. Walton</td>
<td>Senior VP &amp; Chief Operating Officer</td>
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<tr>
<td>Richard Boone</td>
<td>Senior Vice President, CFO &amp; Treasurer</td>
<td>N/A</td>
<td>2/1/2005</td>
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<tr>
<td>Whitney Kepley</td>
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<td>7/16/2012</td>
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<tr>
<td>Elizabeth Branham</td>
<td>Vice President, Controller and Assistant Secretary</td>
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<td>1/1/2007</td>
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</tr>
<tr>
<td>Brian Aug</td>
<td>Vice President of Sales</td>
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<tr>
<td>R. Chad Hunt</td>
<td>Vice President of Technical Services</td>
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<td>10/5/2010</td>
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<tr>
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<td>Senior Vice President, Business Development</td>
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<td>Royal Energy Resources Inc</td>
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<td>MINE</td>
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APPENDIX II

RIGHT OF ENTRY
Trustee's Assignment
of Rights Under BLM Logical Mining Unit Decision for Bear Canyon Mine

This ASSIGNMENT OF LMU RIGHTS ("Assignment") is entered into the 25th day of August, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20105 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee"); and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION OF the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively, the "Sale Agreement"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "Sale Order"), the parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings as provided to them in the Sale Order.

2. Assignment. Trustee hereby grants, bargains, sells and assigns to Buyer all right, title and interest of Debtor and the Estate in, under and created by ("LMU Decision Rights"): (a) the LMU Decision, comprising the June 16, 2010 Bureau of Land Management ("BLM") approval letter and the June 17, 2010 decision by the BLM approving a logical mining unit encompassing the following federal coal leases and fee lands held by or owned by C.O.P. Coal Development Company or ANR Company, Inc. in connection with the Bear Canyon Mine located in Emery County, Utah and Carbon County, Utah, see Exhibit A attached hereto and incorporated herein for a description of the lands included within the logical mining unit. A copy of the LMU Decision is attached hereto as Exhibit B. (b) Any submittal applications and supporting documentation prepared by Trustee with respect to the foregoing, whether or not filed with the BLM.

3. Assumption. Buyer hereby accepts the foregoing assignment and assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, with respect to the LMU Decision Rights arising from and after the Closing Date, subject to any other filings or submissions required by any applicable governmental entities.
4. **Free and Clear.** As set forth more particularly in the Sale Order, Trustee assigns and otherwise transfers the interest of Debtor and the Estate in the LMU Decision Rights free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

5. **General Provisions.**

(a) **Binding Effect.** This Assignment shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

(b) **Conflict.** This Assignment is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

(c) **Entire Agreement.** All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment, the Sale Agreement, and the Sale Order.

(d) **Further Assurances.** Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment.

(e) **Governing Law.** Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment shall be governed by and construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment agree that the Bankruptcy Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment.

(f) **Severability.** If any provision of this Assignment or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

(g) **Headings.** Section headings are not to be considered part of this Assignment, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment or any provision in it.
IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By: Joseph R. Miller, Vice President
Exhibit A to
Trustee's Assignment of Rights Under BLM Logical Mining Unit Decision for Bear Canyon Mine

Lands Covered by LMU Decision

Part I: Land Covered by COP Coal Operating Agreement located in Emery County, Utah:

**LEASED GROUND**

**BEAR CANYON**

U-024316 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec. 13: W2W2
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec. 26: E2NW

Containing 80 acres, more or less.

**MOHRLAND**

U-61048 Revised: 10-29-92

T. 16 S., R. 7 E., SLM, Utah
Sec. 1: Lot 1, SENE, E2SE
Sec. 12: E2NE

T. 16 S., R. 8 E., SLM, Utah
Sec. 6: Lots 11-14, E2SW, W2SE, SESE
Sec. 7: Lots 1, 2, E2NW, W2NE, SENE, SE
Sec. 8: SWSW

Containing 1,108.27 acres, more or less.

U-61049 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah
Sec. 1: Lot 2, SWNE, W2SE
Sec. 12: W2NE, E2W2, SE
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah
Sec. 7: Lots 3, 4, E2SW
Sec. 18: Lots 1-4, E2, E2W2
Sec. 19: SWNE, NWSE
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah
Sec. 19: SENE, NESE
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

McCADDEN HOLLOW

U-46484 Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah
Sec. 10: N2, N2S2, SESE, S2SE
Sec. 11: ALL
Sec. 12: W2W2

Containing 1,400 acres, more or less.

WILD HORSE RIDGE

U-020668 Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah
Sec. 25: SENE, NESE

T. 16 S., R. 8 E., SLM, Utah
Sec. 30: Lots 1-4, W2NE, E2W2, NWSE
Sec. 31: NENW, NWNE

Containing 626.32 acres, more or less.

U-038727 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah
Sec. 24: SENE, E2SE
Sec. 25: N2NE, SWNE, SWNW, NWSW, W2SE, SESE
T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: Lots 2-4, SENW, E2SW, SWSE  

Tract 2:  
T. 16 S., R. 7 E., SLM, Utah  
Sec. 24: NENE  

Containing 780.39 acres, more or less.

FEE GROUND

T. 16S, R. 7E, SLB&M  
Section 14: S ½, W ½ NW ¼,  
Section 23: All  
Section 24: W ½, W ½ E ½  
Section 25: NW ¼ NW ¼, E ½ NW ¼, NE ¼ SW ¼  
Section 26: NE ¼  

T. 16S, R. 8E, SLB&M  
Section 7: E ½ NE ¼  
Section 8: N ½ SW ¼, SE ¼ SW ¼, W ½ SE ¼  
Section 16: W ½ W ½  
Section 17: All  
Section 19: Lot 1, NE ¼ NW ¼, N ½ NE ¼  
Section 20: N ½ NW ¼, NE ¼, NE ¼ SE ¼  

U-61049  
Modified: 6-19-2002

Tract 1:  
T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 2, SWNE, W2SE  
Sec. 12: W2NE, E2W2, SE  
Sec. 13: E2, E2W2  

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7: Lots 3, 4, E2SW  
Sec. 18: Lots 1-4, E2, E2W2  
Sec. 19: SWNE, NWSE  
Sec. 20: SENW, NESW

Tract 2:  
T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: SENE, NESE  
Sec. 20: SWNW, NWSW  

Containing 2,196.09 acres, more or less.
Part II: Land Covered by ANR Coal Operating Agreement located in Carbon County, Utah or Emery County, Utah:

**LEASED GROUND**

Federal Coal Lease SL – 025431:

Township 15S, Range 7E, SLB&M
Section 36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E
Section 31: E1/2, E1/2 W1/2, Lots 1, 2, 3 and 4

Township 16S, Range 8E
Section 5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)
Section 6: lots 1 through 10

Federal Coal Lease SL – 069985:

Township 15S, Range 7E
Section 25: W1/2 E1/2
Section 36: N1/2 NE1/4, W1/2 SE1/4

Federal Coal Lease U-51923:

Township 15S, Range 8E, SLB&M
Section 20: NW1/4

**FEE GROUND**

Township 15S, Range 7E, SLB&M
Section 24: SE1/4 SE1/4
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB&M
Section 19: All
Section 20: SW1/4
Section 29: W1/2
Section 30: All
Section 32: W1/2

Township 16S, Range 8E, SLB&M
Section 5: Lots 2, 3, 4, 6, 7, 9, 10, 11, S1/2
Section 6: NE1/4 SE1/4
Section 8: E1/2 NE1/4; E1/2 SE1/4
Exhibit B to
Trustee's Assignment of Rights Under BLM Logical Mining Unit Decision for Bear Canyon Mine

LMU Decision
The Bear Canyon Logical Mining Unit (LMU) application UTU-73342 was filed April 20, 1990, along with Modification 1 filed August 27, 1997, Modification 2 filed September 15, 1999 and Modification 3 filed April 27, 2001. The initial Bear Canyon Logical Mining Unit application is hereby approved effective May 1, 1990. In accordance with our letter dated June 16, 2010, the modifications to this Logical Mining Unit are approved effective August 27, 1997, September 15, 1999 and June 19, 2002. The BLM has determined that it is in conformance with the approval criteria as per 43 CFR 3487.
The Bear Canyon LMU stipulations were executed by Mr. Kenneth Rushton, trustee for C. W. Mining Company on June 16, 2010. The approved Bear Canyon LMU contains 13,861.80 acres and is comprised of Federal coal leases SL-025431, SL-069985, UTU-020668, UTU-024316, UTU-024318, UTU-38727, UTU-46484, UTU-61048 and UTU-61049 and fee land.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards.

1. The relative harm to the parties if the stay is granted or denied,
2. The likelihood of the appellant's success on the merits,
3. The likelihood of immediate and irreparable harm if the stay is not granted, and
4. Whether the public interest favors granting the stay.

Kent Hoffman
Deputy State Director
Lands and Minerals

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115
Resource Development Coordinating Committee, ATTN: Mineral Leasing Taskforce, 116 State Capital Building, Salt Lake City, Utah 84114 (w/encl.)
Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801 (w/encl.)
Price Coal Office (w/encl.)
MMS, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165, Denver, CO 80225-0165

INCORPORATED
DEC 16 2010
Div. of Oil, Gas & Mining
Mr. Kenneth Rushton, Trustee
C. W. Mining Company
99 West Main Street
P.O. Box 212
Lehi, UT 84043

Dear Mr. Rushton:

We have completed our review of the Bear Canyon Logical Mining Unit (LMU) application UTU-73342 (originally submitted by C.W. Mining Company doing business as (DBA) Co-Op Mining Company (Co-Op) dated April 20, 1990, along with modification 1 dated August 27, 1997, Modification 2 dated September 15, 1999, and Modification 3 dated April 27, 2001, as stated in the Bear Canyon Logical Mining Unit applications. We have taken into account the comments that were brought forward in the May 20, 2010, public hearing conducted in Price, Utah. The BLM has determined that the LMU is in conformance with the approval criteria as per 43 CFR 3487. This determination is based upon the following:

1. The LMU recoverable reserves are capable of being developed in an efficient, economical and orderly manner, as a unit, with due regard to the conservation of the recoverable coal reserves and other resources.
Approval of the LMU will not affect the recovery, sequencing or development schedule of the contained Federal coal reserves with respect to the approved Resource Recovery and Protection Plan (R2P2).

2. All lands in the LMU are operated by and under the effective control of C.W. Mining Company by agreement with COP Development (March 1, 1997 – February 28, 2022) and ANR (September 1, 1999 – August 21, 2024) who are the Lessees. This was affirmed by court order dated February 10, 2010.

3. All lands within the LMU application will be developed and operated as a single operation which will include multiple portals. C.W. Mining Company will mine coal from the Bear Canyon LMU and ship coal to user locations.

4. All lands within the proposed LMU are contiguous. The BLM has conducted an in-depth review of the legal land-descriptions for all lands contained in the Bear Canyon Logical Mining Unit application (including modifications) which show that there is at least one point in common on all lands.

5. Mining operations will achieve maximum economic recovery (MER) of the Federal Coal reserves within the LMU. The amount of coal that can be obtained by creation of the LMU is larger than if the LMU was not formed. BLM has approved the life-of-mine R2P2 for the LMU and an MER determination was made. This approval is dated September 22, 2006.

6. No Federal coal leases included in this LMU are included in any other LMU. There are no other active LMU's in the area.

7. The Bear Canyon LMU contains 13,861.80 acres and therefore does not exceed the 25,000-acre limit.

8. A portion of Federal Coal Lease USL-025431 (T. 16 S., R. 8 E. Section 5: Lots 1 and 8, for 60.43 acres) was not included into the Bear Canyon LMU because it is not contiguous with other lands contained in the LMU. These lands will be segregated from the parent lease upon approval of the LMU. The lessee may apply to relinquish these lands.

9. A portion of T. 16 S., R. 8 E., Section 8: NW1/4, W1/2NE1/4, (240 acres) of fee coal was not included into the Bear Canyon LMU because the lands are not under the control of C. W. Mining Company.

Enclosed are two copies of the Bear Canyon LMU with stipulations for your approval. If you concur with the LMU and stipulations, please sign and date both copies and return one original to this office. Upon receipt by this office of the signed copy of the LMU, a decision approving the Bear Canyon LMU effective May 1, 1990, will be issued.
If we do not receive a response from you within 30 days of your receipt of this letter, we will assume that you no longer want to have the LMU formed, and the Federal coal leases will remain subject to their individual Federal lease terms. If you have any questions please contact Mr. Stan Perkes at (801) 539-4036.

Sincerely,

Selma Sierra
State Director

Enclosure
2 copies of LMU with Stipulations (15 pages)

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115
Bear Canyon Logical Mining Unit

The Mineral Leasing Act (MLA) of February 25, 1920, as amended by the Federal Coal Leasing Amendments Act (FCLAAA) of 1976, authorizes the consolidation of coal leases into a logical mining unit (LMU). A LMU is an area of land which the coal resources can be developed in an efficient, economical and orderly manner as a unit with due regard to conservation of coal resources and other resources.

As a result of an application and three modifications for a LMU designation filed by Co-OP Mining Company, the Bear Canyon LMU is approved effective May 1, 1990, modification 1 approved effective August 27, 1997, modification 2 approved effective September 7, 1999, and modification 3 approved effective June 19, 2002, and provides as follows:

1. Bear Canyon Logical Mining Unit Area: The area specified on the map attached hereto marked Exhibit A being hereby designated the Bear Canyon LMU area through the June 19, 2002, modification 3, containing 13,861.80 acres as described as follows:

Original Area:

Federal Coal Lease U-024318

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T.16 S., R 07E, SLM, SLM, Utah
Sec. 26, E ½NW ¼;
Contains 80.00 acres more or less.

Federal Coal Lease U-024316

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R07E, SLM, Utah
Sec. 13, W½W½;
Sec. 14, NE¼, E½ NW¼;
Containing 400.0 acres, more or less.

Private Lands:

T.16 S., R 07 E, SLM, Utah
Sec. 14, S ¼;
Sec. 23, E ¼ W ¾, E ¼;
Sec. 26, N ½ NE ¼, N ½ SW ¼ NE ¼;
Sec. 24, W½W½, Excluding area to East of Bear Canyon Fault
(Approximately 18.18 acres excluded)
Containing 1041.82 acres, more or less.
August 27, 1997 Modification 1:

Federal Coal Lease U-61048

Lease Effective Date: February 8, 1923

Lessee: COP Coal Dev. Co.

T. 16 S., R 07E, SLM, SLM, Utah
 Sec. 1, Lot 1, SE¼NE¼, E¼SE¼;
 Sec. 12, E¼NE¼;

T. 16 S., R 8 E, SLM, Utah
 Sec. 6; lots 11-14, E¼SW¼, W¼SE¼, SE¼SE¼;
 Sec. 7; lots 1,2, E¼NW¼, W¼NE¼, SE¼NE¼, SE¼;
 Sec. 8, SW¼SW¼;
 Containing 1,108.27 acres, more or less.

Federal Coal Lease U-61049

Lease Effective Date: November 1, 1949

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
 Sec. 1, Lot 2, SW¼NE¼, W¼SE¼;
 Sec. 12, W¼NE¼, E¼W¼, SE¼;
 Sec. 13, E¼, E¼W¼;

T. 16 S., R. 8 E., SLM, Utah
 Sec. 7, lots 3 and 4, E¼SW¼;
 Sec. 18, lots 1-4, E¼, E¼W¼;
 Sec. 19, SW¼NE¼, NW¼SE¼;
 Sec. 20 SE¼NW¼, NE¼SW¼;
 Containing 2,036.09 acres, more or less.

Federal Coal Lease U-46484

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah
 Sec. 10; N½, N¼S¼, S½SE¼, SE¼SW¼;
 Sec. 11, All;
 Sec. 12, W½W¼;
 Containing 1,400 acres, more or less.
Federal Coal Lease U-020668

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.
T. 16 S., R. 7 E., SLM, Utah
  Sec. 25, SE¼NE¼, NE¼SE¼;
T. 16 S., R. 8 E., SLM, Utah
  Sec. 30, lots 1-4, W½NE¼, E½W½, NW¼SE¼;
  Containing 546.32 acres, more or less

State Lease ML-48264 (Land exchange and segregated on January 15, 1999 which was part of U-020668)
  Sec. 31, NE¼NW¼, NW¼NE¼
  Containing 80 acres, more or less.

Federal Coal Lease U-038727

Lease Effective Date: May 1, 1958
Lessee: COP Coal Dev. Co.
T. 16 S., R. 7 E., SLM, Utah
  Sec. 24, SE¼NE¼, E½SE¼;
  Sec. 25, N½NE¼, SW¼NE¼, SW¼NW¼, NW¼SW¼, W½SE¼,
  SE¼SE¼;
T. 16 S., R. 8 E., SLM, Utah
  Sec. 19, lots 2-4, SE¼NW¼, E½SW¼, SW¼SE¼;
  Containing 740.39 acres, more or less.

Private Lands:
T. 16 S. R. 7 E., SLM, Utah
  Sec. 14, W½NW¼;
  Sec. 23, W½W½;
  Sec. 24, E½W½, W½E½; Including (Approximately 18.18 acres East of Bear Canyon Fault in W½W½)
  Sec. 25 NW¼NW¼, E½NW¼, NE¼SW¼;
  Sec. 26, S½SW¼NE¼;
T. 16 S., R. 8 E., SLM, Utah
  Sec. 8, N½SW¼, SE¼SW¼, W½SE¼;
  Sec. 16, W½W½;
  Sec. 17, All;
  Sec. 19, lot 1, NE¼NW¼, N½NE¼;
  Sec. 20, N½NW¼, NE¼, NE¼SE¼;
  Containing 2205.11 acres, more or less.
September 7, 1999 Modification 2:

Federal Coal Lease SL-025431

Lease Effective Date: February 8, 1923

Lessee: ANR Co. Inc.

- T. 15 S., R. 7 E., SLM, Utah
  - Sec. 36, S½NE¼, E½SE½;

- T. 15 S., R. 8 E., SLM, Utah
  - Sec. 31, lots 1-4, E½, E½W½;

- T. 16 S., R. 8 E., SLM, Utah
  - Sec. 5, lots 5, 12;
  - Sec. 6, lots 1-10;
  - Containing 1201.56 acres, more or less.

Federal Coal Lease SL-069985

Lease Effective Date: November 1, 1949

Lessee: ANR Co. Inc.

- T. 15 S., R. 7 E., SLM, Utah
  - Sec. 25, W½E½;
  - Sec. 36, N½NE¼, W½SE½;
  - Containing 320.00 acres, more or less.

April 27, 2001 Modification 3.

Modification to Federal Coal Lease U-38727 (Modification filed October 2, 2000-approved June 19, 2002)

- T. 16 S., R. 7 E., SLM, Utah
  - Sec. 24, NE¼NE¼;
  - Containing 40 acres, more or less.

Modification to Federal Coal Lease U-61049 (Modification filed October 2, 2000-approved June 19, 2002)

- T. 16 S., R. 8 E., SLM, Utah
  - Sec. 19; SE½NE¼, NE¼SE¼;
  - Sec. 20, SW½NW¼, NW½SW¼;
  - Containing 160 acres, more or less.
Federal Coal Lease U- 51923

Lease Effective Date: October 1, 1985

Lessee: ANR Co. Inc.

T. 15 S., R. 8 E., SLM, Utah
Sec. 20, NW¼;
Containing 160 acres, more or less.

Private Lands:

T. 16 S., R. 8 E., SLM, Utah
Sec. 8, E½E½;

T. 15 S., R. 7 E., SLM, Utah
Sec. 24, SE¼SE¼;
Sec. 25, E½E½;

T. 15 S., R. 8 E., SLM, Utah
Sec. 19, All;
Sec. 20 S½SW¼;
Sec. 29, W½;
Sec. 30, All;
Sec. 32, W½

Containing 2342.24 acres, more or less.

All Coal Lands approved to be within the LMU.

T. 15 S., R. 7 E., SLM, Utah
Sec. 24, SE¼SE¼;
Sec. 25, E½;
Sec. 36; E½;

T. 15 S., R. 8 E., SLM, Utah
Sec. 19, All;
Sec. 20 NW¼, S½SW¼;
Sec. 29, W½;
Sec. 30, lots 1-4, E½, E½W½;
Sec. 31, lots 1-4, E½, E½W½;
Sec. 32, W½;

T. 16 S., R. 7 E., SLM, Utah
Sec. 1, lots 1-2, S½NE¼, SE¼;
Sec. 10, N¼, N½S½, SE¼SW¼, S½SE¼;
Sec. 11, All;
Sec. 12, All;
Sec. 13, All;  
Sec. 14, All;  
Sec. 23, All;  
Sec. 24, All;  
Sec. 25, N½, N½SW¼, SE¼;  
Sec. 26, E½NW¼, N½NE¼, SW¼NE¼;  

T. 16 S., R. 8 E., SLM, Utah  
Sec. 5, lots 5, 12;  
Sec. 6, lots 1-14, E½ SW, W½SE¼, SE¼E¼;  
Sec. 7, lots 1-4 W½NE¼ SE¼NE¼, E½W¼, SE¼;  
Sec. 8, E½NE¼, S½;  
Sec. 16, W½W;  
Sec. 17; All;  
Sec. 18, All;  
Sec. 19, lots 1-4, E½NE¼, W½E½, E½W½, NE¼SE¼;  
Sec. 20, N¼, N½SW¼, NE¼SE¼;  
Sec. 30, lots 1-4, E½W¼, W½NE¼, NW¼SE¼;  
Sec. 31, NW¼NE¼, NE¼NW¼.  

Containing 13,861.80 acres more or less.

2. **Unit Operator:**

C. W. Mining Company  
99 West Main Street  
P.O. Box 212  
Lehi, UT 84043

3. **Stipulations:** As a consideration to the approval of the LMU, the operator/lessee consents to the following stipulations which make all Federal leases within the LMU subject to uniform requirements of the approved Resource Recovery and Protection Plan (R2P2), LMU recoverable reserves exhaustion, diligent development, continued operation, maximum economic recovery, advance royalty and royalty reporting periods. As of May 1, 1990, the diligence terms and conditions of the Federal lease are subject to or are superseded by the diligence requirements imposed on the LMU.

a. **Supervision:**  

Bureau of Land Management  
Utah State Office  
440 West 200 South  
Suite, 500  
Salt Lake City, UT 84101-1345  

OR  

Mailing Address  
Bureau of Land Management  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  

INCORPORATED  
DEC 16 2010  
Div. of Oil, Gas & Mining
The authorized officer (AO) which is the Chief, Branch of Minerals located at the above location is responsible for the review and approval of exploration plans, mining plans, and modifications thereto, prior to the commencement of mining operations within a permit area approved pursuant to the Surface Mining Control and Reclamation Act (SMCRA) of 1977. The AO is also responsible for review and approval of the R2P2 and any modifications thereto, and is also responsible for inspection and enforcement, including production verification, of such operations on all lands and all coal within the LMU, and for implementing all other applicable provisions of the 43 CFR 3400 rules for the LMU.

b. Resource Recovery and Protection Plan: In accordance with 43 CFR 3482.1(b) and (c) the LMU must have a life-of-mine R2P2. This life-of-mine LMU R2P2 was approved by the BLM on September 22, 2006. Prior to commencement of mining on the Bear Canyon LMU, an update to the R2P2 shall be required. The update must be approved by the AO prior to commencement of mining operations.

c. Diligent Development and Continued Operation requirements: Pursuant to 43 CFR 3480.0-5 (a)(13)(B), the LMU must meet “diligence” development requirement of production of commercial quantities (1% of the recoverable coal reserves) by the “diligence due date” (date by which diligence must be met). This is ten years after the most recently issued or readjusted lease after August 4, 1976, in the original LMU application. Continued operations must be maintained after diligence has been met and this begins on the month after diligence has been achieved. Each 12 month period after diligence has been met is designated as a continued operation year (COY). Commercial quantities must be mined in every COY after diligence has been met. Coal must be mined anywhere within the boundaries of the LMU in order to be credited toward meeting these requirements.

The diligent development period for the Bear Canyon LMU began on August 1, 1980, which is the date in which the most recently readjusted federal coal lease became “subject to diligence” (based on the original LMU application as dated April 20, 1990). (See Exhibit B) Therefore the LMU diligence due date is August 1, 1990. The commercial quantities requirement to be mined was 88,400 tons for the original LMU application. As lands are added or removed from the LMU, or as geologic information changes, the commercial quantities requirement can change.

C. W. Mining met the “diligence” development requirement (of mining 88,400 tons) in June 1990. The LMU must maintain continued operation requirements (mining commercial quantities). Since the LMU met the requirement for diligent development in June 1990, the first COY for this LMU began on July 1, 1990. The LMU has met the COY requirements for every year through COY 18 (See Exhibit C). Based on the September 22, 2006 R2P2, the continued operation requirement for this LMU is currently 506,700 tons per COY.

c. Advance Royalty: 43 CFR 3483.4 allows for advance royalty to be paid in lieu of continued operation requirements. Advance royalty may be paid in lieu of continued operation, after diligent development is achieved, at any time during the life of the lease or LMU. In accordance with 30 U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug. 8, 2005) payment of advance royalties shall reduce the amount of production royalty to be paid for any year (but not below zero) to the extent that the advance royalties have not been used to reduce production royalties for a prior year. The aggregate number of years during the life of the lease or LMU that advance royalty can be paid is twenty (20).

d. Reporting Period: The rental amount for the Federal coal leases is to be prorated to the effective date of the LMU. Thereafter, rental for Federal coal leases contained in the LMU will be due, in a lump sum, annually on the anniversary date of the LMU approval, May 1, 1990. The rentals will be required to be prorated. The lessee will be required to pay the amount of rentals on each lease
anniversary date by the amount shown to bring its payments up to May 1, 2011. At that point in time the rental for the LMU will be required which will include all Federal leases. This will be pro-rated as per Exhibit D.

Royalties for Federal recoverable reserves produced within the LMU will be paid on the appropriate Minerals Management Service (MMS) Production and Operations reports for every royalty reporting period. The LMU royalty reporting period will be on a monthly basis beginning with the royalty period after the date that coal is first produced following the effective date of the LMU. If coal is being produced on the effective date of the LMU approval, the first royalty reporting period will begin on the first day of the month following the effective date of the LMU.

e. **Recoverable Coal Reserves Exhaustion:** The 40-year LMU recoverable coal reserves exhaustion period commences the date the coal is first produced from the LMU which will be following the effective date of LMU approval (May 1, 1990). If there is production occurring within the LMU on the effective date of LMU approval, the 40-year mine out period begins on the effective date of LMU approval. In accordance with U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug. 8, 2005), the 40 year limit on the LMU may be extended.

f. **Other:** If the LMU fails for whatever reason, the Federal coal leases contained in this LMU approval (UTU-UTU-024316, UTU-024318, UTU-46484, UTU-020668, UTU-38727, UTU-61048, UTU-62049, UTSL-025431, UTSL-069985, and UTU-51923) will revert to their original terms and conditions and will be treated as if they were never in the LMU.

g. **Regulations:** This LMU is subject to the regulations at 43 CFR 3480 and will be subject to any changes in the regulations as of the date they are published in the Federal Register.

h. **Non-Federal Production:** All production within an LMU is credited to the entire LMU, a certified record of all non-Federal LMU coal production must be provided to the AO on an annual basis. Progress maps and reports required by 43 CFR 3483.2 will show all Federal and non-Federal production from anywhere within the LMU. The certified record of production and the progress maps must be submitted to the BLM at the above address by February 15th of each calendar year.

Accepted by:

**C. W. Mining Company**

By: [Signature]

Title: [Title]

Date: June 16, 2010
### BEAR CANYON LMU
#### EXHIBIT “B”

#### Diligence Development/Continued Operations:

<table>
<thead>
<tr>
<th>Lease Number</th>
<th>Total Recoverable Reserves as of LMU Application</th>
<th>Subject to Diligence Date</th>
<th>LMU Application Date</th>
<th>LMU Application Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original LMU Application</td>
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<td></td>
<td></td>
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<tr>
<td>UTU-024316</td>
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<td>Aug. 1, 1980</td>
<td>Apr. 20, 1990</td>
<td>Original</td>
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<td>UTU-024318</td>
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<td>Aug. 1, 1980</td>
<td>Apr. 20, 1990</td>
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<tr>
<td>Modification 1, August 27, 1997</td>
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<td>UTU-46484</td>
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<td>May 1, 1988</td>
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<td>UTU-020668</td>
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<td>UTU-61048</td>
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<td>Feb. 8, 1983</td>
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<tr>
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<td>Aug. 27, 1997</td>
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<td>Additional Private Lands Mod. 1</td>
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<td>Modification 2, September 15, 1999</td>
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<td></td>
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<tr>
<td>USL-025431</td>
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<td>Feb. 8, 1983</td>
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<td>USL-069985</td>
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<td>Sep. 15, 1999</td>
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<td>Modification 3, April 27, 2001</td>
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<td></td>
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<tr>
<td>UTU-51923</td>
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<td>Oct 1, 1985</td>
<td>April 27, 2001</td>
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</tr>
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<td>Feb. 8, 1983</td>
<td>April 27, 2001</td>
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<td>Nov. 1, 1989</td>
<td>April 27, 2001</td>
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<td></td>
</tr>
</tbody>
</table>

Total Recoverable: 8,843,800

Total Recoverable: 41,010,879

Total Recoverable: 45,019,320

Total Recoverable: 50,674,313
**BEAR CANYON LMU EXHIBIT "C"**

<table>
<thead>
<tr>
<th>Bear Canyon LMU Diligence and COY Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>----</td>
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<tr>
<td><strong>COY1</strong></td>
</tr>
<tr>
<td><strong>COY2</strong></td>
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<tr>
<td><strong>COY3</strong></td>
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<tr>
<td><strong>COY4</strong></td>
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<tr>
<td><strong>COY5</strong></td>
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<tr>
<td><strong>COY6</strong></td>
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<td><strong>COY7</strong></td>
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<td><strong>COY10</strong></td>
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<td><strong>COY11</strong></td>
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<td><strong>COY12</strong></td>
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<td><strong>COY13</strong></td>
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<tr>
<td><strong>COY14</strong></td>
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<tr>
<td><strong>COY15</strong></td>
</tr>
<tr>
<td><strong>COY16</strong></td>
</tr>
</tbody>
</table>

**Legend**

- Blue represents Diligence met (1% Recoverable Coal Reserves minima)
- Green represents beginning of the first continued operation year.
- Yellow represents where the continued operation requirement was not met either annually or with the 3-year rolling average.
- Red represents known federal production (42,600 tons production from BLM report 23 April 1993).

---

**Notes:**

- Dil. of Oil, Gas & Mining
- DEC 16 2010
BEAR CANYON LMU

EXHIBIT "D"

The lease rental payment schedule will be as follows for the LMU approval date of 1 May 1990:

<table>
<thead>
<tr>
<th>Lease Number</th>
<th>Lease Issuance Date</th>
<th>Anniversary Date</th>
<th>Amt. Due on Anniversary Date</th>
<th>Months</th>
<th>Amt. Due May 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTU-024316</td>
<td>May 1, 1958</td>
<td>May 1</td>
<td>Regular Rental</td>
<td>0</td>
<td>Regular Rental</td>
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<tr>
<td>UTU-024318</td>
<td>May 1, 1958</td>
<td>May 1</td>
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<td>Regular Rental</td>
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<tr>
<td>UTU-46484</td>
<td>May 1, 1958</td>
<td>May 1</td>
<td>Regular Rental</td>
<td>0</td>
<td>Regular Rental</td>
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<tr>
<td>UTU-020668</td>
<td>May 1, 1958</td>
<td>May 1</td>
<td>Regular Rental</td>
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<tr>
<td>UTU-38727</td>
<td>May 1, 1958</td>
<td>May 1</td>
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<td>0</td>
<td>Regular Rental</td>
</tr>
<tr>
<td>UTU-61048</td>
<td>Feb 8, 1923</td>
<td>Feb 8</td>
<td>Paid for 2010</td>
<td>2.71</td>
<td>$751.35</td>
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<tr>
<td>UTU-61049</td>
<td>Nov 1, 1949</td>
<td>Nov 1</td>
<td>Paid for 2009</td>
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<td>$3,295.50</td>
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<td>$814.36</td>
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<tr>
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<td>Nov 1</td>
<td>Paid for 2009</td>
<td>6</td>
<td>$480.00</td>
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<tr>
<td>UTU-51923</td>
<td>Oct 1, 1985</td>
<td>Oct 1</td>
<td>Paid for 2009</td>
<td>7</td>
<td>$280.00</td>
</tr>
</tbody>
</table>

Note: The acreage of the 2 lots (lot 1 & 8, T. 16 S., R. 8 E., Section 5) for a total of 60.43 acres in lease USL-025431 was removed because they are not contiguous in the LMU and thus the rental was adjusted accordingly.
Recorded at the request of, and after recording return to:

Castle Valley Mining LLC
/c/o Mary Elisabeth Naumann, Esq.
Jackson Kelly PLLC
175 East Main Street, Suite 500
P. O. Box 2150
Lexington, Kentucky 40588-2150

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Trustee’s Assignment and Buyer’s Assumption of Coal Operating Agreement with C.O.P. Coal Development Company

THIS AGREEMENT (the "Assignment and Assumption Agreement") is entered into the 25th day of August, 2010 (the “Closing Date”) between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20103 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee"); and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION of the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer’s predecessor-in-interest, Rhino Energy LLC, as amended (collectively the “Sale Agreement”), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court’s “Amended Findings of Fact and Conclusions of Law” entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and “Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365” entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the “Sale Order”), which Sale Order is filed of record in the Emery County Recorder’s Office in Aug 24, 2010 - Entry No. 15718, Trustee and Buyer hereby agree as follows:

1. Assignment. Trustee hereby conveys, grants, bargains, sells, assigns and delivers to Buyer all right, title, estates and interest of Debtor and the Estate in and to, and delegates to Buyer all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising from and after the Closing Date in connection with that certain Coal Operating Agreement dated March 1997, by and between C.O.P. Coal Development Company ("COP") and Debtor, granting Debtor the exclusive right to and use of the property covered thereby (as described more particularly in Exhibit A attached hereto and made a part hereof) for purposes reasonably incident to the mining and removal of coal ("Coal Operating Agreement"), together with: (a) that certain Amendment to Coal Operating Agreement dated June 2000 by and between COP and Debtor; (b) that certain Second Amendment to Coal Operating Agreement dated June 2002 by and between COP and Debtor; and (c) any water rights that are appurtenant to the land covered by the foregoing agreements, including Utah Division of...
Water Rights no. 93-1067 (a34006) (collectively, the "COP Coal Operating Agreement"). Pursuant to a Notice of Coal Operating Agreement, the COP Coal Operating Agreement is filed of record in the Emery County Recorder’s Office in _________________.

2. Assumption. Buyer hereby accepts the foregoing conveyance, grant, bargain, sale, assignment, and delivery of the COP Coal Operating Agreement and hereby assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising under the COP Coal Operating Agreement from and after the Closing Date.

3. Free and Clear. As set forth more particularly in the Sale Order, Trustee assigns the interest of Debtor and the Estate in the COP Coal Operating Agreement free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

   (a) Binding Effect. This Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

   (b) Conflict. This Assignment and Assumption Agreement is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment and Assumption Agreement. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment and Assumption Agreement, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

   (c) Entire Agreement. All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order.

   (d) Further Assurances. Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment and Assumption Agreement.

   (e) Governing Law. Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment and Assumption Agreement shall be governed by and construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment and Assumption Agreement agree that the Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment and Assumption Agreement.
(f) **Counterparts.** This Assignment may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Assignment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Assignment by facsimile or e-mail transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or e-mail transmission.

(g) **No Third Party Beneficiaries.** Except for COP, this Assignment and Assumption Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended or shall be construed to convey upon any person other than the parties hereto and their respective successors and permitted assigns any rights, remedies or claims under, or by any reason of, this Assignment and Assumption Agreement or any term, covenant or condition hereof.

(h) **Severability.** If any provision of this Assignment and Assumption Agreement or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment and Assumption Agreement is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

(i) **Headings.** Section headings are not to be considered part of this Assignment and Assumption Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment and Assumption Agreement or any provision in it.
IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Assignment and Assumption Agreement as of the date first set forth above.

Kenneth Rush
KENNETH A. RUSH, trustee of the Bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By: Joseph R. Miller, Vice President
STATE OF UTAH  
COUNTY OF SALT LAKE  

The foregoing instrument was acknowledged before me this 25\textsuperscript{th} day of August, 2010 by KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, sometimes d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah.

[Signature]
Notary Public

STATE OF UTAH  
COUNTY OF SALT LAKE  

The foregoing instrument was acknowledged before me this 25\textsuperscript{th} day of August, 2010 by JOSEPH R. MILLER, as the Vice President of and on behalf of, Castle Valley Mining LLC.

[Signature]
Notary Public

(L05042904) Assignment and Assumption Agreement
Exhibit A to Trustee’s Assignment and Buyer’s Assumption
of Coal Operating Agreement with C.O.P. Coal Development Company

Land Covered by COP Coal Operating Agreement

The following parcels of land that are located in Emery County, Utah:

LEASED GROUND

BEAR CANYON

U-024316 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec. 13: W2W2
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec. 26: E2NW

Containing 80 acres, more or less.

MOHRLAND

U-61048 Revised: 10-29-92

T. 16 S., R. 7 E., SLM, Utah
Sec. 1: Lot 1, SENE, E2SE
Sec. 12: E2NE

T. 16 S., R. 8 E., SLM, Utah
Sec. 6: Lots 11-14, E2SW, W2SE, SESE
Sec. 7: Lots 1, 2, E2NW, W2NE, SENE, SE
Sec. 8: SWSW

Containing 1,108.27 acres, more or less.

U-61049 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah
Sec. 1: Lot 2, SWNE, W2SE
Sec. 12: W2NE, E2W2, SE

Legal Description of Land

{L0504290.4} Exhibit A to Assignment of COP Coal Agreement
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah
Sec. 7: Lots 3, 4, E2SW
Sec. 18: Lots 1-4, E2, E2W2
Sec. 19: SWNE, NWSE
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah
Sec. 19: SENE, NESE
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

McCADDEN HOLLOW
U-46484 Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah
Sec. 10: N2, N2S2, S2E, S2SE
Sec. 11: ALL
Sec. 12: W2W2

Containing 1,400 acres, more or less.

WILD HORSE RIDGE
U-020668 Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah
Sec. 25: SENE, NESE

T. 16 S., R. 8 E., SLM, Utah
Sec. 30: Lots 1-4, W2NE, E2W2, NWSE
Sec. 31: NENW, NWNE

Containing 626.32 acres, more or less.

U-038727 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah
Sec. 24: SENE, E2SE
Sec. 25: N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T. 16 S., R. 8 E., SLM, Utah
Sec. 19: Lots 2-4, SENW, E2SW, SWSE
Tract 2: T. 16 S., R. 7 E., SLM, Utah
Sec. 24: NENE

Containing 780.39 acres, more or less.

FEE GROUND

T. 16S, R. 7E, SLB&M
Section 14: S ¼, W ¼ NW ¼,
Section 23: All
Section 24: W ½, W ½ E ½
Section 25: NW ¼ NW ¼, E ½ NW ¼, NE ¼ SW ¼
Section 26: NE ¼

T. 16S, R. 8E, SLB&M
Section 7: E ¼ NE ¼
Section 8: N ½ SW ¼, SE ¼ SW ¼, W ½ SE ¼
Section 16: W ½ W ½
Section 17: All
Section 19: Lot 1, NE ¼ NW ¼, N ½ NE ¼
Section 20: N ½ NW ¼, NE ¼, NE ¼ SE ¼

U-61049 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah
Sec. 1: Lot 2, SWNE, W2SE
Sec. 12: W2NE, E2W2, SE
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah
Sec. 7: Lots 3, 4, E2SW
Sec. 18: Lots 1-4, E2, E2W2
Sec. 19: SWNE, NWSE
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah
Sec. 19: SENE, NESE
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.
COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of March, 1997, by and between C.O.P. Coal Development Company, a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator";

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning March 1, 1997, and extending to February 28, 2022:

See Exhibit "A" attached hereto and made a part hereof

1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

2. ROYALTIES

Operator shall pay a royalty equal to the lesser of 8% or the maximum royalty allowed by law of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from
the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage of coal removed.

4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by
reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

7. TAXES
Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT
Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties, on any such coal or coal dust so removed.

9. DEFAULT
If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS
Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

C.O.P. Coal Development Company
Owner

C. W. Mining Company
Operator

By: [Signature]  [Signature]
STATE OF UTAH
County of Salt Lake

On the 1st day of March, 1997, personally appeared before me Joseph O. Kingston who being by duly sworn, did say that he is the President of C.O.P. Coal Development Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said Joseph O. Kingston duly acknowledged to me that said corporation executed the same.

[Signature]
Notary Public

STATE OF UTAH
County of Salt Lake

On the 1st day of ______, 1997, personally appeared before me D.T. Sanders who being by duly sworn, did say that he is the President of C.W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said D.T. Sanders duly acknowledged to me that said corporation executed the same.

[Signature]
Notary Public

INCORPORATED
Dec. 16, 2010
Div. of Oil, Gas & Mining
HEAR CANYON
U-024316  Issued:  8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec. 13: W2W2
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318  Issued:  8-1-80

T. 16 S., R. 7 E., SLM, Utah
Sec 26: E2NW

Containing 80 acres, more or less.

MOHRLAND
U-61048  Revised:  10-29-92

T. 16 S., R. 7 E., SLM, Utah
Sec. 1; Lot 1, SENE, E2SE
Sec. 12; E2NE

T. 16 S., R. 8 E., SLM, Utah
Sec. 6; Lots 11-14, E2SW, W2SE, SESE
Sec. 7; Lots 1, 2, E2NW, W2NE, SENE, SE
Sec. 8; SWSW

Containing 1,108.27 acres, more or less.

U-61049  Revised:  11-1-89

T. 16 S., R. 7 E., SLM, Utah
Sec. 1; Lot 2, SWNE, W2SE
Sec. 12; W2NE, E2W2, SE
Sec. 13; E2, E2W2

T. 16 S., R. 8 E., SLM, Utah
Sec. 7; Lots 3, 4, E2SW
Sec. 18; lots 1-4, E2,E2W2
Sec. 19; SWNE, NWSE
Sec. 20; SENW, NESW

Containing 2,036.09 acres, more or less.
McCadden Hollow

U-46484 Readjusted: 5-1-88
T.16 S., R.7 E., SLM, Utah
Sec 10; N2, N2S2, SESW, S2SE
Sec 11; ALL
Sec 12; W2W2

Containing 1,400 acres, more or less.

Wild Horse Ridge

U-020668 Readjusted: 5-1-88
T.16 S., R.7 E., SLM, Utah
Sec 25; SENE, NESE

T.16 S., R.8 E., SLM, Utah
Sec 30; Lots 1 - 4, W2NE, E2W2, NWSE
Sec 31; NENW, NWNE

Containing 626.32 acres, more or less.

U-038727 Readjusted: 5-1-88
T.16 S., R.7 E., SLM, Utah
Sec 24; SENE, E2SE
Sec 25; N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T.16 S., R.8 E., SLM, Utah
Sec 19; Lots 2-4, SENW, E2SW, SWSE

Containing 740.39 acres, more or less.
FEE GROUND

T. 16S, R. 7E, SLB&M
Section 14: S 1/2, W 1/2 NW 1/4,
Section 23: All
Section 24: W 1/2, W1/2 E 1/2
Section 25: NW 1/4 NW 1/4, E 1/2 NW 1/4, NE 1/4 SW 1/4
Section 26: NE 1/4

T. 16S, R. 8E, SLB&M
Section 7: E 1/2 NE 1/4
Section 8: W 1/2 SW 1/4, SE 1/4 SW 1/4, W 1/2 SE 1/4
Section 16: W 1/2 W 1/2
Section 17: All
Section 19: Lot 1, NE 1/4 NW 1/4, N 1/2 NE 1/4
Section 20: N 1/2 NW 1/4, NE 1/4, NE 1/4 SE 1/4
COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of March, 1997, by and between C.O.P. Coal Development Company, a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator";

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning March 1, 1997, and extending to February 28, 2022:

See Exhibit "A", attached hereto and made a part hereof.

1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

2. ROYALTIES

Operator shall pay a royalty equal to the lesser of 5% or the maximum royalty allowed by law of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from
the premises, and a true and accurate map of all mines or workings now or hereafter opened or
used on the premises. The properly authorized representatives of Owner shall have free and full
access to the accounts, books, and records of the Operator relating to tonnage of coal removed.

4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its
present condition and that the Operator is familiar with said property and accepts the same in its
present condition and assumes full responsibility for all known or unknown defects.

5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof
unless the operation thereof prevented by strike, cur shortages, execution regulation, act of
God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said
premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder
in a good and minerlike manner and in a manner which will result in the ultimate maximum
economic recovery of coal from the property. Operator agrees to hold harmless Owner from any
and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence
of the surface when such caving or subsidence is caused directly or indirectly by the operations of
the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including
mining machinery, timber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all
applicable Federal, State, and local laws, that apply to Operator's mining operation and shall
conduct its mining operations and take all actions and perform all duties required to maintain the
Federal and State mining permits and approvals relating to the Premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs,
and expenses arising from or growing out of any injuries to, or death of, the employees of the
Operator or any other person whatsoever, where such injury, death or damage occurs of or in
connection with the possession, use or operation in any manner of the property.

6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises
and the mine, or mines open thereon, or which may hereafter be opened thereon, and in all
workings thereon for the purpose of determining whether the said property is being maintained,
protected, and used in accordance with the terms of this agreement, and for the purpose of checking
the tonnage of coal which may be mine and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be
made by some competent engineer selected by Owner for the purpose of checking the statements
made by Operator of the coal removed from the premises, and of the amounts paid as royalties by

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DEC 16 2010

Dow of Oil, Gas & Mining

COI BK DoccS/4
reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner’s said engineer in making such a survey.

7. TAXES
Operator shall pay all taxes with respect to Operator’s mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT
Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT
If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS
Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assignees of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

C.O.P. Coal Development Company
Owner

By: ____________________________

C. W. Mining Company
Operator

By: ____________________________

CDP BK Docs

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DEC 15 2010

Div. of Oil, Gas & Mining
STATE OF UTAH  

County of  

On the day of March, 1997, personally appeared before me, J. O. Kingston, who being by duly sworn, did say that he is the President of C.O.P. Coal Development Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said J. O. Kingston, duly acknowledged to me that said corporation executed the same.

[Signature]

Notary Public

CARE L. KINGSTON  
2215 South State Street  
Salt Lake City, Utah 84115  
By Commission Expires  
July 1, 2004  
State of Utah

STATE OF UTAH  

County of  

On this day of , 1997, personally appeared before me, B. W. Steed, who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said B. W. Steed, duly acknowledged to me that said corporation executed the same.

[Signature]

Notary Public

INTEGRATED  

DEC 5 2010  
Div. of Oil, Gas & Mining
BEAR CANYON
U-024316 Issued: 8-1-80
T.16 S., R.7 E., SLM, Utah
Sec. 13: W2W2
Sec. 14: NE, E2NW
Containing 400 acres, more or less.

U-024316 Issued: 8-1-80
T.16 S., R.7 E., SLM, Utah
Sec 26: E2NW
Containing 80 acres, more or less.

MOHRLAND
U-81048 Revised: 10-29-92
T. 16 S., R. 7 E., SLM, Utah
Sec. 1; Lot 1, SENE, E2SE
Sec. 12; E2NE

T. 16 S., R. 8 E., SLM, Utah
Sec. 6; Lots 11-14, E2SW, W2SE, SESE
Sec. 7; Lots 1, 2, E2NW, W2NE, SENE, SE
Sec. 8; SWSW
Containing 1,108.27 acres, more or less.

U-81049 Revised: 11-1-89
T. 16 S., R. 7 E., SLM, Utah
Sec. 1; Lot 2, SWNE, W2SE
Sec. 12; W2NE, E2W2, SE
Sec. 13; E2, E2W2

T. 16 S., R. 8 E., SLM, Utah
Sec. 7; Lots 3, 4, E2SW
Sec. 18; lots 1-4, E2,E2W2
Sec. 19; SWNE, NWSE
Sec. 20; SENW, NESW
Containing 2,036.09 acres, more or less.
McCADDEN HOLLOW
U-46484 Readjusted: 5-1-88
T.16 S., R.7 E., SLM, Utah
   Sec 10; N2, N2S2, SESW, S2SE
   Sec 11; ALL
   Sec 12; W2W2

Containing 1,400 acres, more or less.

WILD HORSE RIDGE
U-020688 Readjusted: 5-1-88
T. 16 S., R.7 E., SLM, Utah
   Sec 25; SENE, NESE

T. 16 S., R.8 E., SLM, Utah
   Sec 30; Lots 1-4, W2W2, E2W2, NWSE
   Sec 31; NENW, NWNE

Containing 626.32 acres, more or less

U-038727 Readjusted: 5-1-88
T.16 S., R.7 E., SLM, Utah
   Sec 24; SENE, E2SE
   Sec 25; N2NE, SWNE, SWNW, NWSE, W2SE, SESE

T.16 S., R.8 E., SLM, Utah
   Sec 19; Lots 2-4, SENW, E2SW, SWSE

Containing 740.39 acres, more or less

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INTEGRATED
DEC 16 2010
Div. of Oil, Gas & Mining
FEE GROUND

T. 16S, R. 7E, SLBM
Section 14: S 1/2, W 1/2 NW 1/4,
Section 23: All
Section 24: W 1/2, W 1/2 E 1/2
Section 25: NW 1/4 NW 1/4, E 1/2 NW 1/4, NE 1/4 SW 1/4
Section 26: NE 1/4

T. 16S, R. 8E, SLBM
Section 7: E 1/2 NE 1/4
Section 8: N 1/2 SW 1/4, SE 1/4 SW 1/4, W 1/2 SE 1/4
Section 16: W 1/2 W 1/2
Section 17: All
Section 19: Lot 1, NE 1/4 NW 1/4, N 1/2 NE 1/4
Section 20: N 1/2 NW 1/4, NE 1/4, NE 1/4 SE 1/4
AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this ___ day of June, 2000, to that certain Coal Operating Agreement by and between C.O.P. COAL DEVELOPMENT COMPANY and C.W. MINING COMPANY, dated March ________, 1997.

WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged agree that the above referenced Agreement is amended as follows:

Paragraph 2. ROYALTIES is hereby amended to read:
Operator shall pay a royalty of four percent (4%) of the average gross realization in every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

Operator shall be responsible for paying all royalties on the Federal Coal Leases at the rate determined by the Lessor. For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

C.O.P. Coal Development Company, Inc. C.W. Mining Company

By

INCORPORATED

DEC 16 2010

Div. of Oil, Gas & Mining
SECOND AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this ___ day of June, 2002, to that certain Coal Operating Agreement by and between C.O.P. COAL DEVELOPMENT COMPANY, and C. W. MINING COMPANY, dated March, 1997, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged agree that the above referenced Agreement is amended as follows:

The operator is granted exclusive authority to operate and control the 40.00 acres added to Federal Lease UTU-38727 and the 160.00 acres added to Federal Lease UTU-61049.

In Exhibit A the legal description of Federal Leases UTU-38727 and UTU-61049 is amended as follows:

<table>
<thead>
<tr>
<th>U-61049</th>
<th>Modified: 6-19-2002</th>
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</thead>
</table>

**Track 1:**

T16 S., R. 7 E., SLM, Utah
- Sec. 1, Lot 2, SWNE, W2SE;
- Sec. 12, W2NE, E2W2, SE;
- Sec. 13, E2, E2W2.

T16 S., R. 8 E., SLM, Utah
- Sec. 7, Lots 3, 4, E2SW;
- Sec. 18, Lots 1-4, E2, E2W2;
- Sec. 19, SWNE, NWSE;
- Sec. 20, SENW, NESW.

**Track 2:**

T16 S., R. 8 E., SLM, Utah
- Sec. 19, SENE, NESE;
- Sec. 20, SWNW, NWSW.

Containing 2,196.09 acres, more or less.

BankUtah 00160

INCORPORATED

DEC 1 6 2010

Div. of Oil, Gas & Mining
U-038727  Modified:  6-19-2002

Track 1:

T16 S., R. 7 E., SLM, Utah
Sec. 24, SENB, E2SE
Sec. 25, N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T16 S., R. 8 E., SLM, Utah
Sec. 19; Lots 2-4, SENW, E2SW, SWSE

Track 2:

T16 S., R. 7 E., SLM, Utah
Sec. 24, NESE.

Containing 780.39 acres, more or less.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Instrument as of the day and year first written above.

C.O.P Coal Development Company, Inc.  C. W. Mining Company

[Signatures]

BankUtah 00161

INCORPORATED
DEC 16 2010
Div. of Cil, Gas & Mining
THIS AGREEMENT (the "Assignment and Assumption Agreement") is entered into August 25, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20105 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee") and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION of the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively the "Sale Agreement"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4th, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "Sale Order"), which Sale Order is filed of record in the Emery County Recorder's Office in UTAH on AUGUST 25, 2010 and in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH on AUGUST 25, 2010 and recorded in the Carbon County Recorder's Office in UTAH 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and between ANR Company, Inc. d/b/a ANR, Inc. ("ANR") and Debtor, granting Debtor the exclusive right to and use of the property covered hereby (as described more particularly in Exhibit A attached hereto and made a part hereof) for purposes reasonably incident to the mining and removal of coal ("Coal Operating Agreement"), together with: (a) that certain Amendment to Coal Operating Agreement dated June 30, 2000 by and between ANR and Debtor; (b) that certain Second Amendment to Coal Operating Agreement dated April 2001 by and between ANR and Debtor; and (c) any water
Recorded at the request of,
and after recording return to:

Castle Valley Mining LLC
C/o Mary Elisabeth Naumann, Esq.
Jackson Kelly PLLC
175 East Main Street, Suite 500
P. O. Box 2150
Lexington, Kentucky 40588-2150

Truelorst's Assignment and Buyer's Assumption of
Coal Operating Agreement with ANR Company, Inc.

THIS AGREEMENT (the "Assignment and Assumption Agreement") is entered into August
25th, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate
(the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy
Case No. 08-20105-RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for
the District of Utah (the "Court") ("Trustee") and CASTLE VALLEY MINING LLC, a Delaware
limited liability company ("Buyer").

FOR AND IN CONSIDERATION of the payments and other consideration set forth in that
certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's
predecessor-in-interest, Rhino Energy LLC, as amended (collectively the "Sale Agreement"), the
receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1)
the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law"
entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing
Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and
Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and
365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the
"Sale Order"), which Sale Order is filed of record in the Emery County Recorder's Office in
Aug. 26, 2010 Entry #: 0379418 and in the Carbon County Recorder's Office in
Aug. 26, 2010 Entry #: 0379418, Trustee and Buyer hereby agree as follows:

1. Assignment. Trustee hereby conveys, grants, bargains, sells, assigns and delivers
to Buyer all right, title, estates and interest of Debtor and the Estate in and to, and delegates to
Buyer all duties and obligations of Debtor and the Estate, as those duties and obligations have
been interpreted by the Sale Order, arising from and after the Closing Date in connection with
that certain Coal Operating Agreement dated September 1999 by and between ANR Company,
Inc. d/b/a ANR, Inc. ("ANR") and Debtor, granting Debtor the exclusive right to and use of the
property covered thereby (as described more particularly in Exhibit A attached hereto and made a
part hereof) for purposes reasonably incident to the mining and removal of coal ("Coal Operating
Agreement"), together with: (a) that certain Amendment to Coal Operating Agreement dated
June 30, 2000 by and between ANR and Debtor; (b) that certain Second Amendment to Coal
Operating Agreement dated April 2001 by and between ANR and Debtor; and (c) any water
rights that are appurtenant to the land covered by the foregoing agreements, including Utah Division of Water Rights nos. 91-105, 91-174, 91-251, 91-316, 91-322 and 93-970 (collectively the "ANR Coal Operating Agreement"). Pursuant to a Notice of Coal Operating Agreement, the ANR Coal Operating Agreement is filed of record in the Emery County Recorder's Office in and in the Carbon County Recorder's Office in

2. **Assumption.** Buyer hereby accepts the foregoing conveyance, grant, bargain, sale, assignment, and delivery of the ANR Coal Operating Agreement and hereby assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising under the ANR Coal Operating Agreement from and after the Closing Date.

3. **Free and Clear.** As set forth more particularly in the Sale Order, Trustee assigns the interest of Debtor and the Estate in the ANR Coal Operating Agreement free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

4. **General Provisions.**

   (a) **Binding Effect.** This Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

   (b) **Conflict.** This Assignment and Assumption Agreement is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment and Assumption Agreement. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment and Assumption Agreement, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

   (c) **Entire Agreement.** All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order.

   (d) **Further Assurances.** Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment and Assumption Agreement.

   (e) **Governing Law.** Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment and Assumption Agreement shall be governed by and
construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment and Assumption Agreement agree that the Bankruptcy Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment and Assumption Agreement.

(f) Counterparts. This Assignment and Assumption Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Assignment and Assumption Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Assignment and Assumption Agreement by facsimile or e-mail transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or e-mail transmission.

(g) No Third Party Beneficiaries. Except for ANR, this Assignment and Assumption Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended or shall be construed to convey upon any person other than the parties hereto and their respective successors and permitted assigns any rights, remedies or claims under, or by any reason of, this Assignment and Assumption Agreement or any term, covenant or condition hereof.

(h) Severability. If any provision of this Assignment and Assumption Agreement or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment and Assumption Agreement is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

(i) Headings. Section headings are not to be considered part of this Assignment and Assumption Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment and Assumption Agreement or any provision in it.

[Remainder of Page Intentionally Left Blank,

Signature Page Follows.]
IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Assignment and Assumption Agreement as of the date first set forth above.

KENNETH A. ROSHTON, trustee of the bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By: Joseph R. Miller, Vice President
STATE OF UTAH
COUNTY OF SALT LAKE

The foregoing instrument was acknowledged before me this 22 day of August, 2010 by KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, sometimes d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah.

STATE OF UTAH
COUNTY OF SALT LAKE

The foregoing instrument was acknowledged before me this 25th day of August, 2010 by JOSEPH R. MILLER, as the Vice President of and on behalf of, Castle Valley Mining LLC.
The following parcels of land that are located in Carbon County, Utah or Emery County, Utah:

**LEASED GROUND**

**Federal Coal Lease SL – 025431:**

Township 15S, Range 7E, SLB&M
Section 36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E
Section 31: E1/2, E1/2 W1/2, Lots 1, 2, 3 and 4

Township 16S, Range 8E
Section 5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)
Section 6: lots 1 through 10

**Federal Coal Lease SL – 069985:**

Township 15S, Range 7E
Section 25: W1/2 E1/2
Section 36: N1/2 NE1/4, W1/2 SE1/4

**Federal Coal Lease U-51923:**

Township 15S, Range 8E, SLB&M
Section 20: NW1/4

**FEE GROUND**

Township 15S, Range 7E, SLB&M
Section 24: SE1/4 SE1/4
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB&M
Section 19: All
Section 20: SW1/4
Section 29: W1/2
Section 30: All
Section 32: W1/2
Township 16S, Range 8E, SLB&M  
Section 5: Lots 2, 3, 4, 6, 7, 9, 10, 11, S1/2  
Section 6: NE1/4 SE1/4  
Section 8: E1/2 NE1/4; E1/2 SE1/4
COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of September, 1999, by and between ANR, Inc., a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator"

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning September 1, 1999, and extending to August 31, 2024:

Federal Coal Lease SL-025431:
Township 15S, Range 7E, SLB&M
§36: E1/2 NE1/4, E1/2 SE1/4
Township 15S, Range 8E
§31: E1/2, E1/2 W1/2, Lots 1,2,3 and 4
Township 16S, Range 8E
§5: Lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)
§6: Lots 1 through 10

Federal Coal Lease SL-069985:
Township 15S, Range 7E
§25: W1/2 E1/2
§36: N1/2 NE1/4, W1/2 SE1/4

1. USE OF PROPERTY
Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

2. ROYALTIES
Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.
Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish to the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage of coal removed.

4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.
Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS
Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective party

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

ANR Company, Inc.
Owner

By:

C. W. Mining Company
Operator

By:

STATE OF UTAH
County of Salt Lake

On this 3day of September, 1999, personally appeared before me, who being by duly sworn, did say that he is the President of ANR Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said duly acknowledged to me that said corporation executed the same.

Notary Public

STATE OF UTAH
County of Salt Lake

On this 3day of September, 1999, personally appeared before me, who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said duly acknowledged to me that said corporation executed the same.

Notary Public

INCORPORATED
DEC 16 2010
Div. of Oil, Gas & Mining
COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of September, 1999, by and between ANB, Inc., a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator":

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Operator, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts or land, situated in the State of Utah, for the term of 25 years, beginning September 1, 1999, and extending to August 31, 2024:

Federal Coal Lease SL - 025431:
Township 15S, Range 7E, S1B&M
§36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E
§31: E1/2, E1/2, W1/2, Lots 1, 2, 3 and 4

Township 16S, Range 8E
§5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)
§6: lots 1 through 10

Federal Coal Lease SL - 069985:
Township 15S, Range 7E
§25: W1/2 E1/2
§36: N1/2 NE1/4, W1/2 SE1/4

1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

2. ROYALTIES

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.
Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnages of coal removed.

4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator’s mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator’s mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.
Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whatsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator. Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS
Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

ANR Company, Inc. C. W. Mining Company
Owner Operator

By

STATE OF UTAH

County of

On this 1st day of September, 1999, personally appeared before me, J. E. Kingston, who being by duly sworn, did say that he is the President of ANR Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said J. E. Kingston, duly acknowledged to me that said corporation executed the same.

Notary Public

STATE OF UTAH

County of

On this day of September, 1999, personally appeared before me, W. S. Slaed, who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said W. S. Slaed, duly acknowledged to me that said corporation executed the same.

Notary Public

INTEGRATED

INCORPORATED

Div. of Oil, Gas & Mining
AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this __ day of June, 2000, in the certain Coal Operating Agreement by and between ANR COMPANY, and C. W. MINING COMPANY, dated September ____, 1999, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree that the above referenced Agreement is amended as follows:

In addition to those tracts of land described in the Agreement, Operator is also granted the exclusive authority to operate and control the following described tract of land, situated in the State of Utah, for the remainder of the term set forth in the Agreement:

Federal Coal LeaseU-51923:
Township 1S, Range 8E, SLB&M
Section 20: NW1/4

Also, Paragraph 2. ROYALTIES is hereby amended to read:

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

Operator shall be responsible for paying all royalties on the Federal Coal Leases at the rate determined by the Lessor. For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

ANR Company, Inc. C. W. Mining Company

By: _______________________________ By: _______________________________

INCORPORATED

DEC. 15, 2010

W. M. Oil, Gas & Mining
SECOND AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this ___ day of April 2001, to that certain Coal Operating Agreement by and between ANR, INC., and C. W. MINING COMPANY, dated September ___, 1999, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree that the above referenced Agreement is amended as follows:

In addition to those tracts of land described in the Agreement, and in the Amendment to Coal Operating Agreement dated June 30, 2000, Operator is also granted the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the remainder of the term set forth in the Agreement:

Fee: Ground:
Township 15S, Range 7E, SLB&M
Section 24: SE1/4 SE1/4
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB&M
Section 19: All
Section 20: SW1/4
Section 29: W1/2
Section 30: All
Section 32: W1/2

Township 16S, Range 8, SLB&M
Section 5: Lots 2,3,4,6,7,9,10,11, S1/2
Section 6: NE1/4 SE1/4
Section 8: E1/2 NE1/4; E1/2 SE1/4

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

ANR Company, Inc.  C. W. Mining Company

By  By

INCORPORATED
DEC. 16 2010
Div. of Oil, Gas & Mining