CHAPTER 1

LEGAL, FINANCIAL, COMPLIANCE, AND RELATED INFORMATION
(R645-301-100)
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**CRANDALL CANYON MINE, MINE AND RECLAMATION PLAN**  
**CHAPTER 1**  
**LEGAL, FINANCIAL, COMPLIANCE, AND RELATED INFORMATION**

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(To be submitted upon approval) |
| APPENDIX 1-18   | Nielson Fee Coal Lease |
CHAPTER 1
LEGAL, FINANCIAL, COMPLIANCE, AND RELATED INFORMATION

R945-301-112 IDENTIFICATION OF INTERESTS

112.100 GENWAL Resources, Inc. is a corporation organized and existing under the laws of Utah and qualified to do business in Utah.

112.200 The applicant, GENWAL Resources, Inc. will also be the operator.

GENWAL Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520
(435) 888-4000
Carson Pollastro- President

112.220 The resident agent of the applicant, GENWAL Resources, Inc., is:

Karin Madsen
GENWAL Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520
(435) 888-4000

112.230 GENWAL Resources, Inc. will pay the abandoned mine land reclamation fee.
GENWAL Resources, Inc. is the permittee and operator of the Crandall Canyon and the South Crandall Mines. GENWAL Resources, Inc. is a wholly owned subsidiary of ANDALEX Resources, Inc. GENWAL Resources, Inc. is a Utah corporation licensed to do business in the State of Utah. ANDALEX Resources, Inc, is a wholly owned subsidiary of Utah American Energy Inc., which in turn is a wholly owned subsidiary of Murray Energy Corporation.

Surface Owners:

U.S. Forest Service
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501

School and Institutional Trust
Lands Administration
355 West North Temple, Suite 400
Salt Lake City, Utah 84180-1204

GENWAL Resources Inc.
P.O. Box 910
East Carbon, Utah 84520

Subsurface Owners:

Bureau of Land Management
Utah State Office
136 East South Temple
Salt Lake City, Utah 84111

School and Institutional Trust
Lands Administration
355 West North Temple, Suite 400
Salt Lake City, Utah 84180-1204
GENWAL Resources Inc.
P.O. Box 910
East Carbon, Utah 84520

112.600 Contiguous Surface Owners:

U.S. Forest Service
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501

School and Institutional Trust
Lands Administration
355 West North Temple, Suite 400
Salt Lake City, Utah 84180-1204

Dick Nielson
c/o Kris Ligon
4819 Mandell Street
Houston, Texas 77006

Contiguous Sub-Surface Owners:

Bureau of Land Management
Utah State Office
136 East South Temple
Salt Lake City, Utah 84111

School and Institutional Trust
Lands Administration
355 West North Temple, Suite 400
Salt Lake City, Utah 84180-1204
Dick Nielson
c/o Kris Ligon
4819 Mandell Street
Houston, Texas 77006

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112.700  See Appendix 1-12
112.800  N/A

113  Violation Information:

113.100  The applicant or any subsidiary, affiliate or persons controlled by or under
common control with the applicant has not had a federal or state permit to conduct
coal mining and reclamation operations suspended or revoked in the five years
preceding the date of submission of the application.

113.120  The applicant etc. has not forfeited any performance bond or similar security.

113.200  Not applicable

113.300  A listing of violations received by the applicant in connection with any coal
mining and reclamation operation during the three year period preceding the
application date is provided in Appendix 1-11. MSHA numbers for the operations
can be found in Appendix 1-12. There have been no unabated violations or
cessation orders issued to any affiliated companies during the previous three
years.

113.400  N/A
114 RIGHT OF ENTRY INFORMATION

114.100 Applicant bases its legal right to enter and begin underground mining activities in the permit area upon the following:

<table>
<thead>
<tr>
<th>UNDERGROUND COAL LEASES SUMMARY</th>
<th>Lease Type</th>
<th>Lease Name / Number</th>
<th>Area (acres)</th>
<th>See Location</th>
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<tbody>
<tr>
<td>Federal Lease</td>
<td>UTU-78953</td>
<td>880.00</td>
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<td>Appendix 1-13</td>
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<tr>
<td>Federal Lease</td>
<td>UTU-88990</td>
<td>40.00</td>
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<td>Appendix 1-14</td>
</tr>
<tr>
<td>Private Fee Lease</td>
<td>Dellenback Fee Lease</td>
<td>160.00</td>
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<td>Appendix 1-1</td>
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<tr>
<td>Private Fee Lease</td>
<td>Nielson Fee Lease</td>
<td>160.00</td>
<td></td>
<td>Appendix 1-18</td>
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</table>

**Total Underground Lease Area** 1240.00

<table>
<thead>
<tr>
<th>PERMIT AREA SUMMARY</th>
<th>Lease Type</th>
<th>Lease Name/Number</th>
<th>Area (acres)</th>
<th>Surface or Underground</th>
<th>See Location</th>
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<td>UTU-78953</td>
<td>880.00</td>
<td>Underground</td>
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<td>UTU-88990</td>
<td>40.00</td>
<td>Underground</td>
<td>Appendix 1-14</td>
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<td>Dellenback Fee Lease</td>
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<td>Surface and Underground</td>
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<td>160.00</td>
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<td>Sediment Pond</td>
<td>1.5</td>
<td>Surface</td>
<td>Appendix 1-3</td>
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<td>FS SUP</td>
<td>Topsoil Piles</td>
<td>1.4</td>
<td>Surface</td>
<td>Appendix 1-3</td>
<td></td>
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<tr>
<td>FS SUP</td>
<td>Surface Facilities*</td>
<td>7.53</td>
<td>Surface</td>
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<td>7.32</td>
<td>Surface</td>
<td>Appendix 1-16</td>
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</table>

**Total Permit Area** 1257.75

* Application for a Forest Service Special Use Permit (FS SUP) was submitted April 27, 2016 for the surface facilities included in the relinquished Federal Lease #SL-062648.

* Federal coal lease UTU-78953 (also known as the South Crandall tract) was acquired in June 2003. (Refer to Appendix 1-13)
A 40 acre parcel of the SITLA Millfork Lease was subleased from PacifiCorp in February, 2004. (Refer to Appendix 1-14). On July 11, 2011 the SITLA Millfork Lease (ML-48258) reverted to the United States Department of the Interior and became Federal Lease UTU-88554, still leased by PacifiCorp. The same 40 acre parcel was subleased from PacifiCorp. In September 2011, Andalex filed for an assignment of this parcel as a separate lease. Effective January 1, 2013 this 40 acre parcel was assigned Federal Lease number UTU-88990, with Andalex Resources holding 100% undivided interest.

A 160 acre parcel was leased to Swisher Coal Co., known as the Dellenback Fee Lease, on March 24, 1976 from William and Julie Dellenback. The lease was acquired by Nevada Electric Investment Company and Intermountain Power Agency on September 9, 1993. Nevada Electric Investment Company sold its 50% share in the lease to Andalex Resources on January 11, 1995. Effective September 29, 2010, the Intermountain Power Agency conveyed all of its interest in Genwal Resources, including this lease, to Andalex Resources Inc. Andalex Resources currently holds 100% undivided interest in what is still titled the Dellenback Fee Lease.

The present Owner (Andalex) base their legal right to enter and continue underground mining activities in the permit area upon the following documents and the NEICO/Andalex sales contract:

**Federal Coal Lease Assignments**

Federal coal lease UTU-78953 (also known as the South Crandall tract) was acquired in June 2003. (Refer to Appendix 1-13)

Federal coal lease UTU-88990 that was formerly Federal Coal Lease UTU-88554.

**Forest Service Special Use Permit Assignments**

Special Use Permit, 1.5 acres, 150 x 400 ft adjacent to the eastern boundary of GENWAL's Federal Coal Lease SL-062648 for construction of the Sediment Pond. (See Appendix 1-3)

Special Use Permit, .10 acres located in Section 6, SW quarter NE quarter T16S R7E SLBM for the Trailhead parking and snow storage. (See Appendix 1-3).

Special Use Permit, 1.4 acres for stockpiles 1, 2, 3 and 4 dated 8/17/87 (See Appendix 1-3)

Road Use Permit Assignment for F.S. No. 50248 road issued May 21, 1981 by the United States Forest Service (Appendix 1-2).
An application was made to the Forest Service for a Special Use Permit on April 27, 2016 to cover the portion of the surface facilities that was permitted under Federal Lease #SL-062648. It should be noted that when Genwal Resources relinquished Federal Lease #SL-06248, the intention was to keep the surface rights so Genwal Resources would maintain the right of entry for the existing surface facilities. Unfortunately, these surface rights were relinquished at the time of the lease relinquishment. Under the direction of the Bureau of Land Management and the Utah Department of Oil, Gas and Mining, Genwal Resources applied for a special use permit from the Forest Service for the area covered by the Federal Lease. The permit has yet to be issued. Genwal Resources will provide a copy of the special use permit when it is issued by the Forest Service. The permit will become Appendix 1-17 at that time.

It should be noted that throughout this Mining and Reclamation Plan the combined area of Federal Lease UTU-78953 and UTU-88990 are collectively referred to as the South Crandall lease area, the South Crandall tract, the South Crandall mining area, and similar such terms.

**Private Lease**

Andalex Resources acquired 100% undivided interest in the Dellenback Fee Lease in September 2010.

Andalex Resources leased 160.00 acres known as the Neilson Fee Lease on August 1, 2004. See Appendix 1-18.

**Emergency Drillholes and Access Roads**

On August 6, 2007, the active mine workings in Main West barrier pillar section collapsed trapping six miners underground. In an emergency attempt to rescue these men a number of boreholes were drilled from the surface of East Mountain down to the underground workings (see Plate 1-1). Due to the emergency nature of this rescue operation all surface construction for the drillpads and access roads was done under the emergency provisions of the various surface management regulations. The Forest Service, BLM, SITLA and the Division all granted verbal authority to proceed in a cooperative effort to not hinder the rescue attempts. Due to the emergency nature of the operation no formal rights-of-entry were granted for the areas of surface disturbance. On August 30, MSHA officially called off the rescue effort. Reclamation of drill pads and access roads began shortly thereafter. Refer to Appendix 5-22(A) for the addendum to the reclamation plan for the East Mountain drillpads and access roads. This plan includes a more complete description of activities and land management issues involving this rescue attempt.

**SITLA Special Use Lease #1708, Burma Evaporation Basin**

This Special Use Lease is located in lower Huntington Canyon, and is the site of the Burma evaporation pond. Refer to Plate 1-1A for location. Refer to Appendix 1-16 for right-of-entry information. Refer to Appendix 7-66 for details of the evaporation basin facility.
**PERMIT LEGAL DESCRIPTION**

The permit area is located and described as follows:

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<tr>
<th>PARCEL</th>
<th>ACREAGE</th>
<th>LEGAL DESCRIPTION</th>
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<tr>
<td>FEDERAL LEASE U-78953</td>
<td>880.00</td>
<td>T 16 S, R 7 E</td>
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<tr>
<td></td>
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<td>Section 4: W½SW¼</td>
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<tr>
<td></td>
<td></td>
<td>S½SW¼NW¼</td>
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<tr>
<td></td>
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<td>Section 5: SE¼</td>
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<td></td>
<td></td>
<td>S½SE¼NE¼</td>
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<tr>
<td></td>
<td></td>
<td>Section 8: E½</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NE¼NW¼</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S½NW¼</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Section 9: NW¼</td>
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<tr>
<td>FEE SURFACE AND COAL</td>
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<td>T 16 S, R 7 E</td>
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<tr>
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<tr>
<td>FEDERAL LEASE UTU-88990</td>
<td>40.00</td>
<td>T 16 S, R 7 E</td>
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<tr>
<td></td>
<td></td>
<td>Section 8: NW¼NW¼</td>
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<tr>
<td>FEE UNDERGROUND COAL</td>
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<td>T 16 S, R 7 E</td>
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<tr>
<td>(Nielson)</td>
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**FOREST SERVICE SPECIAL USE AREAS:**
(all in T 16 S, R 7 E)

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<td></td>
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<tr>
<td>TOPSOIL PILE #1 (8/17/87)</td>
<td>0.2</td>
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<td>SE¼SE¼SE¼NW¼,</td>
<td></td>
<td></td>
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<td>TOPSOIL PILE #2 (8/17/87)</td>
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<tr>
<td>SW¼NW¼SW¼SE¼NE¼,</td>
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<td></td>
</tr>
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TOPSOIL PILE #3 (8/17/87) 0.5 Section 4: located within
NW¼NW¼SE¼NW¼,

TOPSOIL PILE #4 (8/17/87) 0.5 Section 4: located within
SW¼SW¼NE¼NW¼

SURFACE FACILITIES 7.53 Section 5: located within Lot 6
(forthcoming)

SITLA SPECIAL USE LEASE* 7.32 T 17 S, R 8 E
(Burma Evaporation Basin) Section 5: located within Lot 6

TOTAL PERMIT AREA 1257.75

* For complete legal description of Burma Pond, refer to Appendix 1-16

RESCUE ROAD AND DRILL PADS
The right of entry for reclamation of the rescue road and drill pads is through the permits attained to construct said road and drill pads (See Appendix 5-22(A)). Though the permit terms of five (5) years expired in 2012, Genwal Resources has the obligation, per the permits, to reclaim the disturbed areas per SMACRA. Thus, Genwal Resources has the right of access to the area, per the permits in Appendix 5-22(A), for reclamation purposes only. Genwal Resources is nearly ready to apply for a Phase II bond release for the reclamation of the rescue road and drill pads.

For bonding and location purposes only, the rescue road and drill pads used in rescue operations in August 2007 are contained within a polygon containing:

Township 15 South, Range 6 East, SLBM
Section 35: Lots 2, 3 and 4

Township 16 South, Range 6 East, SLBM
Section 2: Lots 4, 5, 6, 8, 9, 16, 21, 24 and 25

The right to continue underground mining operations will apply to the property attached hereto as Appendices 1-1, 1-13, 1-14 and 1-18.

The surface facility area and permit area is not within 300 feet of any occupied dwelling and is not subject to the prohibitions or limitations of the State and/or Federal Regulations.

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# GENWAL DISTURBED ACREAGE

<table>
<thead>
<tr>
<th>AREA</th>
<th>LOCATION</th>
<th>ACRES</th>
<th>PARCEL</th>
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<tbody>
<tr>
<td>Minesite</td>
<td>Lot 6 of Sec 5 (1)</td>
<td>7.53*</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(forthcoming)</td>
</tr>
<tr>
<td>Minesite</td>
<td>SW1/4 of Sec 5 (1)</td>
<td>6.086</td>
<td>Dellenback Fee</td>
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<td>Topsoil Pile #1</td>
<td>NW1/4 of Sec 5 (1)</td>
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</tr>
<tr>
<td>Topsoil Pile #2</td>
<td>NE1/4 of Sec 5 (1)</td>
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</tr>
<tr>
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<td>NW1/4 of Sec 4 (1)</td>
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<td>Rescue Drillholes</td>
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<td>E1/2 of Sec 2 (3)</td>
<td>3.98</td>
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<tr>
<td>Burma Evaporation Basin</td>
<td>Lot 6 of Sec 5 (4)</td>
<td>7.32</td>
<td>SITLA Special Use Lease 1708</td>
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**TOTAL DISTURBED AREA**  
34.23 Acres

Notes:  
(1) T16S, R7E  
(2) T15S, R6E  
(3) T16S, R6E  
(4) T17S, R8E

* Includes all areas within “permitted” disturbed area. Not all acreage is presently disturbed. See Figure 8C.

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OCT 19 2016  
Div. of Oil, Gas & Mining
115 STATUS OF UNSUITABILITY CLAIMS

All available information concludes that the proposed permit area is not within an area
designated as unsuitable for underground mining activities (refer to Appendix 1-7). The map
required to be maintained by the regulatory authority under 764.25(b), does not indicate this
permit area as unsuitable for underground mining. The regulatory authority has also stated that
this area is not under study for designation in an administrative proceeding. The permit area is
located in the Wasatch Plateau as described in the following, "Known Recoverable Coal
Resource Area", as indicated in the San Rafael Planning Area Management

Framework Plan, published in July 1979, by the United States Department of Interior, Bureau of
Land Management. Pages 43 and 44 of that publication, copies of which are included with this
application and found at the end of this chapter as Appendix 1-6, indicate that none of the
acreage in the KRCRA was determined to be unsuitable for underground mining. In addition, the
Land Management Plan, Ferron-Price Planning Unit, Manti-La Sal National Forest, published in
May 1979, by the United States Department of Agriculture, Forest Service, Intermountain
Region. The Forest Service has stated that this permit area, which is included in the Section A3
minable coal area of this publication, will not be considered unsuitable for leasing or mining.
Page 149 of the document is included with this application as Appendix 1-7.

The applicant was notified of a public hearing scheduled for June 2, 1981, at 3:00 p.m. in
Huntington, Utah, at the Senior Citizens Center. An officer of GENWAL was present at the
hearing. The public hearing dealt with the proposed mining activities of the Crandall Canyon
Mine within 100 feet of a public road (Forest Service Development). The USFS has issued a
Special Use Permit for the Crandall Canyon Mine and accepts that the operation will occur
within 100 feet of the Forest Service Development road.

The surface facility area and permit area is not within 300 feet from any occupied
dwelling and is not subject to the prohibitions or limitations of State and/or Federal Regulations.

The area to be included in the Incidental Boundary Change (IBC) is immediately adjacent
to the current permit area. Since mining in the IBC will be primarily first mining (longwall setup
entries and barrier pillars), no surface impacts are expected to occur. Protection of the resources
in this IBC are provided under the Mining and Reclamation Permit as well as state and federal.
The applicant requests a permit term of five years from the date of approval, however mining activities will continue longer than five years if the coal becomes available and feasible to mine. The starting and termination dates in one year increments is shown on Plate 5-2. The horizontal extent of the underground mine workings is also shown. GENWAL will commit to comply with all applicable standards during times of temporary and permanent cessation of operations. Further discussion may be found in Chapter 5, Engineering.
117 INSURANCE, PROOF OF PUBLICATION

117.100 Insurance

A Certificate of Liability Insurance is included in Appendix 1-10.

117.200 Proof of Publication

A copy of the newspaper advertisement of the application for a renewal of Crandall Canyon Mine permit was included in the permit package, as required under R645-300-121.100. Also, a copy of the newspaper advertisement for the permit amendment to install a culvert in Crandall Canyon has been included. See Appendix 1-8 for both copies.

118 FILING FEE

This permit application to conduct coal mining and reclamation operations pursuant to the State Program was accompanied by a fee of $5.00.

120 APPLICATION FORMAT AND CONTENTS

This application is structured based on the R645 regulations of the Division of Oil, Gas, and Mining. The chapter divisions in the application are based on the different sections of the R645 regulations. Each section of the application is based on the corresponding sections of the GENERAL CONTENTS of the R645 regulations.
VERIFICATION OF APPLICATION

I hereby certify that I am a responsible official (Resident Agent) of the applicant (Andalex for GENWAL Resources, Inc.) and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein

_________________________

Signed - Name - Position - Date

Subscribed and sworn to before me this__ day of_____, 20___

________________________
Notary Public

My commission Expires: __________, 20___

Attest: STATE OF ________________ ss:

COUNTY OF ________________

INCORPORATED

OCT 19 2016

Div. of Oil, Gas & Mining
Appendix 1-1

Lease Assignment
PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, (Name and Address)

Genwal Coal Company
P.O. Box 1201
Huntington, Utah 84528

hereinafter called lessee, is effective [date] SEP 1, 1986, for a period of 20 years and for such 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 and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and 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 specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, 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 deposits in, upon, or under the following described lands:

T. 15 S., R. 7 E., SLM, Utah
Sec. 31, SE\%SE\%;
Sec. 32, SW\%SW\%.

T. 16 S., R. 7 E., SLM, Utah
Sec. 5, Lots 2, 3, and 8.

containing 256.49 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appurtenant thereto, 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.

c) PRODUCTION ROYALTIES - The royalty shall be 12 1/2% of the value of the coal 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.

de) 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 tons 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. 2. a) 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 subject to the conditions of development and continued operation, except that these conditions shall be excused when operations under the lease are interrupted by strict governmental elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation, or payment of advance royalties in accordance with the results of the suspension. Lessor's failure to produce in commercial quantities at the end of 10 years shall terminate lease. Lessee shall submit an operation and reclamation plan to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assess that under the suspension terms and conditions of this lease in accordance with Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

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

The stipulations established in an LMU approval in effect at the LMU approval will supersede the relevant inconsistent terms of the lease so long as the lease remains committed to the LMU. If the lessee fails to comply at any time, the lessee shall remain in the lease terms which would have been applied if the lease was included in an LMU.
Sec. 15. SPECIAL STIPULATIONS

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessee may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed 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 lessee, 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 lessee 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 different operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than usual 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 other land uses or users. Lessee shall make all measures deemed necessary by lessee to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed existing or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessee 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. Lessee 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 lawfully assessed and levied under the laws of the State or the United States, accord all employees complete freedom of purchase; pay all wages at lease 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 year 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. 16. TRANSFERS

(a) This lease may be transferred in whole or in part to any association or corporation qualified to hold such leases.

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

(c) This lease may only be transferred in whole or in part to a small business qualified under 13 CFR 121.

Sec. 9. RELINQUISHMENT - The lessee may relinquish in writing any portion of its lease to the Secretary, under conditions fixed by the Secretary, either at the lessee's option or upon the Secretary's determination of mineral deposits required to be relinquished and the necessary conditions to be met.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, MENT, ETC. - At such time as all portions of this lease are relinquished, lessee shall deliver up to the lessee the land leased, under proper conditions, and place all workings in condition for suspension or abandonment within 180 days thereafter, unless the Secretary determines that the land or premises must be removed.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions, or stipulations of this lease, and the noncompliance continues for a period of 180 days, the lease shall be subject to cancellation by the Secretary on written notice thereof. This provision shall be construed to prevent the exercise by lessee of any other equitable remedy, including waiver of the default. Any such remission shall not prevent later cancellation for the same occurrence at any other time.

Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST - Each obliga under the laws of the United States from any and all claims arising out of the activities and operations under this lease.

Sec. 13. SPECIAL STATUTES - This lease is subject to the Federal Pollution Control Act (33 U.S.C. 1131-1173), the Clean Air Act (C.F.R. 585 et. seq.), and to all other applicable laws pertaining to reclamation activities, mining operations, and reclamation, in the Surface Mining Control and Reclamation Act of 1977 (30 1201 et. seq.).
Recorded at the request of:
Ronald L. Rencher
LeBoeuf, Lamb, Leiby & MacRae
1000 Kearns Building
136 South Main Street
Salt Lake City, Utah 84101
Telephone: (801) 355-6900

Mail tax notices to:
CRANDALL CANYON PROJECT
2835 South Jones Boulevard, Suite 5
Las Vegas, Nevada 89102

ASSIGNMENT OF FEDERAL COAL LEASE

Serial Number:
U-54762 (Crandall Canyon)

THIS ASSIGNMENT is made by and between GENWAL COAL CO.,
INC., previously known as Gent Flying Enterprises, Inc., a
Virginia corporation with its principal offices at 195 North 100
West, P.O. Box 1201, Huntington, Utah 84528 ("Assignor"), and
INTERMOUNTAIN POWER AGENCY, a political subdivision of the State
of Utah with its principal offices at 480 East 6400 South, Suite
200, Murray, Utah 84107, and NEVADA ELECTRIC INVESTMENT COMPANY,
a Nevada Corporation with its principal offices at 2835 South
Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 (the
"Assignees").

RECITALS

WHEREAS Assignor is the present owner of record title to an
100% interest in a certain United States of America coal lease
bearing the serial number U-54762, as presently modified and/or
amended (the "Coal Lease"), covering and affecting the following
pts 6081-80
described tracts of land located in Emery County, State of Utah, to wit:

Coal Lease Serial Number U-54762 (Crandall Canyon):

Township 15 South, Range 7 East, Salt Lake Base and Meridian:

- Section 31: SE ¼ SE ½;
- Section 32: S ½ SW ¼, SW ¼ SE ½; and

Township 16 South, Range 7 East, Salt Lake Base and Meridian:

- Section 5: Lots 2, 3 and 8.

Containing 256.49 acres, more or less.

WHEREAS Assignor desires to assign to Assignees, and Assignees desire to acquire from Assignor, the Coal Lease according to the terms and conditions set forth below:

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignees hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignees, their successors and assigns forever, EACH AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS TENANTS IN COMMON in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the
Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignees hereby accept the assignment of the Coal Lease and agree hereafter to pay, keep and perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.

3. This Assignment is subject to and contingent upon obtaining the approval of the Bureau of Land Management of the Department of the Interior of the United States.

4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignees.

The officers of Assignor and Assignees who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignees have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.
"Assignor"
GENWAL COAL CO., INC.

by: Charlie F. Vaughn,
President

Agreed to and accepted by Assignees:

"Assignees"
INTERMOUNTAIN POWER AGENCY

by: Reed T. Searle
Reed T. Searle,
General Manager

NEVADA ELECTRIC INVESTMENT COMPANY

by: Charlie F. Vaughn,
President

STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Genwal Coal Co., Inc., a Virginia corporation.

Andrea Bybee
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires:
March 5, 1994
DECISION

Assignors:

Venna May Sanders
Deon J. Sanders
Alice Maurine Beck
Robert DeReese Sanders
John Frank Sanders, Jr.
Dorthea Elinora Garlick
P. O. Box 54
Fairview, UT 84025

Assignee:

Gent Flying Enterprises
P. O. Box 330
Honaker, VA 24260

Coal
SL-050655, SL-062648

Change in Name of Lessee Recognized
Assignments Approved

A copy of the Order Approving First and Final Account and Widow's Allowance and for Decree of Final Distribution and Discharge in the matter of the John Frank Sanders Estate was filed in this office on April 24, 1980. As set forth in the decree, the estate was distributed as follows:

Venna May Sanders (Undivided 33-1/3%)  
Deon J. Sanders (Undivided 13-1/3%)  
Alice Maurine Beck (Undivided 13-1/3%)  
Robert DeReese Sanders (Undivided 13-1/3%)  
John Frank Sanders, Jr. (Undivided 13-1/3%)  
Dorthea Elinora Garlick (Undivided 13-1/3%)

Satisfactory evidence of the qualifications and holdings of the heirs has been filed. Accordingly, the records of this office have been noted to show the above-named individuals as the lessees of record under coal leases Salt Lake 050655 and Salt Lake 062648.

On April 24, 1980, assignments of coal leases Salt Lake 050655 and Salt Lake 062648 were also filed in this office. The assignments were entered into on March 4, 1980 between the heirs of the John F. Sanders Estate, as assignors, and Gent Flying Enterprises, Inc., as assignee.
Satisfactory evidence of the qualifications and holdings of Gent Flying Enterprises, Inc. 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 October 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 lease bond (No. 5238790) in the amount of $5,000 for coal lease Salt Lake 050655, and a lease bond (No. 5338789) in the amount of $5,000 for coal lease Salt Lake 062648, with Gent Flying Enterprises as principal and Northwestern National Insurance Company as surety, have been filed in this office. The bonds are satisfactory and are accepted effective September 18, 1980.

/\ I. Pollick

Chief, Minerals Section

cc: Area Mining Supervisor, Geological Survey
    Gent Flying Enterprises, Inc., Box 38, Orangeville, UT 84737
    Northwestern National Insurance Company, 525 E. 4500 S., Salt Lake City,
    Pruitt & Gushee, Attn: Tom Nelson, Suite 975 Beneficial Life Tower, Salt City, UT 84111
An application for modification of coal lease Salt Lake 062648 was received in this office on November 3, 1980. The requirements of the regulations have been met. Therefore, coal lease Salt Lake 062648 is hereby modified on March 1, 1984 to include Lot 4 Sec. 5 and Lot 1 Sec. 6, T. 16 S., R. 7 E., SLM, Utah totaling 75.23 acres.

A rider to the existing $5,000 lease bond No. SEC9729 was filed on January 9, 1984. The rider consents to the coverage of the additional modified lands by the existing coal lease bond. The rider has been examined, found to be satisfactory, and is hereby accepted effective the date of filing.

Finally a relinquishment of coal lease Salt Lake 050655, filed on January 9, 1984 is hereby accepted effective March 1, 1984, the date of approval of the modification.

cc: Branch of Solid Minerals
Moab District
Royalty Management HMS, Denver
December 27, 1983

United States Department of the Interior
Bureau of Land Management
Utah State Office
P.O. Box 1201
Huntington, Utah 84522
(801) 627-9813

Fe: Western Federal Coal Lease Form

This is to certify that Genval Coal Company, Inc. request that Lease #SL-062648 (containing 80 acres) located in Huntington Canyon near Electric Lake be relinquished in exchange for 75.23 acres in Crandall Canyon off Huntington Canyon adjoining Lease #SL-062648. A property that Genval Coal Company, Inc., Crandall Canyon Mine #1 is in the process of developing.

Sincerely,

Charles H. Gent, JR.

Relinquishment accepted eff. MAR 1 1984

By

Ches. Min. Inst. Sec.
Utah State Office, Sur. Land Mgmt.

MAR 5-1984
This lease is entered into on MAR 1, 1974, by the United States of America, lessor, through the Bureau of Land Management, and Gent Flying Enterprises, Inc., P. O. Box 38, Orangeville, Utah 84537 shall become effective on (effective date), the lessee.

Sec. 1. STATUTES AND REGULATIONS--This lease is issued pursuant to and subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sections 181-263, hereafter referred to as the Act, and of the Mining Control and Reclamation Act of 1977, 30 U.S.C. Section 1201 et seq., the Federal Coal Leasing Amendments Act of 1976, as amended, 90 Stat. 1083-1092, and, in the case of acquired lands, the Mineral Leasing Act for Acquired Lands of September 7, 1947, as amended, 30 U.S.C. 351-359, et seq. This lease is also subject to all regulations of the Secretary of the Interior (including but not limited to, 30 CFR Part 211 and Chapter 43 CFR Group 3400), and to all regulations which are now in force or (except as expressly limited herein) hereafter in force, and all of such regulations are made a part hereof.

WITNESSETH:

Sec. 2. RIGHTS OF LESSEE--The lessor, in consideration of any bonus paid (or to be paid) rents and royalties and other conditions hereinafter set forth, here grants and leases to the lessee the exclusive right and privilege to mine and disseminate all coal in Tract 1

T. 16 S., R. 7 E., SLH, Utah
Sec. 5, SW\NE\;
Sec. 6, SE\NE\;

Containing 80.00 acres

Tract 2

T. 16 S., R. 7 E., SLH, Utah
Sec. 5, lot 4;
Sec. 6, lot 1.

Containing 75.23 acres

containing 155.23 acres, more or less, and subject to the conditions, limits and prohibitions provided in this lease and in applicable acts and regulations, to the mining and preparation of the coal for market, and subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for a term of 20 years and so long thereafter as the condition of continued operation is met.
Sec. 4. BOND—The lessee shall file with the appropriate Bureau of Land Management a lease bond in the amount of $5,000, for the use and benefit of the United States, to insure payment of deferred bonus payments, rentals and royalties and to assure compliance with all other items of this lease. The regulations and the Act (except for certain regulatory program by the regulatory authority) and, if applicable, for the lease shall not be subject to revision in the course of lease readjustment.

Sec. 5. RENTAL—An annual rental of $3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. This section shall not be subject to revision except in the course of lease readjustment.

Sec. 6. PRODUCTION ROYALTY—The lessee shall pay a production royalty of 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. The value of coal shall be determined in 30 CFR 211. Production royalties paid for a calendar month shall not be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. However, production royalties payable after the 20th year of the lease shall not be reduced by advance royalties paid during the first 20 years of the lease. Production royalties shall be payable the final day of the month in which the coal is sold, unless otherwise specified in 30 CFR 211. The royalty rates provided in this section shall not be subject to revision except in the course of lease readjustment.

Sec. 7. ADVANCE ROYALTY—Upon request by the lessee, the District Mining Supervisor may accept, for a total of not more than 10 years, the payment of advance royalties in 30 CFR 3473 and 30 CFR 211. The advance royalty shall be based on a percent of the value of coal mined as set forth in 30 CFR 211. The advance royalty shall be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. However, production royalties payable after the 20th year of the lease shall not be reduced by advance royalties paid during the first 20 years of the lease. The advance royalty shall be payable the final day of the month in which the coal is sold, unless otherwise specified in 30 CFR 211. The advance royalty shall be paid to the appropriate office of the United States Geological Survey.

Sec. 8. METHOD OF PAYMENTS—The lessee shall make rental payments to the appropriate Bureau of Land Management (BLM) office until production royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the appropriate office of the United States Geological Survey.

Sec. 9. EXPLORATION PLAN—The lessee shall not commence any exploration, except casual use, on the leased lands without an approved exploration plan. Exploration plans for leased lands covered by an approved mining permit shall be submitted to the Regional Director of the Office of Surface Mining in accordance with the regulations in 30 CFR Chapter VII. Exploration plans for leased lands not covered by an approved mining permit shall be submitted to the District Mining Supervisor in accordance with the regulations in 30 CFR 211.

Sec. 10. MINING PLAN—In accordance with the regulations in 30 CFR 211 and Chapter VII, the lessee shall submit a mining and reclamation plan not more than three years after the effective date of this lease. Mining operations shall not commence until after the mining and reclamation plan is approved. The mining and reclamation shall be conducted in accordance with the approved mining and reclamation plan. Exploration activities which were not included in the approved mining and reclamation plan require submittal of exploration plans in accordance with Section 49 of this lease.

Sec. 11. LOGICAL MINING UNIT (LMU)—This lease is automatically considered to be an LMU. This LMU may be enlarged, adjusted or diminished in accordance with the applicable regulations in Titles 10, 30, and 43 of the Code of Federal Regulations. The mining plan shall require that the reserves of the LMU will be mined within a period of 40 years in accordance with 30 CFR 211 and 43 CFR 3400.0-5. The definition of LMU and 3400.0-5 and 3475, 30 CFR 211, and Title 10 of the Code of Federal Regulations.

Sec. 12. OPERATIONS ON LEASED LANDS—(a) In accordance with conditions of this lease, the explorations and mining and reclamation plans, the permit issued pursuant to 30 CFR 211, and all applicable acts and regulations, the lessee shall exercise reasonable
Sec. 13. SPECIAL STATUTES--The lessee shall comply with the provisions of the Federal Water Pollution Control Act, 33 U.S.C. 1151-1175, and the Clean Air Act, 42 U.S.C. 7401, et seq., et seq.

Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS--(a) The lessee reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements, or right of-way, including leases for the development of minerals other than coal under the lessee, which may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right: (i) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said sales shall not interfere with the exploration and mining operations of the lessee; or (ii) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE--The 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.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES--By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee further certifies that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to: any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and the like, storage and drying areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors in specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where the signed contractor or subcontractor has submitted identical certifications for specific time periods). Notice to prospective contractors and subcontractors of requirement for certification of non-segregated facilities.

A Certification of Non-segregated Facilities, as required by the May 9, 1967 Federal Register (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 17. EMPLOYMENT PRACTICES--The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall provide and ensure all employees complete freedom to purchase goods and service of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated prohibit the employment of persons below the surface, of persons of an age greater than 16 years, the lessee shall comply with those laws.

Sec. 18. MONOPOLY AND FAIR PRACTICES--The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 10 and 12 of the...
Sec. 19. TRANSFERS--

This lease may be transferred in whole or in part to any person, association or corporation qualified under 43 CFR 3472.1-1 to hold a lease.

This lease may only 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 for the limited purpose of creating a security interest in favor of a lender who agrees to be obligated to mine the coal on behalf of the public body. The transferee must be qualified under 43 CFR 3472.

This lease may only be transferred in whole or in part to other small businesses qualifying under 13 CFR 121 and 43 CFR 3472.2-2(c).

Any transfer of this lease in whole or in part is subject to the procedures and requirements for approval in the relevant regulations in 43 CFR 3400. A transfer will become effective on the first day of the month following its approval by the authorized officer; or, if the transferee requests, the first day of the month of the approval.

Sec. 20. RELINQUISMENT OF LEASE--The lessee may file a relinquishment of the entire lease, a legal subdivision or aliquot part thereof, but not less than 10 acres, or any bed of the coal deposits therein. The relinquishment shall be filed in triplicate with the authorized officer. Upon the determination by the authorized officer that the put interest shall not be impaired, that all accrued rentals and royalties have been paid that all of the obligations of the lessee under the regulations and the lease terms have been met, the relinquishment shall be accepted effective the date filed.

Sec. 21. NONCOMPLIANCE--Any failure to comply with the conditions of this lease, the approved exploration and mining and reclamation plans, the regulations, or applicable acts, shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS--The lessor reserves the right to waive any breach of conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall waiver of a particular breach prevent cancellation of this lease for any other cause, for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS--(a) The lease is subject to readjustment on the 20th year after the effective date and on each 10th year thereafter. In order that the lease may be readjusted as close as possible to the dates when it becomes subject to readjustment, the lessor may propose the terms of readjustment of any conditions of this lease, including rental and royalty rates, before the 20th year after the effective date and before each 10-year interval thereafter. The authorized officer shall notify the lessee whether he intends to readjust the terms and conditions of the lease and, if he intends to readjust, the nature of the readjustments in accordance with the regulations in 43 CFR 3451. Unless the lessee, within 60 days after receipt of the proposed readjusted terms, files with the lessor an objection to the proposed readjusted conditions or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions, the existing conditions shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lessor has exhausted his rights of appeal under Section 31 of this lease, or until the lease is relinquished, except that the authorized officer may provide in the notice of readjustment lease terms that the readjustment or any part thereof is effective pending the outcome of the appeal. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES--Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of the leased lands. Delivery of the leased land shall include underground timbering and such other supports and structures as are neces-
Sec. 25. PROPRIETARY INFORMATION—Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessee obtains from the lessee shall be treated in accordance with 43 CFR Part 2. 30 CFR 211.12 and other applicable regulations. Total lease reserve figures developed from this information shall not be confidential.

Sec. 26. LESSEE'S LIABILITY TO LESSOR—(a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where caused by the action of a third party, and the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

(b) The lessee shall indemnify and hold harmless the United States from all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS—(a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked at the mine, upon request, by the Regional Director or District Mining Supervisor or his representative.

(b) The lessee shall permit any duly authorized officer or representative of the lessee to inspect or investigate the leased lands, the exploration and mining and reclamation operations, and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) to copy and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST—No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part of the lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, 62 Stat. 702, as amended, 18 U.S.C. Sections 431-433, relating to contracts, enter into and form a part of this lease so far as they may be applicable.

Sec. 29. APPEALS—The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulation from any action or decision of any other official of the Department of the Interior arising in connection with this lease, the readjustment of conditions.

Sec. 30. DEFERRED BONUS—This lease is issued subject to the payment of $ by the lessee as a deferred bonus. Payment of the deferred bonus by the lessee shall be made on a schedule specified in Section 31 (Special Stipulations) of this lease.

Sec. 31. SPECIAL STIPULATIONS—

The District Manager BLM shall mean the authorized representative of the Bureau of Land Management, the Regional Director shall mean the authorized representative of the Office of Surface Mining. The Authorized Officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service.

1. The Lessee will be responsible to comply with applicable Federal, State, and local laws and regulations.

2. The coal contained within the lease area and authorized for mining under this lease shall be extracted only by underground mining methods.

3. All support facilities, structures, equipment, and similar developments will be removed from the lease area within five years after the date of expiration of the lease.
4. (a) Before undertaking any activities that may disturb the surface of the lease lands, the Lessee may be required to conduct a cultural resource intensive field inventory in a manner specified by the Regional Director and the Authorized Officer of the surface managing agency on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist, historian, or historical architect, as appropriate), approved by the Authorized Officer of the surface managing agency and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Regional Director (or the District Manager BLM if activities are associated with coal exploration outside an approved mining-permit area) and the Authorized Officer of the surface managing agency. The Lessee shall undertake measures, in accordance with instructions from the Regional Director (or the District Manager BLM if activities are associated with coal exploration outside an approved mining permit area), to protect cultural resources on the leased land. The Lessee shall not commence the surface disturbing activities until permission to proceed is given by the Regional Director or the District Manager BLM as appropriate.

(b) The Lessee shall protect all cultural resource properties within the lease area from lease-related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation plan or exploration plan.

(c) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the Lessee.

(d) If cultural resources are discovered during operations under this lease, the Lessee shall immediately bring them to the attention of the Regional Director (or the District Manager, BLM, as appropriate), and the Authorized Officer, Surface Management Agency. The Lessee shall not disturb such resources except as may be subsequently authorized by the Regional Director (or the District Manager, BLM). Within two (2) working days of notification, the Regional Director (or the District Manager BLM, as appropriate) will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries.

(e) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

5. Before undertaking any activities that may disturb the surface of the leased lands, the Lessee shall contact the Regional Director and Authorized Officer of the Surface Management Agency to determine whether the Lessee will be required to conduct a paleontological appraisal of the mine plan and adjacent areas, or exploration plan areas, that may be adversely affected by lease-related activities. If the Regional Director and Authorized Officer, Surface Management Agency, determines that one is necessary, the paleontological appraisal shall be conducted by a qualified paleontologist approved by the Authorized Officer of the Surface Management Agency, using the published literature and, where applicable, field appraisals for determining the possible existence of fossils of scientific significance. A report of the appraisal and recommendations for protecting any fossils of significant scientific interest on the leased lands so identified shall be submitted to and approved by the Regional Director and the Authorized Officer, Surface Management Agency. When necessary to protect and/or collect the fossils of significant scientific interest on the leased lands, the Lessee shall undertake the measures provided in the approval of the mining and reclamation plan or exploration plan.

(a) The Lessee shall not knowingly disturb, alter, destroy, or take any fossils of significant scientific interest, and shall protect all such fossils in conformance with the measures included in the approval of the mining and reclamation plan or exploration plan.

(b) The Lessee shall immediately bring any such fossils that might be altered or
(c) All such fossils of significant scientific interest shall remain under the jurisdiction of the United States until ownership is determined under applicable laws. Copies of all paleontological resource data generated as a result of the lease term shall be provided to the Regional Director or the District Mining Superintendant as appropriate.

(d) These conditions apply to all such fossils of significant scientific interest discovered within the lease area whether discovered in the over-burden, interburden, or coal seam or seams. Fossils of significant scientific interest do not include those fossils commonly encountered during underground mining operations such as ferruginous and dinosaur tracks. Skeletal remains shall be considered significant.

6. The Lessee shall, prior to entry upon the lease, conduct an intensive field inventory for threatened and endangered plant and/or animal species, bald or golden eagles, or migratory species of high Federal interest on those areas to be disturbed and/or impacted including the access routes to the lease area. The inventory shall be conducted by a qualified specialist(s) approved by the Authorized Officer, Surface Management Agency, and a report of the inventory and recommendation for the protection of these species submitted to and approved by the Authorized Officer, Surface Management Agency, and Regional Director or District Manager BLM, as appropriate. An acceptable report of any findings shall include the specific location, distribution, and habitat requirements of the species. The Lessee shall protect these species within the lease area from any activities associated with operations conducted under the terms of the lease and shall undertake such protective measures as may be required by the Authorized Officer, Surface Management Agency, and Regional Director, or District Manager BLM, as appropriate.

7. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication Suggested Practices for Raptor Protection on Powerlines, The State of the Art 1981 (Raptor Research Report No. 4, Raptor Research Foundation c/o Dept. of Veterinary Biologies, University of Minnesota).

8. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal hauling, transportation, and storage facilities. The migration of road surfacing materials and fugitive dust shall be controlled by watering, chemical treatment, or hard surfacing. Loss of gravel courses shall be periodically replaced.

9. In order to avoid surface disturbance on steep canyon slopes and the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specific locations approved by the Regional Director with the concurrence of the Authorized Officer, Surface Management Agency and the District Manager BLM.

10. Prior to mining, the Lessee shall perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. The study will be established in consultation with and approved by the Authorized Officer, Surface Management Agency, the Regional Director, and the District Manager BLM, and shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs or observation can be incorporated at regular intervals for comparison.

11. The Lessee shall 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 sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director, in consultation with and concurrence by the Authorized Officer, Surface Management Agency and District Manager BLM.
The Regional Director in consultation with and concurrence of the District Manager SL and Authorized Officer, Surface Management Agency, shall approve such measures and prescribe any additional measures to be employed such as mining methods, specify the amount of coal recovered, and determine any corrective measures considered necessary to assure that escarpment failure does not occur except at specifically approved locations, or that hazardous conditions are not created.

13. Existing surface improvements required for the surface uses of the lease area will need to be protected or maintained to provide for the post-mining continuance of the current land uses. Existing surface improvements whose utility may be lost or damaged as result of mining activities are to be replaced or restored.

14. The Lessee shall reclaim all areas disturbed as a result of mining and exploratory operations to a land use capable of supporting the pre-mining levels of livestock grazing, big game winter range, and other wildlife habitat.

15. At the conclusion of the mining operation, or at the request of the Authorized Officer of the Surface Management Agency, all damaged, disturbed, or displaced land monuments, accessories, and appendages shall be replaced or restored in their original location (or at other locations that meet the needs of the land net, and as approved by the Authorized Officer of the Surface Managing Agency) and shall be done at the expense of the Lessee.

THE UNITED STATES OF AMERICA

By ________________________________
Chiefl Mineral Section

WITNESS TO SIGNATURE OF LESSEE

______________________________
Mark Mitchell

______________________________
Wanda Rut

______________________________
Date: MAR 1 1984

______________________________
(Signature of Lessee)

______________________________
(Signature of Lessee)
Lease Readjusted Effective October 1, 1983

On July 14, 1983, Gent Flying Enterprises, Inc., later amended to Genwal Coal Company, was sent a Notice of Proposed Readjustment of Lease in connection with coal lease SL-062648. No objections to the terms as stated were filed within the 60-day period allowed. Therefore, coal lease SL-062648 is readjusted effective October 1, 1983, as stipulated in the decision and Coal Lease Readjustment.

The new rental rate goes into effect on January 3, 1984. The new royalty rate will be effective simultaneously with the effective date of this readjustment.

The $5,000 lease bond recommended for compliance with all the terms and conditions of the lease is currently on file. Therefore, further bonding is not required.

cc: Chief, Branch of Solid Minerals
District Manager, Moab
Royalty Management, MMS, Solid Minerals Unit

William C. Cling

Chief, Minerals

Acting Adjudication Section
ASSIGNMENT OF FEDERAL COAL LEASE

Serial Number:
SL-062648 (Crandall Canyon)

THIS ASSIGNMENT is made by and between GENWAL COAL CO., INC., previously known as Gent Flying Enterprises, Inc., a Virginia corporation with its principal offices at 195 North 100 West, P.O. Box 1201, Huntington, Utah 84528 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107, and NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada Corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 (the "Assignees").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain United States of America coal lease bearing the serial number SL-062648, as presently modified and/or amended (the "Coal Lease"), covering and affecting the following

PTS 6031.40
lescribed tracts of land located in Emery County, State of Utah, to wit:

Coal Lease Serial Number SL-062648 (Grand):

Tract 1:
Township 16 South, Range 7 East, Salt Lake Meridian:
   Section 5:  SW ¼ NW ¼; = Lot 6
   Section 6:  SE ½ NE ½;

Tract 2:
Township 16 South, Range 7 East, Salt Lake Base and Meridian:
   Section 5:  Lot 5;
   Section 6:  Lot 1.

Containing 161.17 acres, more or less; and

WHEREAS Assignor desires to assign to Assignees, and Assignees desire to acquire from Assignor, the Coal Lease according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignees hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignees, their successors and assigns forever, EACH AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS
TENANTS IN COMMON in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignees hereby accept the assignment of the Coal Lease and agree hereafter to pay, keep and perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.

3. This Assignment is subject to and contingent upon obtaining the approval of the Bureau of Land Management of the Department of the Interior of the United States.

4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignees.

The officers of Assignor and Assignees who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignees have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.
"Assignor"
GENWAL COAL CO., INC.

by: Charlie F. Vaughn,
President

Agreed to and accepted by Assignees:

"Assignees"
INTERMOUNTAIN POWER AGENCY

by: Reed T. Searle
Reed T. Searle,
General Manager

NEVADA ELECTRIC INVESTMENT COMPANY

by: Charlie F. Vaughn,
President

STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Genwal Coal Co., Inc., a Virginia corporation.

Andrea Bybee
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires:
March 5, 1994

[Notary Public Seal]
STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this
11th day of July, 1991 by Reed T. Searle, General Manager of
Intermountain Power Agency.

My Commission Expires:

March 5, 1994

Notary Public
Residing in Las Vegas, Nevada

STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this
11th day of July, 1991 by Charlie F. Vaughn, President of Nevada
Electric Investment Company.

My Commission Expires:

March 5, 1994

Notary Public
Residing in Las Vegas, Nevada
STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency.

My Commission Expires:

March 5, 1994

STATE OF Nevada )
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company.

My Commission Expires:

March 5, 1994
CERTIFIED MAIL--Return Receipt Requested

DECISION

Nevada Electric Investment Company
2835 South Jones Blvd.
Las Vegas, NV 89102

Coal Lease
UTU-68082

Intermountain Power Agency
480 East 6400 South, Suite 200
Murray, UT 84107

Lease Issued

Pursuant to the Lease By Application Coal Sale held December 29, 1993, the bid of Nevada Electric Investment Company (50%) and Intermountain Power Agency (50%) for the Crandall Canyon Tract, assigned Serial No. UTU-68082, was determined the acceptable high bid. Satisfactory evidence of the qualifications and holdings of Nevada Electric Investment Company and Intermountain Power Agency have been filed; therefore, coal lease UTU-68082 is hereby issued effective March 1, 1994, as requested by the lessees.

Linda K. Loncon
Chief, Minerals
Adjudication Section

Enclosure
Coal Lease UTU-68082
PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and Nevada Electric Investment Company (50%) 2835 South Jones Blvd. Las Vegas, NV 89102

hereinafter called lessee, is effective (date) 1980 for a period of 20 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 the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and 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 specific provisions herein.

Sec. 2. Lessee, in consideration of any bonuses, 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 following described lands:

T. 15 S., R. 6 E., SLIM, Utah
Sec. 25, 32;
Sec. 26, 32;
Sec. 35, all.

T. 15 S., R. 7 E., SLIM, Utah
Sec. 30, lots 7-12, SE;
Sec. 31, lots 1-12, NE, N2SE, SWSE.

T. 16 S., R. 6 E., SLIM, Utah
Sec. 1, lots 1-12, SW.

T. 16 S., R. 7 E., SLIM, Utah
Sec. 6, lots 2-4, SWNE.

containing 2,979.49 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appurtenances 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. RENTAL RATE - Lessee shall pay lessor rental annually in advance for each acre or fraction thereof during the continuance of the lease at the rate of $3.00 per acre.

Sec. 2. PRODUCTION ROYALTIES - The royalty shall be 12 1/2% 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.

Sec. 3. ADVANCE ROYALTIES - Upon request by the lessor, 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 conditions. 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. 4. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of $3,057,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

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 lessee in the public interest may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in effect 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. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assess and order the suspension of the terms and conditions of this lease in accordance with Sections 33 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessees 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 suspensions established in an LMU, approval will supersede the relevant conditions of this lease, unless 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 conditions which would have been applied if the lease had not been included in an LMU.
SEE ATTACHED STIPULATIONS

Nevada Electric Investment Company
Company or Lessee Name

Richard L. Hardesty
(Signature of Lessee)

Vice-President
(Title)

FEB 23 1994
(Date)

Intermountain Power Agency
Company or Lessee Name

Reed J. Sorensen
(Signature of Lessee)

General Manager
(Title)

February 4, 1994
(Date)

THE UNITED STATES OF AMERICA

By Bureau of Land Management

Lynette K. Johnson
(Signing Officer)

ACTING Chief, Minerals Adjudication Secti

March 2, 1994
(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 a false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.
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 lands. All or part of this lease contain lands the surface of which are managed by the United States Department of Agriculture, Forest Service Mantle-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 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.
9. 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. 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 green 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.
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 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.

21. 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.

22. 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 the 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.
3. The lessee/operator will be required to drill horizontally ahead of the advance of development workings to the west in the vicinity of the Joes Valley Fault zone to locate any faults and determine if they contain significant amounts of water. If significant water is encountered, the operator will be required to take appropriate measures, subject to approval of the Bureau of Land Management and Forest Service, to prevent diverting this water into the mine workings.

24. Except at specifically approved locations, mining that would cause subsidence will not be permitted within a zone along the Joes Valley Fault determined by projecting a 22 degree angle-of-draw (from vertical) eastward from the surface expression of the Joes Valley Fault, down to the top of the coal seam to be mined.
ASSIGNMENT OF UTAH STATE COAL LEASE

Mineral Lease Number:
ML-21568 (East Mountain)

THIS ASSIGNMENT is made by and between NEVADA ELECTRIC
INVESTMENT COMPANY, a Nevada corporation with its principal
offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada
89102 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political
subdivision of the State of Utah with its principal offices at
480 East 6400 South, Suite 200, Murray, Utah 84107 ("Assignee").

RECITALS

WHEREAS Assignor is the present owner of record title to an
100% interest in a certain State of Utah coal lease bearing the
mineral lease number ML-21568 as presently modified and/or
amended (the "Coal Lease"), covering and affecting the following
described tracts of land located in Emery County, State of Utah,
to wit:

PSG 6081-RD
Mineral Lease Number ML-21568 (East Mountain):

Township 16 South, Range 6 East, Salt Lake Base and Meridian:

Section 2: All

Containing 997.69 acres, more or less.

WHEREAS Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, an undivided 50% interest in the Coal Lease according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignee, its successors and assigns forever, AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS TENANT IN COMMON WITH ASSIGNOR in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignee hereby accepts the assignment of the Coal Lease and agrees hereafter, together with Assignor, to pay, keep and
perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.

3. This Assignment is subject to and contingent upon obtaining the approval of the State Lands and Forestry Division of the Department of Natural Resources and Energy of the State of Utah.

4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignee.

The officers of Assignor and Assignee who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignee have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.

"Assignor"
NEVADA ELECTRIC INVESTMENT COMPANY

by: Charlie F. Vaughn,
President
Agreed to and accepted by Assignee:

"Assignee"
INTERMOUNTAIN POWER AGENCY

by: Reed T. Searle
Reed T. Searle, General Manager

STATE OF Nevada )
COUNTY OF Clark   )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company, a Nevada corporation.

ANDREA BYBEE
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires: March 5, 1994

STATE OF Nevada )
COUNTY OF Clark   )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency, a political subdivision of the State of Utah.

ANDREA BYBEE
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires: March 5, 1994
ASSIGNMENT OF UTAH STATE COAL LEASE

Mineral Lease Number:
ML-21569 (East Mountain)

THIS ASSIGNMENT is made by and between NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107 ("Assignee").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain State of Utah coal lease bearing the mineral lease number ML-21569 as presently modified and/or amended (the "Coal Lease"), covering and affecting the following described tracts of land located in Emery County, State of Utah, to wit:

\[\text{Tracts of land described...}\]
Mineral Lease Number ML-21569 (East Mountain):

Township 15 South, Range 6 East, Salt Lake Base and Meridian:

Section 36: All

Containing 640 acres, more or less.

WHEREAS Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, an undivided 50% interest in the Coal Lease according to the terms and conditions set forth below:

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignee, its successors and assigns forever, AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS TENANT IN COMMON WITH ASSIGNOR in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignee hereby accepts the assignment of the Coal Lease and agrees hereafter, together with Assignor, to pay, keep and
3. This Assignment is subject to and contingent upon obtaining the approval of the State Lands and Forestry Division of the Department of Natural Resources and Energy of the State of Utah.

4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignee.

The officers of Assignor and Assignee who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignee have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.

"Assignor"
NEVADA ELECTRIC INVESTMENT COMPANY

by: [Signature]
Charlie F. Vaughn, President
Agreed to and accepted by Assignee:

"Assignee"
INTERMOUNTAIN POWER AGENCY

by: Reed T. Searle
Reed T. Searle,
General Manager

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company, a Nevada corporation.

Andrea Bybee
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires:
March 5, 1994

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency, a political subdivision of the State of Utah.

Andrea Bybee
Notary Public
Residing in Las Vegas, Nevada

My Commission Expires:
March 5, 1994
ATTACHMENT "C"

DESCRIPTION OF PERMIT AREA

1. Coal Lease Serial Number SL-062648 (Crandall Canyon):
   Tract 1:
   Township 16 South, Range 7 East, Salt Lake Base and Meridian:
      Section 5: SW 1/4 NW 1/4;
      Section 6: SE 1/4 NE 1/4;
   Tract 2:
   Township 16 South, Range 7 East, Salt Lake Base and Meridian:
      Section 5: Lot 5;
      Section 6: Lot 1.
   Containing 161.17 acres, more or less; and

2. Coal Lease Serial Number U-54762 (Crandall Canyon):
   Township 15 South, Range 7 East, Salt Lake Base and Meridian:
      Section 31: SE 1/4 SE 1/4;
      Section 32: S 1/2 SW 1/4, SW 1/4 SE 1/4; and
   Township 16 South, Range 7 East, Salt Lake Base and Meridian:
      Section 5: Lots 2, 3 and 8.
   Containing 256.49 acres, more or less.

3. Mineral Lease Number ML-21568 (East Mountain):
   Township 16 South, Range 6 East, Salt Lake Base and Meridian:
      Section 2: All
   Containing 997.69 acres, more or less.

-16-
4. Mineral Lease Number ML-21569 (East Mountain):
   Township 15 South, Range 6 East, Salt Lake Base and Meridian:
   Section 36:  All
   Containing 640 acres, more or less.

5. Special Use Permit Description:
   Township 15 South, Range 7 East, SLM
   Section 31:  Lots 10, 11 and 12
   Approximate acreage: 111.5 acres

6. Beaver Creek Description:  
   (ARCO Lease)
   Township 16 South, Range 7 East
   Section 5:  All that part of the N 1/2 NW 1/4 SW 1/4 lying North of Crandall Creek.
   Approximate acreage: 1.7 acres
When recorded return to:

John S. Kirkham, Esq.
Stoel Rives Boley Jones & Grey
One Utah Center
201 South Main Street, Suite 1100
Salt Lake City, Utah 84111-4904

Mail tax notices to:

Genwal Resources, Inc.
195 North 100 West
Huntington, Utah 84528

DELLENBACK WARRANTY DEED

NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada corporation, whose principal office is located at 2835 South Jones Boulevard, Las Vegas, Nevada 89102 ("Grantor"), hereby CONVEYS AND WARRANTS TO ANDALEX RESOURCES, INC., a Delaware corporation ("Grantee"), for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION the receipt and sufficiency of which are hereby acknowledged, AN UNDIVIDED FIFTY PERCENT (50%) INTEREST OF THE ONE HUNDRED PERCENT (100%) AS A TENANT-IN-COMMON WITH INTERMOUNTAIN POWER AGENCY in the following described tract of real property located in Emery County, State of Utah, to wit:

The Southwest Quarter (SW ¼) of Section 5, Township 16 South, Range 7 East, SLBM, containing One Hundred and Sixty (160) acres, more or less, together with all improvements, tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

SUBJECT TO the encumbrances, matters, and exceptions described on Attachment "A" attached hereto.

The Vice President of Grantor who executes this deed by signing below hereby certifies that this deed, and the transfer of real property represented herein, were authorized under a resolution that was duly adopted by the Grantor's board of directors.

IN WITNESS WHEREOF, the Grantor has caused its name to be hereunto affixed by its duly authorized Vice President to be effective as of the 1st day of January, 1995.

NEVADA ELECTRIC INVESTMENT COMPANY

By: [Signature]
Its Vice President

INCORPORATED
AUG 3 0 2014
Div. of Oil, Gas & Mining
The foregoing instrument was acknowledged before me this 11th day of January, 1995 by RICHARD L. HINCKLEY, Vice President of Nevada Electric Investment Company, a Nevada corporation.

Notary Public
DELENBACK WARRANTY DEED - ATTACHMENT "A"

EXCEPTIONS, ENCUMBRANCES, AND OTHER MATTERS

1. Reservation of a perpetual royalty as contained in that certain Warranty Deed recorded April 14, 1976, in Book 85 at Pages 575-77, as Entry No. 250097.

2. Matters set forth in A Resolution Amending the official zone map and approving a major surface mine development within Emery County, Utah, recorded July 23, 1984, in Book 147, at Page 423, as Entry No. 307982. NOTE: The site plan plat referred to therein could not be located.


5. Any outstanding leases regarding Oil, Gas, or other minerals within said land.

6. Assignment of Surface Lease recorded September 13, 1993 in Book 201 at Page 797-802, Entry #334504 where Mountain Coal Company (assignor) conveyed to Nevada Electric Investment Company and Intermountain Power Agency (assignees) in equal shares terms and conditions set forth in the Surface Lease Agreement dated as of October 14, 1987 between Beaver Creek Coal Company (lessor) and Genwal Coal Company, Inc. (lessee).

7. All other easements and encumbrances recorded with the Emery County Recorder’s Office.
AFTER RECORDING, RETURN TO:

Daniel W. Anderson, Esq.
FABIAN & CLENDENIN
Post Office Box 510210
Salt Lake City, Utah 84151

MAIL TAX NOTICE TO:

Ms. Denise Wood, Treasurer
Nevada Electric Investment Company
2835 South Jones, Suite 5
Las Vegas, Nevada 89102

SPECIAL WARRANTY DEED

For Ten Dollars ($10.00) and other good and valuable consideration, MOUNTAIN COAL COMPANY, a Delaware corporation (successor by name change to Beaver Creek Coal Company), whose address is Post Office Box 591, Somerset, Colorado, 81434, Grantor, hereby conveys and warrants against all claiming by, through, or under it, to NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada corporation, whose business address is 2835 South Jones, Suite 5, Las Vegas, Nevada, 89102, and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah, whose address is 480 East 6400 South, Suite 200, Murray, Utah, 84107, Grantees, in equal shares as tenants-in-common, the following described tract of land located in Emery County, State of Utah:

Approximately 160 acres of unimproved property located in Emery County, Utah, including all coal and other mineral rights and all oil/gas and other natural resources thereon and thereunder, more fully described as follows:

The Southwest Quarter (SW/4) of Section 5, Township 16 South, Range 7 East, SLBM, containing One Hundred and Sixty (160) acres, more
or less, together with all improvements, tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

Dated this 9th day of September, 1993.

MOUNTAIN COAL COMPANY, a Delaware corporation

By: [Signature]

STATE OF COLORADO )
COUNTY OF DENVER ) ss.

On this 9th day of September, 1993, personally appeared before me [Signature], personally known to me or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he is the Vice President of Mountain Coal Company, and that pursuant to a resolution of its board of directors, said document was signed by him in behalf of said corporation by authority of its bylaws, and said Vice President acknowledged to me that said corporation executed the same.

[Signature]
NOTARY PUBLIC

Residing at: Denver, Colorado

My Commission Expires: August 15, 1995

-2-
CERTIFICATE

I, Albert D. Hoppe, a duly appointed Assistant Secretary of MOUNTAIN COAL COMPANY, a Delaware corporation, do hereby certify that:

1. SWISHER COAL CO. was incorporated in the State of Utah on June 19, 1975.

2. On December 31, 1979, ATLANTIC RICHFIELD COMPANY acquired 100% of the outstanding shares of SWISHER COAL CO. from General Exploration Company.

3. On February 19, 1980, SWISHER COAL CO. changed its name to BEAVER CREEK COAL COMPANY, a Utah corporation.

4. On July 21, 1978, BOHN LAKE INC. was incorporated in the State of Delaware.

5. BOHN LAKE INC. changed its name to BEAVER CREEK COAL COMPANY on December 23, 1983.

6. On December 28, 1983, BEAVER CREEK COAL COMPANY, a Utah corporation, was dissolved and all of its assets were transferred by operation of law to its sole shareholder, ATLANTIC RICHFIELD COMPANY.

7. In 1988 ATLANTIC RICHFIELD COMPANY released and quitclaimed to BEAVER CREEK COAL COMPANY, a Delaware corporation, any and all property interests, real or personal, located in Carbon or Emery Counties, State of Utah.

8. On April 1, 1991, WEST ELK COAL COMPANY, INC., incorporated in the State of Delaware on January 9, 1975, was merged into BEAVER CREEK COAL COMPANY, a Delaware corporation. Upon the merger, the name of BEAVER CREEK COAL COMPANY was changed to MOUNTAIN COAL COMPANY.

WITNESS my hand and corporate seal this third day of September, 1993.

Albert D. Hoppe,
Assistant Secretary

STATE OF COLORADO
CITY & COUNTY OF DENVER

The foregoing instrument was acknowledged before me this third day of September, 1993 by Albert D. Hoppe, Assistant Secretary of MOUNTAIN COAL COMPANY, a Delaware corporation.

Notary Public

My commission expires: 6.24.95

Div. of Oil, Gas & Mining

* * * * * * * * *
CERTIFICATE OF MERGER
OF
WEST ELK COAL COMPANY, INC.
INTO
BEAVER CREEK COAL COMPANY

The undersigned corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,
DOES HEREBY CERTIFY:

FIRST: That the name and state of incorporation of each of the constituent corporations of the Merger is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>State of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Elk Coal Company, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>Beaver Creek Coal Company</td>
<td>Delaware</td>
</tr>
</tbody>
</table>

SECOND: That an Agreement of Merger between the parties to the Merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 251 of the General Corporation Law of the State of Delaware.

THIRD: The name of the surviving corporation of the Merger is Beaver Creek Coal Company, which shall hereafter be changed to Mountain Coal Company.

FOURTH: That the Certificate of Incorporation of Beaver Creek Coal Company, a Delaware corporation, which will survive the merger shall be the Certificate of Incorporation of the surviving corporation except that the name of the company shall be Mountain Coal Company.

FIFTH: That the executed Agreement of Merger is on file at the principal place of business of the surviving corporation. The address of the principal place of business is:

Beaver-Creek Coal Company
515 South Flower Street
Los Angeles, CA 90071

INCORPORATED
AUG 30 1971
Div. of Oil, Gas & Mining
SIXTH: A copy of the Agreement of Merger will be furnished by the surviving corporation, upon request and without cost to any stockholder of any constituent corporation.

SEVENTH: That the Certificate of Merger shall be effective on April 1, 1991.

WITNESS my hand and the seal of this corporation this 26th day of March, 1991.

Beaver Creek Coal Company

Vice President & Secretary

Attest:

Barbara M. Hinds
Assistant Secretary
WARRANTY DEED

STATE OF INDIANA  
COUNTY OF Monroe

KNOW ALL MEN BY THESE PRESENTS

THAT, we, William E. Dellenback and wife, Julie
Dellenback, hereinafter referred to as "Grantors", do
hereby sell, convey and warrant unto Swisher Coal Co., a
Utah corporation, hereinafter referred to as "Grantee",
the hereinafter described real property:

The Southwest Quarter (SW/4) of Section 5,
Township 16 South, Range 7 East, SRLN,
containing One Hundred and Sixty (160)
acres, more or less, together with all
improvements, tenements, hereditaments and
appurtenances thereunto belonging or in
anywise appertaining thereto.

Grantors do hereby expressly reserve unto
themselves as a perpetual royalty the following:

(a) Four percent (4%) of the sale price at
the portal of all coal mined and re-
moved from the hereinafore described
property for a period of seven (7)
years from and after the date hereof,
and five percent (5%) of the sale price
at the portal of all coal mined and re-
moved after seven (7) years from and
after the date hereof, and
(b) Six and One Quarter percent (6.25%) of value at the well of all oil, gas and other hydrocarbons produced and sold from the hereinabove described property.

TO HAVE AND TO HOLD unto the said Grantee, its successors and assigns forever.

AND Grantors covenant that they are lawfully seized in fee simple of the said premises free and clear of all encumbrances, and that the said Grantors, their heirs, executors and administrators shall warrant and forever defend the said premises and every part and parcel thereof, against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, we have hereunto set our hands on this the 24 day of MARCH, 1976.

GRANTORS:

[Signatures]

STATE OF INDIANA
COUNTY OF Monroe
December 1, 2003

VIA FAX ONLY
435-888-4002

Darren L. Woolsey
Controller
GENWAL Resources, Inc.
Price, Utah

RE: Dellenback Trust Royalties

Dear Darren:

Attached is a copy of the recorded Mineral Deed transferring the interest of William H. Dellenback and Julie Dellenback to John R. Dellenback as Trustee for the John R. Dellenback Trust. This is document number 322201 in Book 175, Page 635 of the Emery County Records. The deed is dated November 29, 1988 and was recorded January 10, 1989. As I mentioned, Mr. Dellenback is deceased and I will be furnishing to you additional documentation to establish the trustee party to receive the royalties for the trust.

Please keep me apprised of the progress of the mining operation and, for the time being, send the summaries and other correspondence to me.

Thank you.

Very truly yours,

BROPHY, MILLS, SCHMOR
GERKING & BROPHY, LLP

Timothy E. Brophy

TEB:jd
Encs.
MINERAL DEED

KNOW ALL MEN BY THESE PRESENTS that we, WILLIAM H. DELLENBACK and JULIE DELLENBACK, husband and wife, hereinafter referred to as "Grantors", of 1510 Pickwick Place, Bloomington, Indiana 47401, do hereby bargain, sell and convey to JOHN R. DELLENBACK TRUST, JOHN R. DELLENBACK TRUSTEE, UTD June 1, 1978, hereinafter referred to as "Grantee", in consideration of Ten Dollars ($10.00) and other good and valuable consideration paid to us by Grantee, the receipt of which is hereby acknowledged, all royalties, rights, title and interests held by Grantors in the following described real property, situate in the County of Emery and the State of Utah, to wit:

The Southwest Quarter (SW/4) of Section 5, Township 16 South, Range 7 East, SLM, containing One Hundred and Sixty (160) acres, more or less, together with all improvements, tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

These royalties, rights, title and interests being:

Five percent (5%) of the sale price at the portal of all coal mined and removed from the hereinabove described property after seven (7) years from and after March 24, 1976, and six and one quarter percent (6.25%) of value at the well of all oil, gas and other hydrocarbons produced and sold from the hereinabove described property;

as reserved to Grantors by Warranty Deed No. 250097 recorded April 14, 1976 in Book 85, Pages 575-577, of the Records of Emery County, Utah.

WITNESS the hands of said Grantors this 29th day of November 1988.

[Signatures]

STATE OF INDIANA

County of Monroe

On the 29th day of November, 1988, personally appeared before me, WILLIAM H. DELLENBACK and JULIE DELLENBACK, husband and wife, the signers of the above instrument, who duly acknowledged to me that they executed the same.

[Notary Public Signature]

My commission expires: [Signature]
TELECOPIER COVER SHEET

Date: December 1, 2003
To: Darren Woolsey
Fax No. 435-888-4002
From: Timothy E. Brophy
No. of Pages: 3, inclusive of this sheet.
RE: Dellenback Trust Royalties

PLEASE CALL JACIAN AT (541) 772-7123 IF TRANSMITTAL IS INCOMPLETE OR UNREADABLE
CONFIDENTIALITY NOTICE

This telecopier transmission (and/or documents accompanying it) may contain confidential information belonging to the sender which is protected by the attorney-client privilege. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone to arrange for return of the documents.
Appendix 1-2

USFS Road Use Permit
Mr. Andrew C. King  
Genwal Coal Company, Inc.  
P.O.Box 1201  
Huntington, Utah 84528

Dear Mr. King

The Environmental Assessment for the Genwal Mine identified the future need of the Crandall Canyon Road #50248. The improved roadway is to be retained beyond the proposed life of the mine. Road management objectives for the area would require some reclamation of the roadway from a 20 foot finished surface to a 14 foot finished surface however the basic roadway template is to remain.

The upper parking area is to be retained as a trailhead and loading point for trail users and livestock management.

We hope this information will satisfy your needs.

Sincerely,

For
GEORGE A. MORRIS  
Forest Supervisor
Genwal Coal Company
P.O. Box 1201
Huntington, Utah 84528

(hereafter called the permittee) is hereby granted use of the following road(s) or road segments:

Forest Development Road #50248 (Crandall Canyon Road) from State Highway 31 westward a distance of 1.5 miles, on the Manti-LaSal National Forest, subject to the provisions of this permit, including clauses 1 through 17, on page(s) 1 through 5 for the purpose of transporting personnel, equipment, supplies and materials for operation and servicing of a coal mine and transporting of coal.

The exercise of any of the privileges granted in this permit constitutes acceptance of all the conditions of the permit.

1. Work Required to Accommodate Permitted Use. In accordance with this use, the permittee shall perform the work described below:

   a. An 8-inch column of gravel sub-base shall be maintained at all times.

   b. Surface treatments must be applied to eliminate fugitive dust and reduce surfacing losses.

   c. If surface treatments prove to be inadequate, an asphalt surface shall be applied. This shall be applied at such time as surface treatments fail to prevent surfacing losses and effective fugitive dust control.

   d. A sign, warning other road users of heavy truck traffic, shall be maintained at or before the bridge.

2. Use Plans. The permittee shall notify the District Ranger, Ira Hatch, 599 W. Price River Drive, Price, Utah 84501, telephone No. 637-2817, in writing of the names and addresses of permittee's contractors or agents who will use the road on behalf of the permittee, the estimated extent of use, purpose of use, and such other information relative to permittee's anticipated use as the Forest Service may from time to time reasonably request. When there is a significant change in use by the permittee, it is the permittee's responsibility to promptly notify the District Ranger in writing. Plans and changes will be approved by the Forest Supervisor before use may commence.
3. Compliance with Laws, Regulations, and Rules Governing Use. The permittee, exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, County, and Municipal laws, ordinances, or regulations which are applicable to the area or operations covered by this permit. The permittee, its agents, employees, contractors, and guests of the permittee shall comply with the rules and regulations prescribed by the Forest Service for the control and safety in the use of the road and to avoid damage to the road. Such rules and regulations shall include:

a. Closing the road or restricting the use when required by any government agency which, by law, has jurisdiction to authorize such closing or restrictions.

b. Upon reasonable notice, closing the road during periods when, in Forest Service judgment, there is extraordinary fire or avalanche danger.

c. Traffic controls which, in the judgment of the Forest Service, are required for the safe and effective use of the road by authorized users thereof.

d. The permittee shall not use chemical poison, as defined in section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act of June 25, 1945, as amended (61 Stat. 163; 73 Stat. 286; 75 Stat. 18; 75 Stat. 190), or any chemical or other road surface treatment without the approval of the Forest Supervisor. The application for approval shall be in writing and shall specify the area to be treated, the material used in the treatment, and the time, rate, and method of application.

e. Prohibition upon the loading of trucks while such trucks are standing on the roadway surface, except to recover lost material.

f. Prohibition on the operation on this road of any vehicles or equipment having cleats or other tracks which will injure the surface thereof.

g. Prohibition on the operation of hauling vehicles of a width in excess of state limit or with a gross weight of vehicles and load in excess of state permitted limit.

h. The operator shall limit hauling truck speeds to 20 miles per hour.

4. Use Nonexclusive. The privileges granted in this road use permit, including use when the road is closed to public use, is not exclusive. The Forest Service may use the road and authorize others to use the road at any and all times. The permittee shall use the road in such a manner as will not unreasonably or unnecessarily interfere with the use thereof, by other authorized persons including the Forest Service.

5. Insurance. The permittee shall bear the expense to carry public liability damage insurance for the operation of vehicles, in the amount established by applicable State laws, cooperative agreements, or easements issued on the subject road or roads. In any event, the permittee must carry liability insurance and property damage insurance of not less than $100,000 for injury or death to one person, $300,000 for injury or death to two or more persons, and $50,000 for damage to property. Proof of satisfactory insurance may be required by the Forest Service prior to hauling over this road and will be for the duration of the permit.
6. **Maintenance.** The permittee shall bear the expense of maintenance proportionate to his use. This expense will be borne by the permittee, its agents, operators, and/or contractors.

Where road maintenance standards required by the permittee are above those required by the Forest Service, the permittee shall bear the total incremental cost of maintaining the road to the higher standard. The Forest Service financial responsibility is limited to a commensurate share of those maintenance activities required to be performed for the maintenance level assigned to the road prior to the commercial use.

Maintenance shall be performed in accordance with Forest Service Specifications or requirements for maintenance as hereinafter listed, or as may be mutually agreed upon from time to time and shall consist of (1) current maintenance as necessary to preserve, repair, and protect the roadbed, surface and all structures and appurtenances, and (2) resurfacing equivalent in extent to the wear and loss of surfacing caused by operations authorized in this permit.

6a. **Maintenance and Resurfacing Requirements and Specifications.**

Until such time as other substantial use occurs, Genwall Coal Company shall perform all maintenance. At such time as other use commences, the Forest Service will determine the proportionate share of maintenance responsibilities for which each of the parties is to accomplish. The maintenance will be reapportioned based on both number and type of vehicles using the road, as well as the season of use.

Maintenance shall be performed on a routine recurring interval and shall be done in a manner that will preserve the road material and retain the road surface. Dust will be controlled, soft slopes will be reinforced, rutting and road corrugations will be removed. See attached Maintenance Specification Exhibit I.

7. **Performance Bond.** In the event the permittee is to perform road maintenance, road resurfacing, or betterment, as determined by the Forest Supervisor, the Forest Service may require as a further guarantee of the faithful performance of such work that the permittee furnish and maintain a surety bond satisfactory to the Forest Service in the sum of six thousand and four hundred dollars ($6,400), or in lieu of a surety bond, deposit into a Federal depository, as directed by the Forest Service, and maintain therein cash in the sum of six thousand and four hundred dollars ($6,400), or negotiable securities of the United States having market value at the time of deposit of not less than six thousand and four hundred dollars ($6,400). As soon as security for the performance of road maintenance or the settlement of claims incident thereto is completed, unencumbered cash guarantees or negotiable securities deposited in lieu of surety bond will be returned to the permittee.

8. **Fire Prevention and Suppression.** The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of in open fires during the closed fire season established by law or regulation, without a written permit from the Forest Service.
9. **Damages.** The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall promptly repair or upon demand, pay the United States for any damage resulting from negligence, or from violation of the terms of this permit or of any law or regulation applicable to the National Forests, by the permittee, or by his agents, contractors, or employees of the permittee acting within the scope of their agency, contract, or employment. Five days notice shall be given to the District Ranger if other than legal loads (H-20) are to be hauled on Forest Development: Roads. An inspection and evaluation of roadway structures will be made prior to and after the haul to determine feasibility of the haul and to check for any damage to roadway structures.

10. **Officials Not to Benefit.** No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or any benefit that may arise herefrom unless it is made with a corporation for its general benefit.

11. **Outstanding Rights.** This permit is subject to all outstanding rights.

12. **Suspension.** Upon the failure of the permittee, its agents, employees or contractors to comply with any of the requirements of this permit, the officer issuing the permit may suspend operations in pursuance of this permit.

13. **Termination.** This permit shall terminate on September 31, 1994. It may be terminated upon breach of any of the conditions herein. This permit shall be reviewed annually and is subject to revision at such time as conditions of use change.

14. **Reclamation Requirements.** At the conclusion of his use the permittee shall reclaim the roadway by:

   a. Reducing the 27 foot subgrade with 22 foot running surface of 8 inch depth to a 20 foot subgrade with a 14 foot running surface of 12 inch depth.

   b. Scarification and ripping of outside 7.3 foot of subgrade in preparation of seeding.

   c. Feathering of the existing outside slope at a maximum slope of 1-1/2:1 and minimum of 4:1.

   d. Replacing of topsoil on reclaimed slopes outside the traveled way and shoulders prior to seeding.

   e. Seeding of reclaimed area with an approved seed mix with mulches and fertilizers.

   f. Adjustments of the drainage structures to fit the reduce roadway section.
15. Reclamation Bond. In the event the permittee is to perform reclamation of the roadway at the conclusion of his use, the Forest Service may require as a further guarantee of the faithful performance of such work that the permittee furnish and maintain a surety bond satisfactory to the Forest Service in the sum of twenty-nine thousand and two-hundred and fifty dollars ($29,250), or in lieu of a surety bond, deposit into a Federal depository, as directed by the Forest Service, and maintain therein cash in the sum of twenty-nine thousand and two-hundred and fifty dollars ($29,250), or negotiable securities of the United States having a market value at time of deposit of not less than twenty-nine thousand and two-hundred and fifty dollars ($29,250). As soon as security for the performance of road reclamation requirements or the settlement of claims thereto is completed, unencumbered cash guarantees or negotiable securities deposited in lieu of surety bond will be returned to the permittee.

16. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provisions thereof, the following clauses will control.

17. The environmental assessment prepared and approved for this activity shall be made part of this permit. This permit is subject to the requirements, constraints, and mitigations developed in the assessment. (Copy attached.)

This permit is accepted subject to all of its terms and conditions.

ACCEPTED  Permittee (Name and Signature)  3-1-90

APPROVED  Issuing Officer (Name and Signature)  Title  Date
MAINTENANCE REQUIREMENTS

EXHIBIT I

Road Maintenance. Road maintenance is defined as the performance of work on the entire road facility commensurate with permittee's use. This work consists of restoration and preservation of surface, shoulders, roadsides, structures, drainage, sight distance, and such traffic control devices as are necessary for prevention of excessive erosion damage to the facility and adjacent lands.

I. Description. Maintenance work to be done currently during the periods of use by the permittee shall include:

A. Removal of slides and boulders, which obstruct safe sight distance.

B. Adequate blading and shaping of roadway surfaces, ditches, and grade dips to maintain the original cross-sections.

C. Removal of earth and debris from ditches and culverts so that the drainage systems will function efficiently at all times.

D. Prevention of excessive dusting of road surface materials.

E. Repair of damages to fences, cattle guards, culverts, and other roadway structures including traffic regulatory and directional signs.

F. Restoration of eroded fills and repair and protection of shoulder berms, berm outlets, stabilized waterways, vegetated slopes, and other erosion control features.

G. Removal of snow from roadway surface.

H. Replacement of roadway and/or surfacing material worn out and lost through use of the roadway.

II. Performance. All items of maintenance work shall be done currently as necessary to insure safe, efficient transportation and to protect roads, streams, and adjacent lands from excessive damage. Work shall be done in accordance with the following minimum standards of performance.

A. Removal of Material. Earth, rocks, trees, brush, and debris removed from roadways and ditches shall not be deposited in stream channels or upon slope stabilization and erosion control features.
B. During roadway blading and shaping operations, banks shall not be undercut nor shall gravel or other selected surfacing material be bladed off the roadway surface. The original crown or slope of the road shall be preserved. Mud, debris, and oversize material shall be deposited outside the roadway by hand or by careful blading, and these materials shall not be mixed with the road surfacing material.

C. Ditches, culverts, drop inlets, trash racks, downspouts, and splatter structures shall be kept clear of earth, slash, and other debris to that drainage systems will function efficiently during, and immediately following, periods of road use by permittees. This includes correcting and eliminating causes of erosion or plugging of the structure, and actual repair of the structure and riprap if damages.

D. Fugitive dust shall be controlled to prevent hazardous driving conditions or loss of road surface or binder material. The permittee shall control such dusting by sprinkling, or other approved surface treatment.

E. Permittee shall promptly repair all damages, caused by the permittee's operations, to the road surface or to any structures in or adjacent to the roadways. To transport any overweight loads (those that exceed HS-20 loading) will require five (5) days notice prior to transporting on Forest Development Roads. An inspection of drainage and other structures (bridges, etc.) will be made to determine if the structure can safely accommodate the load.

F. Any washing or settling of roadway fills shall be corrected promptly to prevent additional soil erosion or roadway damage. Shoulder berms, berm outlets, and stabilized waterways shall be protected during road maintenance operations and, if damaged, such structures shall be promptly restored to their original condition, including repair and reseeding of vegetation established to control slope erosion. No earth, rocks, or other debris shall be deposited upon any roadside slope stabilization structure or feature.

G. Snow Removal

1. Requirements
   a. Sanding of hazardous areas shall be with sand. Coal dust, chemicals, or salt are not to be used.
   b. Equipment - The equipment should be in sound operating condition, be equipped with angle blade or adequate grousers or traction tires, and be operated by a fully qualified operator.
c. **Removal**

*Width* - Snow will be removed to the full width of the road plus any turnouts and ditch lines. Through-cuts will be allowed only after snow depths exceed the height of the cab or across flat ground. Disposal shall always be to the outside or downhill side of the road.

*Outlets* - Outlets for surface runoff shall be placed in all snow through-cuts at points where water can flow off the road surface at the following intervals:

- 8% or less grades - 500 feet center to center minimum.
- 8% and up grades - 300 feet center to center minimum.

**Snow Floor** - A four to six-inch snow floor shall be allowed to accumulate on the road bed to prevent removal of road bed surfacing.

**Cattleguards** - Crawler tractors will not be operated across cattleguards.

**Culvert Cleaning** - Culvert heads and outlets shall be cleaned of snowpack by hand.

**Tree Damage** - Snow should not be pushed, blown, or stacked on trees along the roadside. Care will be taken to avoid scarring trees with equipment.

2. **Travel**

a. The road may be used while the snow floor remains intact or under frozen conditions.

b. All travel must cease when temperatures allow the road to thaw and rutting of the road surface is occurring.

c. This closure will be in effect until the surface dries or refreezes.

3. **Inspections**

a. Intermittent inspections may be made during snow removal operations.

b. Final inspection will be made to check for full compliance and damages.
ADD THIS DOCUMENT TO APPENDIX 1-2
Dear Gary:

Enclosed are three original copies of a new Road Use Permit (RUP) authorizing continued commercial use of the Crandall Canyon Road, Forest Service Road 50248, through October 1, 2007. The maintenance bond and reclamation bond have been recalculated to reflect needs through the life of the permit period. The maintenance bond amount was found to be adequate and will remain at $7,000. The reclamation bond was found to be low and will increase to $103,000 (based on current costs projected to 2007 at 2% inflation per year). If you find the RUP acceptable, please sign and return two original copies to this office along with the increased reclamation bond required in Part 14 of the permit. A fully executed original copy of the RUP will be returned to you upon acceptance of the surety provided.

Please note the RUP assigns recurrent maintenance responsibilities to Genwal Resources, Inc. as described in Part 6 of this permit and Exhibit I attached to the permit. A recent inspection of the Crandall Canyon Road has disclosed areas where maintenance/restoration actions are needed. The following work items are conditions of the new permit and are required to accommodate the permitted use (ref. Part 1 of permit):

**Bridge over Huntington Creek:**

- Replace existing guard rail with new approach rail system incorporating BCT terminal ends (4 each);
- Install Type 3 object markers at each end of approach rails (4 each);
- Remove dirt/debris from bridge deck (perform annually).

**Roadway at milepost 0.7:**

Pavement and subgrade are failing. Displacement of the curb has occurred and water seems to be leaking through the joint between the curb and the pavement leading to fill slope erosion. Investigate the failure and submit remedial action and performance schedule to this office for approval prior to initiating work.
If you have any questions relating to the RUP, please contact Jeff Alexander or Aaron Howe at this office. If you have any questions regarding the bonding process, please contact JayLynn Pell also at this office.

Sincerely,

ELAINE J. ZIEROTH  
Forest Supervisor  

Enclosures
U.S.D.A. - FOREST SERVICE

ROAD USE PERMIT
(Ref: F.S.M. 7731.16) #0410-03-17


Gary Gray
(435) 564-4000
Genwall Resources, Inc.
P.O. Box 1077
Price, Utah 84501

(Name)
(Address & Zip Code)

(hereafter called the permittee) is hereby granted use of the following road(s) or road segments:

On the Manti-LaSal National Forest:

Forest Service Road #50248 (Crandall Canyon Road) from State Highway 31 westward a distance of 1.5 miles, subject to the provisions of this permit, including clauses 1 through 15, on page(s) 1 through 4 for the purpose of transporting personnel, equipment, supplies and materials for operation and servicing of a coal mine and transporting of coal.

The exercise of any of the privileges granted in this permit constitutes acceptance of all the conditions of the permit.

1. Work Required to Accommodate Permitted Use. In accordance with this use, the permittee shall perform the work described below:

Bridge over Huntington Creek:
Replace existing guard rail with new approach rail system incorporating BCT terminal ends (4 each);
Install Type 3 object markers at ends of approach rails (4 each);
Remove dirt/debris from bridge deck (perform annually).

Roadway at milepost 0.7:
Pavement and subgrade are failing. Displacement of the curb has occurred and water seems to be leaking through the joint between the curb and the pavement leading to fill slope erosion. Investigate the failure and submit remedial action and performance schedule to this office for approval prior to initiating work.

2. Use Plans. The permittee shall notify the Ferron/Price District Ranger, 115 West Canyon Road, P.O. Box 310, Ferron Utah, 84523, telephone no. 435-384-2372, in writing of the names and addresses of permittee's contractors or agents who will use the road on behalf of the permittee, the estimated extent of use, purpose of use, and such other information relative to permittee's anticipated use as the Forest Service may from time to time reasonably request. When there is a significant change in use by the permittee, it is the permittee's responsibility to promptly notify the District Ranger in writing. The Forest Supervisor will approve plans and changes before use may commence.

3. Compliance with Laws, Regulations, and Rules Governing Use. The permittee, in exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, County, and Municipal laws, ordinances, or regulations which are applicable to
the area or operations covered by this permit. The permittee, its agents, employees, contractors, and guests of the permittee shall comply with the rules and regulations prescribed by the Forest Service for the control and safety in the use of the road and to avoid damage to the road. Such rules and regulations shall include:

a. Closing the road or restricting the use when required by any government agency which, by law, has jurisdiction to authorize such closing or restrictions.

b. Upon reasonable notice, closing the road during periods when, in Forest Service judgment, there is extraordinary fire or avalanche danger.

c. Traffic controls which, in the judgment of the Forest Service, are required for the safe and effective use of the road by authorized users thereof.

d. The permittee shall not use chemical poison, as defined in section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act of June 25, 1945, as amended (61 Stat. 163; 73 Stat. 286; 75 Stat. 18; 75 Stat. 190), or any chemical or other road surface treatment without the approval of the Forest Supervisor. The application for approval shall be in writing and shall specify the area to be treated, the material used in the treatment, and the time, rate, and method of application.

e. Prohibition upon the loading of trucks while such trucks are standing on the roadway surface, except to recover lost material.

f. Prohibition on the operation on this road of any vehicles or equipment having cleats or other tracks which will injure the surface thereof.

 g. Prohibition on the operation of hauling vehicles of a width in excess of state limit or with a gross weight of vehicles and load in excess of state permitted limit.

h. The operator shall limit truck speeds to 20 miles per hour.

4. Use Nonexclusive. The privileges granted in this road use permit, including use when the road is closed to public use, is not exclusive. The Forest Service may use the road and authorize others to use the road at any and all times. The permittee shall use the road in such a manner as will not unreasonably or unnecessarily interfere with the use thereof, by other authorized persons including the Forest Service.

5. Insurance. The permittee shall bear the expense to carry public liability damage insurance for the operation of vehicles, in the amount established by applicable State laws, cooperative agreements, or easements issued on the subject road or roads. In any event, the permittee must carry liability insurance and property damage insurance of not less than $100,000 for injury or death to one person, $300,000 for injury or death to two or more persons, and $50,000 for damage to property. Proof of satisfactory insurance may be required by the Forest Service prior to hauling over this road and will be for the duration of the permit.

6. Maintenance. The permittee shall bear the expense of maintenance proportionate to his use. This expense will be borne by the permittee, its agents, operators, and/or contractors.

Where road maintenance standards required by the permittee are above those required by the Forest Service, the permittee shall bear the total incremental cost of maintaining the road to the higher standard. The Forest Service financial responsibility is limited to a commensurate share of those maintenance activities required to be performed for the maintenance level assigned to the road prior to the commercial use.

Maintenance shall be performed in accordance with Forest Service Specifications or requirements for maintenance as hereinafter listed, or as may be mutually agreed upon from time to
time and shall consist of (1) current maintenance as necessary to preserve, repair, and protect the roadbed, surface and all structures and appurtenances, and (2) resurfacing equivalent in extent to the wear and loss of surfacing caused by operations authorized in this permit.

6a. Maintenance and Resurfacing Requirements and Specifications.

Until such time as other substantial use occurs, Genwall Coal Company shall perform all recurring maintenance. At such time as other use commences, the Forest Service will determine the proportionate share of maintenance responsibilities for which each of the parties is to accomplish. The maintenance will be reapportioned based on both number and type of vehicles using the road, as well as the season of use.

Maintenance shall be performed on a routine recurring interval and shall be done in a manner that will preserve the road material and retain the road surface. Soft slopes will be reinforced. Asphalt berms shall be maintained. See attached Maintenance Specification Exhibit I.

7. Performance Bond. In the event the permittee is to perform road maintenance, road resurfacing, or betterment, as determined by the Forest Supervisor, the Forest Service may require as a further guarantee of the faithful performance of such work that the permittee furnish and maintain a surety bond satisfactory to the Forest Service in the sum of seven thousand dollars ($7,000), or in lieu of a surety bond, deposit into a Federal depository, as directed by the Forest Service, and maintain therein cash in the sum of seven thousand dollars ($7,000), or negotiable securities of the United States having market value at the time of deposit of not less than seven thousand dollars ($7,000). As soon as security for the performance of road maintenance or the settlement of claims incident thereto is completed, unencumbered cash guarantees or negotiable securities deposited in lieu of surety bond will be returned to the permittee.

8. Fire Prevention and Suppression. The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of in open fires during the closed fire season established by law or regulation, without a written permit from the Forest Service.

9. Damages. The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall promptly repair or upon demand, pay the United States for any damage resulting from negligence, or from violation of the terms of this permit or of any law or regulation applicable to the National Forests, by the permittee, or by his agents, contractors, or employees of the permittee acting within the scope of their agency, contract, or employment.

10. Officials Not to Benefit. No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or any benefit that may arise herefrom unless it is made with a corporation for its general benefit.

11. Outstanding Rights. This permit is subject to all outstanding rights.

12. Suspension. Upon the failure of the permittee, its agents, employees or contractors to comply with any of the requirements of this permit, the officer issuing the permit may suspend operations in pursuance of this permit.

13. Reclamation Requirements. At the conclusion of this use, the permittee shall reclaim the roadway by:

   a. Removing asphalt pavement and recycle or dispose of, in accordance with Hazardous Materials Laws in the State of Utah.
b. Reducing the 27 foot subgrade with 22 foot running surface of 8 inch depth to a 20 foot subgrade with a 14 foot running surface of 12 inch depth.

c. Scarification and ripping of outside 7.3 foot of subgrade in preparation of seeding.

d. Feathering of the existing outside slope at a maximum slope of 1-1/2:1 and minimum of 4:1.

e. Replacing of topsoil on reclaimed slopes outside the traveled way and shoulders prior to seeding.

f. Seeding of reclaimed area with an approved seed mix with mulches and fertilizers.

g. Adjustments of the drainage structures to fit the reduce roadway section.

14. Reclamation Bond. In the event the permittee is to perform reclamation of the roadway at the conclusion of his use, the Forest Service may required as a further guarantee of the faithful performance of such work that the permittee furnish and maintain a surety bond satisfactory to the Forest Service in the sum of one hundred and three thousand dollars ($103,000), or in lieu of a surety bond, deposit into a Federal depository, as directed by the Forest Service, and maintain therein cash in the sum of one hundred and three thousand dollars ($103,000), or negotiable securities of the United States having a market value at time of deposit of not less than one hundred and three thousand dollars ($103,000). As soon as security for the performance of road reclamation requirements or the settlement of claims thereto is completed, unencumbered cash guarantees or negotiable securities deposited in lieu of surety bond will be returned to the permittee.

15. Termination. This permit shall terminate on October 1, 2007. It may be terminated upon breach of any of the conditions herein. This permit shall be reviewed annually and is subject to revision at such time as conditions of use change.

This permit is accepted subject to all of its terms and conditions.
MAINTENANCE REQUIREMENTS

EXHIBIT I

Road Maintenance. Road maintenance is defined as the performance of work on the entire road facility commensurate with permittee's use. This work consists of restoration and preservation of surface, shoulders, roadsides, structures, drainage, sight distance, and such traffic control devices as are necessary for prevention of excessive erosion damage to the facility and adjacent lands.

I. Description. Maintenance work to be done currently during the periods of use by the permittee shall include:

A. Removal of slides and boulders, which obstruct safe sight distance.

B. Adequate blading and shaping of roadway surfaces, ditches, and grade dips to maintain the original cross-sections.

C. Removal of earth and debris from ditches and culverts so that the drainage systems will function efficiently at all times.

D. Prevention of excessive dusting of road surface materials.

E. Repair of damages to fences, cattleguards, culverts, and other roadway structures including traffic regulatory and directional signs.

F. Restoration of eroded fills and repair and protection of shoulder berms, berm outlets, stabilized waterways, vegetated slopes, and other erosion control features.

G. Removal of snow from roadway surface.

H. Replacement of roadway and/or surfacing material worn out and lost through use of the roadway.

II. Performance. All items of maintenance work shall be done currently as necessary to insure safe, efficient transportation and to protect roads, streams, and adjacent lands from excessive damage. Work shall be done in accordance with the following minimum standards of performance.

A. Removal of Material. Earth, rocks, trees, brush, and debris removed from roadways and ditches shall not be deposited in stream channels or upon slope stabilization and erosion control features.

B. During roadway blading and shaping operations, banks shall not be undercut nor shall gravel or other selected surfacing material be bladed off the roadway surface. The original crown or slope of the road shall be preserved. Mud, debris, and oversize material shall be deposited outside the roadway by hand or by careful blading, and these materials shall not be mixed with the road surfacing material.

C. Ditches, culverts, drop inlets, trash racks, downspouts, and splatter structures shall be kept clear of earth, slash, and other debris to that drainage systems will function efficiently during, and immediately following, periods of road use by permittees. This includes correcting and eliminating causes of erosion or plugging of the structure, and actual repair of the structure and riprap if damages.
D. Fugitive dust shall be controlled to prevent hazardous driving conditions or loss of road surface or

E. Permittee shall promptly repair all damages, caused by the permittee's operations, to the road surface or to any structures in or adjacent to the roadways. To transport any overweight loads (those that exceed HS-20 loading) will require five (5) days notice prior to transporting on Forest Roads. An inspection of drainage and other structures (bridges, etc.) will be made to determine if the structure can safely accommodate the load.

F. Any washing or settling of roadway fills shall be corrected promptly to prevent additional soil erosion or roadway damage. Shoulder berms, berm outlets, and stabilized waterways shall be protected during road maintenance operations and, if damaged, such structures shall be promptly restored to their original condition, including repair and reseeding of vegetation established to control slope erosion. No earth, rocks, or other debris shall be deposited upon any roadside slope stabilization structure or feature.

G. Snow Removal

1. Requirements

   a. Sanding of hazardous areas shall be with sand. Coal dust, chemicals, or salt are not to be used.

   b. Equipment - The equipment should be in sound operating condition, be equipped with angle blade or adequate grousers or traction tires, and be operated by a fully qualified operator.

   c. Removal

      Width - Snow will be removed to the full width of the road plus any turnout and ditch lines. Through-cuts will be allowed only after snow depths exceed the height of the cab or across flat ground. Disposal shall always be to the outside or downhill side of the road.

      Outlets - Outlets for surface runoff shall be placed in all snow through-cuts at points where water can flow off the road surface at the following intervals:

      8% or less grades - 500 feet center to center minimum.
      8% and up grades - 300 feet center to center minimum.

      Snow Floor - A four to six-inch snow floor shall be allowed to accumulate on the roadbed to prevent removal of roadbed surfacing.

      Cattleguards - Crawler tractors will not be operated across cattleguards.

      Culvert Cleaning - Culvert heads and outlets shall be cleaned of snowpack by hand.

      Tree Damage - Snow should not be pushed, blown, or stacked on trees along the roadside. Care will be taken to avoid scarring trees with equipment.

2. Travel

   a. The road may be used while a snow floor remains intact or under frozen conditions.
b. All travel must cease when temperatures allow the road to thaw and rutting of the road surface is occurring.

c. This closure will be in effect until the surface dries or refreezes.

3. **Inspections**

a. Intermittent inspections may be made during snow removal operations.

b. Final inspection will be made to check for full compliance and damages.
FOREST SERVICE SPECIAL USE PERMIT

SEDIMENTATION POND
U.S. DEPARTMENT OF AGRICULTURE
Forest Service
SPECIAL USE PERMIT
AUTHORITY:
FEDERAL LAND POLICY AND MGMT ACT, AS AMENDED October 21, 1976

GENWAL RESOURCES, INCORPORATED of P.O. BOX 1077, PRICE, UT 84501 (hereinafter called the Holder) is hereby authorized to use or occupy National Forest System lands, to use subject to the conditions set out below, on the Manti-La Sal National Forest, Price Ranger District.

This permit covers 1.5 acres, and/or 0 miles and is described as: Sec. 5, T16S, R7E, SALT LAKE as shown on the location map attached to and made a part of this permit, and is issued for the purpose of:

Four-acre foot capacity sediment pond, 72 inch culvert and energy dissipator for Crandall Creek. Permittee will be responsible for noxious weed control on the permitted area.

The above described or defined area shall be referred to herein as the "permit area".

TERMS AND CONDITIONS

I. AUTHORITY AND GENERAL TERMS OF THE PERMIT

A. Authority. This permit is issued pursuant to the authorities enumerated at Title 36, Code of Federal Regulations, Section 251 Subpart B, as amended. This permit, and the activities or use authorized, shall be subject to the terms and conditions of the Secretary's regulations and any subsequent amendment to them.

B. Authorized Officer. The authorized officer is the Forest Supervisor or a delegated subordinate officer.

C. License. This permit is a license for the use of federally owned land and does not grant any permanent, possessory interest in real property, nor shall this permit constitute a contract for purposes of the Contract Disputes Act of 1978 (41 U.S.C. 611). Loss of the privileges granted by this permit by revocation, termination, or suspension is not compensable to the holder.

D. Amendment. This permit may be amended in whole or in part by the Forest Service when, at the discretion of the authorized officer, such action is deemed necessary or desirable to incorporate new terms, conditions, and stipulations as may be required by law, regulation, land management plans, or other management decisions.

E. Existing Rights. This permit is subject to all valid rights and claims of third parties. The United States is not liable to the holder for the exercise of any such right or claim.

F. Nonexclusive Use and Public Access. Unless expressly provided for in additional terms, use of the permit area is not exclusive. The Forest Service reserves the right to use or allow others to use any part of the permit area, including roads, for any purpose, provided, such use does not materially interfere with the holder's authorized use. A final determination of conflicting uses is reserved to the Forest Service.

G. Forest Service Right of Entry and Inspection. The Forest Service has the right of unrestricted access of the permitted area or facility to ensure compliance with laws, regulations, and ordinances and the terms and conditions of this permit.

H. Assignability. This permit is not assignable or transferable. If the holder through death, voluntary sale or transfer, enforcement of contract, foreclosure, or other valid legal proceeding ceases to be the owner of the improvements, this permit shall terminate.
I. Permit Limitations. Nothing in this permit allows or implies permission to build or maintain any structure or facility, or to conduct any activity unless specifically provided for in this permit. Any use not specifically identified in this permit must be approved by the authorized officer in the form of a new permit or permit amendment.

II. TENURE AND ISSUANCE OF A NEW PERMIT

A. Expiration at the End of the Authorized Period. This permit will expire at midnight on 12/31/2022. Expiration shall occur by operation of law and shall not require notice, any decision document, or any environmental analysis or other documentation.

B. Minimum Use or Occupancy of the Permit Area. Use or occupancy of the permit area shall be exercised at least 365 days each year, unless otherwise authorized in writing under additional terms of this permit.

C. Notification to Authorized Officer. If the holder desires issuance of a new permit after expiration, the holder shall notify the authorized officer in writing not less than six (6) months prior to the expiration date of this permit.

D. Conditions for Issuance of a New Permit. At the expiration or termination of an existing permit, a new permit may be issued to the holder of the previous permit or to a new holder subject to the following conditions:

1. The authorized use is compatible with the land use allocation in the Forest Land and Resource Management Plan.
2. The permit area is being used for the purposes previously authorized.
3. The permit area is being operated and maintained in accordance with the provisions of the permit.
4. The holder has shown previous good faith compliance with the terms and conditions of all prior or other existing permits, and has not engaged in any activity or transaction contrary to Federal contracts, permits, laws, or regulations.

E. Discretion of Forest Service. Notwithstanding any provisions of any prior or other permit, the authorized officer may prescribe new terms, conditions, and stipulations when a new permit is issued. The decision whether to issue a new permit to a holder or successor in interest is at the absolute discretion of the Forest Service.

F. Construction. Any construction authorized by this permit may commence by N/A and shall be completed by N/A. If construction is not completed within the prescribed time, this permit may be revoked or suspended.

III. RESPONSIBILITIES OF THE HOLDER

A. Compliance with Laws, Regulations, and other Legal Requirements. The holder shall comply with all applicable Federal, State, and local laws, regulations, and standards, including but not limited to, the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., the Comprehensive Environmental Response, Control, and Liability Act, 42 U.S. C. 9601 et seq., and other relevant environmental laws, as well as public health and safety laws and other laws relating to the siting, construction, operation, and maintenance of any facility, improvement, or equipment on the property.

B. Plans. Plans for development, layout, construction, reconstruction, or alteration of improvements on the permit area, as well as revisions of such plans, must be prepared by a qualified individual acceptable to the authorized officer and shall be approved in writing prior to commencement of work. The holder may be required to furnish as-built plans, maps, or surveys, or other similar information, upon completion of construction.

C. Maintenance. The holder shall maintain the improvements and permit area to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the authorized officer and consistent with other provisions of this authorization. If requested, the holder shall comply with inspection requirements deemed appropriate by the authorized officer.

D. Hazard Analysis. The holder has a continuing responsibility to identify all hazardous conditions on the permit area which would affect the improvements, resources, or pose a risk of injury to individuals. Any non-emergency actions to abate such hazards shall be performed after consultation with the authorized officer. In emergency situations, the holder shall notify the authorized officer of its actions as soon as possible, but not more than 48 hours, after such actions have been taken.
E. **Change of Address.** The holder shall immediately notify the authorized officer of a change in address.

F. **Change in Ownership.** This permit is not assignable and terminates upon change of ownership of the improvements or control of the business entity. The holder shall immediately notify the authorized officer when a change in ownership or control of business entity is pending. Notification by the present holder and potential owner shall be executed using Form SF-299 Application for Transportation and Utility Systems and Facilities of Federal Lands, or Form FS-2700-3a, Holder Initiated Revocation of Existing Authorization, Request for a Special Use Permit. Upon receipt of the proper documentation, the authorized officer may issue a permit to the party who acquires ownership of, or a controlling interest in, the improvements or business entity.

IV. **LIABILITY**

For purposes of this section, "holder" includes the holder’s heirs, assigns, agents, employees, and contractors.

A. The holder assumes all risk of loss to the authorized improvements.

B. The holder shall indemnify, defend, and hold the United States harmless for any violations incurred under any such laws and regulations or for judgments, claims, or demands assessed against the United States in connection with the holder’s use or occupancy of the property. The holder’s indemnification of the United States shall include any loss by personal injury, loss of life or damage to property in connection with the occupancy or use of the property during the term of this permit. Indemnification shall include, but is not limited to, the value of resources damaged or destroyed; the costs of restoration, cleanup, or other mitigation; fire suppression or other types of abatement costs; third party claims and judgments; and all administrative, interest, and other legal costs. This paragraph shall survive the termination or revocation of this authorization, regardless of cause.

C. The holder has an affirmative duty to protect from damage the land, property, and interests of the United States.

D. In the event of any breach of the conditions of this authorization by the holder, the authorized officer may, on reasonable notice, cure the breach for the account at the expense of the holder. If the Forest Service at any time pays any sum of money or does any act which will require payment of money, or incurs any expense, including reasonable attorney’s fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce the United States rights hereunder, the sum or sums so paid by the United States, with all interests, costs and damages shall, at the election of the Forest Service, be deemed to be additional fees hereunder and shall be due from the holder to the Forest Service on the first day of the month following such election.

E. With respect to roads, the holder shall be proportionally liable for damages to all roads and trails of the United States open to public use caused by the holder’s use to the same extent as provided above, except that liability shall not include reasonable and ordinary wear and tear.

F. The Forest Service has no duty to inspect the permit area or to warn of hazards and, if the Forest Service does inspect the permit area, it shall incur no additional duty nor liability for identified or non-identified hazards. This covenant may be enforced by the United States in a court of competent jurisdiction.

V. **TERMINATION, REVOCATION, AND SUSPENSION**

A. **General.** For purposes of this permit, "termination", "revocation", and "suspension" refer to the cessation of uses and privileges under the permit.

"Termination" refers to the cessation of the permit under its own terms without the necessity for any decision or action by the authorized officer. Termination occurs automatically when, by the terms of the permit, a fixed or agreed upon condition, event, or time occurs. For example, the permit terminates at expiration. Terminations are not appealable.

"Revocation" refers to an action by the authorized officer to end the permit because of noncompliance with any of the prescribed terms, or for reasons in the public interest. Revocations are appealable.
"Suspension" refers to a revocation which is temporary and the privileges may be restored upon the occurrence of prescribed actions or conditions. Suspensions are appealable.

B. Revocation or Suspension. The Forest Service may suspend or revoke this permit in whole or part for:

1. Noncompliance with Federal, State, or local laws and regulations.
2. Noncompliance with the terms and conditions of this permit.
3. Reasons in the public interest.
4. Abandonment or other failure of the holder to otherwise exercise the privileges granted.

C. Opportunity to Take Corrective Action. Prior to revocation or suspension for cause pursuant to Section V (B), the authorized officer shall give the holder written notice of the grounds for each action and a reasonable time, not to exceed 90 days, to complete the corrective action prescribed by the authorized officer.

D. Removal of Improvements. Prior to abandonment of the improvements or within a reasonable time following revocation or termination of this authorization, the holder shall prepare, for approval by the authorized officer, an abandonment plan for the permit area. The abandonment plan shall address removal of improvements and restoration of the permit area and prescribed time frames for these actions. If the holder fails to remove the improvements or restore the site within the prescribed time period, they become the property of the United States and may be sold, destroyed or otherwise disposed of without any liability to the United States. However, the holder shall remain liable for all cost associated with their removal, including costs of sale and impoundment, cleanup, and restoration of the site.

VI. FEES

A. Termination for Nonpayment. This permit shall automatically terminate without the necessity of prior notice when land use rental fees are 90 calendar days from the due date in arrears.

B. The holder shall pay One Hundred Eighty Dollars $180.00 for the period from January 1, 2004, to December 31, 2007, and thereafter at the beginning of each 5-year period a lump sum payment for 5 years rent of Two Hundred Twenty Five Dollars $225.00: Provided, charges for this use shall be made or readjusted whenever necessary to place the charges on a basis commensurate with the fair market value of the authorized use.

C. Payment Due Date. The payment due date shall be the close of business on January 1st of each calendar year payment is due. Payments due the United States for this use shall be deposited at USDA Forest Service, File 71652, P.O. Box 60000, San Francisco, CA 94160-1652, in the form of a check, draft, or money order payable to "Forest Service, USDA." Payments shall be credited on the date received by the designated Forest Service collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

D. Late Payment Interest, Administrative Costs and Penalties Pursuant to 31 U.S.C. 3717, et seq., interest shall be charged on any fee amount not paid within 30 days from the date the fee or fee calculation financial statement specified in this authorization becomes due. The rate of interest assessed shall be the higher of the rate of the current value of funds to the U.S. Treasury (i.e., Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly or at the Prompt Payment Act rate. Interest on the principal shall accrue from the date the fee or fee calculation financial statement is due.

In the event the account becomes delinquent, administrative costs to cover processing and handling of the delinquency will be assessed.

A penalty of 6 percent per annum shall be assessed on the total amount delinquent in excess of 90 days and shall accrue from the same date on which interest charges begin to accrue.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.
Disputed fees are due and payable by the due date. No appeal of fees will be considered by the Forest Service without full payment of the disputed amount. Adjustments, if necessary, will be made in accordance with settlement terms or the appeal decision.

If the fees become delinquent, the Forest Service will:

- Liquidate any security or collateral provided by the authorization.

If no security or collateral is provided, the authorization will terminate and the holder will be responsible for delinquent fees as well as any other costs of restoring the site to its original condition including hazardous waste cleanup.

Upon termination or revocation of the authorization, delinquent fees and other charges associated with the authorization will be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. Delinquencies may be subject to any or all of the following conditions:

- Administrative offset of payments due the holder from the Forest Service.
- Delinquencies in excess of 60 days shall be referred to United States Department of Treasury for appropriate collection action as provided by 31 U.S.C. 3711 (g), (1).
- The Secretary of the Treasury may offset an amount due the debtor for any delinquency as provided by 31 U.S.C. 3720, et seq.)

VII. OTHER PROVISIONS

A. Members of Congress. No Member of or Delegate to Congress or Resident Commissioner shall benefit from this permit either directly or indirectly, except when the authorized use provides a general benefit to a corporation.

B. Appeals and Remedies. Any discretionary decisions or determinations by the authorized officer are subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.

C. SuperiorClauses. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses shall control.

D. Dam Safety (B37).

1. Definitions. The following definitions apply to this clause:

a. Qualified Engineer. An engineer authorized to practice engineering in the field of dams in the State where the dam is located, either by professional registration as provided by State law or by reason of employment by the State or Federal Government.

b. Dam Failure. Catastrophic event characterized by the sudden, rapid, and uncontrolled release of impounded water. It is recognized that there are lesser degrees of failure and that any malfunction or abnormality outside the design assumptions and parameters which adversely affect a dam's primary function of impounding water may also be considered a failure.

c. Rehabilitation or Modification. Repair of major structure deterioration to restore original condition; alteration of structures to meet current design criteria, improve dam stability, enlarge reservoir capacity, or increase spillway and outlet works capacity; replacement of equipment.

d. Hazard Potential. The classification of a dam based on the potential for loss of life or property damage that could occur if the structure failed (FSM 7500).

e. Emergency Action Plan. Formal plan of procedures to prevent or reduce loss of life and property that could occur if the structure failed. The plan does not include flood plain management for the controlled release of floodwaters for which the project is designed.
2. Dam Classification. The dam constructed pursuant to this authorization shall be classified according to its height and storage capacity (water debris or both) as well as its hazard potential as follows:

Height and Storage Capacity (A, B, C, or D): D

Hazard Potential (Low, Moderate, High): Low

Classification criteria are contained in FSM 7511, which the Forest Service may amend from time to time.

The provisions of sections 5 and 8 of this clause apply only to dams classified as high hazard, or as otherwise may be specifically provided for in this authorization to address special or unique circumstances.

The hazard potential of the dam shall be reassessed at least every five years by a qualified engineer retained by the holder, and this information made available to the authorized officer. The Forest Service may change the hazard potential at any time based on changed conditions or new information.

3. Construction, Inspection, Certification, and Project Files. For construction, rehabilitation or improvement, the holder shall provide for inspection by a qualified engineer to ensure adequate control of the work being performed. At a minimum, the qualified engineer shall maintain a daily inspection diary, descriptions of design changes, and records of construction material and foundation tests.

Upon completion of construction, rehabilitation, or improvement, the holder shall forward to the Forest Service a statement from the qualified engineer responsible for inspection certifying that the works were built in accordance with the approved plans and specifications, or approved revisions thereto. No water shall be impounded until approval is given by the authorized officer.

All design notes, as-built plans, and the aforementioned diaries and records shall be maintained in a project file by the holder for the duration of this authorization, and shall be available to the Forest Service or other inspection personnel (not applicable to debris retention dams).

4. Dam Operation and Maintenance Plans. Dam operation and maintenance plans shall be prepared during the design phase for new dams. The plan(s) shall, as a minimum, describe operating requirements and procedures to be followed for the operation of the structure; routine or recurring maintenance required; record keeping to be performed for operation and maintenance; and individuals responsible for implementing the plans. At the time of the operation and maintenance inspection, the plan shall be reviewed and amended as needed by the individual responsible for implementation and the engineer performing any inspection. No plans or amendments thereto shall be valid until approved by the authorized officer.

5. Dam Emergency Action Plan. The following provisions are required for certain hazard classifications identified in section 2. The holder shall, during the design phase, prepare an emergency action plan which will include, but not be limited to:

a. Actions to be taken upon discovery of an unsafe condition or impending failure situation to prevent or delay dam failure, and reduce damage or loss of life from subsequent failure.

b. Procedures for notification of law enforcement, civil preparedness, and Forest Service personnel.

c. Procedures for notifying persons in immediate danger of losing life or property.

d. Maps delineating the area which would be inundated by water, debris, or both in the event of dam failure.

e. The names of those individuals responsible for activating the plan and carrying out the identified actions.

In preparing the emergency action plan, the holder shall consult and cooperate with appropriate law enforcement and civil preparedness personnel, who may be responsible for implementing all or part of the plan. Emergency action plans shall be reviewed and updated annually, and tested at intervals not exceeding five years.
6. Inspection and Maintenance of Dams. The holder shall have the dam and appurtenant structures inspected by a qualified engineer to determine the state of operation and maintenance at least every year. An inspection shall also be made following earthquakes, major storms, or overflow of spillways other than the service spillway. Two copies of the inspection report shall be provided to the authorized officer within 30 days of the date of inspection.

Repairs or operational changes recommended by the inspecting engineer shall be made by the holder within a reasonable period of time following the inspection, but in no event later than one year from the inspection (unless a longer period of repairs is authorized in writing, or a shorter period is required when such repairs are deemed by the authorized officer as immediately required for reasons of public safety). Upon request by the authorized officer, the holder shall provide a plan of action outlining planned time and methods for performing said repairs or operational changes, and notify the authorized officer when actions are completed. The authorized officer shall specify a completion date for corrective work. If corrective action is not taken by the date specified by the authorized officer, the Forest Service shall have corrective action taken and the holder shall be responsible for all costs including legal and court costs.

7. Forest Service Inspection of Dams. The holder shall allow inspection of the dam and appurtenant structures at any time by the authorized officer. Any condition adversely affecting or which could adversely affect the operation of the facility; safety of the structure or the public, or surrounding lands and resources shall, upon written notice, be corrected or changed by the holder at the holder’s expense. The authorized officer shall specify a completion date for corrective work. If corrective action is not taken by the date specified by the authorized officer, the Forest Service shall have corrective action taken and the holder shall be responsible for all costs including legal and court costs. A copy of the Forest Service inspection report shall be provided to the holder.

An inspection performed by the Forest Service does not relieve the holder of the responsibility of ensuring that inspections are made in accordance with section 6 of this clause.

8. Dam Safety Evaluations. This provision is required for certain hazard classifications identified in section 2.

Beginning in 2003 and at 5-year intervals thereafter, the holder shall have a formal dam safety evaluation performed by a qualified engineer to verify the safety and integrity of the dam and appurtenant structures. The evaluation will include, but is not limited to, a detailed field inspection of the dam and appurtenant structures and a review of all pertinent documents, such as investigation, design, construction, instrumentation, operation, maintenance, and inspection records. The evaluation shall be based on current accepted design criteria and practices. The holder shall provide two copies of the evaluation report to the authorized officer and Regional Engineer. Based on this report, the authorized officer may require the holder to perform additional evaluations pursuant to such standards as the officer may define and may require rehabilitation or modification of the structure within a reasonable time.

9. Right of Action To Abate Emergency Situations. In situations where the authorized officer determines on the available facts that there is danger of a dam failure for any reason, such officer may exercise discretionary authority to enter upon the structure and appurtenances authorized herein and take such actions as are necessary to abate or otherwise prevent a failure. Such actions include, but are not limited to, lowering the level of the impounded waters utilizing existing structures or by artificial breach of the dam. In the event that such actions are taken, the United States shall not indemnify or otherwise be liable to the holder for losses or damages, including losses or damages to the structure or the value of impounded waters. The holder shall be responsible for all costs including legal and court costs. The failure of the Forest Service to exercise any discretion under this provision shall not be a violation of any duty by the United States, and shall not relieve the holder of any and all liability for damages in the event of a dam failure.

10. Liability. The activities permitted by this authorization shall be deemed a high risk use and occupancy. Sole responsibility for the safety of the dam and associated facilities and any liability resulting therefrom shall be on the holder and his successors, agents, or assigns. Pursuant to 36 CFR 251.56(d), or its replacement, the holder shall be liable for injury, loss, or damage resulting from this authorization regardless of the holder’s fault or negligence. Maximum strict liability shall not exceed $1,000,000.00 except as that amount may be changed in the aforementioned regulations.

In addition to all waivers and limitations on liability of the United States under this authorization, the provisions of 33 U.S.C. 702(c) shall apply to any damages from or by floods or flood waters at any place.
E. **Operating Plan** (C8). The holder shall provide an Operating Plan. The plan shall be prepared in consultation with the authorized officer or designated representative and cover operation and maintenance of facilities, dates or season of operations, and other information required by the authorized officer to manage and evaluate the occupation and/or use of National Forest System lands. The provisions of the Operating Plan and the annual revisions shall become a part of this authorization and shall be submitted by the holder and approved by the authorized officer or their designated representative(s). This Operating Plan is hereby made a part of the authorization.

F. **Removal and Planting of Vegetation and Other Resources** (D5). The holder shall obtain prior written approval from the authorized officer before removing or altering vegetation or other resources. The holder shall obtain prior written approval from the authorized officer before planting trees, shrubs, or other vegetation within the authorized area.

G. **Revegetation of Ground Cover and Surface Restoration** (D9). The holder shall be responsible for prevention and control of soil erosion and gullying on lands covered by this authorization and adjacent thereto, resulting from construction, operation, maintenance, and termination of the authorized use. The holder shall so construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. The holder shall revegetate or otherwise stabilize all ground where the soil has been exposed as a result of the holder's construction, maintenance, operation, or termination of the authorized use and shall construct and maintain necessary preventive measures to supplement the vegetation.

H. **Pesticide Use** (D23). Pesticides may not be used to control undesirable woody and herbaceous vegetation, aquatic plants, insects, rodents, trash fish, etc., without the prior written approval of the Forest Service. A request for approval of planned uses of pesticides will be submitted annually by the holder on the due date established by the authorized officer. The report will cover a 12-month period of planned use beginning 3 months after the reporting date. Information essential for review will be provided in the form specified. Exceptions to this schedule may be allowed, subject to emergency request and approval, only when unexpected outbreaks of pests require control measures which were not anticipated at the time an annual report was submitted.

I. **Superseded Authorization** (X18). This authorization supersedes a special-use authorization designated: PRI409001, dated 7/28/83 for a sediment pond, termination date 12/31/02.

J. **Corporation Status Notification** (X46). The holder shall furnish the authorized officer with the names and addresses of shareholders owning three (3) percent or more of the shares, and number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote. In addition, the holder shall notify the authorized officer within fifteen (15) days of the following changes:

1. Names of officers appointed or terminated.

2. Names of stockholders who acquire stock shares causing their ownership to exceed 50 percent of shares issued or who otherwise acquire controlling interest in the corporation.

3. A copy of the articles of incorporation and bylaws.

4. An authenticated copy of a resolution of the board of directors specifically authorizing a certain individual or individuals to represent the holder in dealing with the Forest Service.

5. A list of officers and directors of the corporation and their addresses.

6. Upon request, a certified list of stockholders and amount of stock owned by each.

7. The authorized officer may, when necessary, require the holder to furnish additional information as set forth in 36 CFR 251.54 (e)(1)(iv).
According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082.

This information is needed by the Forest Service to evaluate requests to use National Forest System lands and manage those lands to protect natural resources, administer the use, and ensure public health and safety. This information is required to obtain or retain a benefit. The authority for that requirement is provided by the Organic Act of 1897 and the Federal Land Policy and Management Act of 1976, which authorize the Secretary of Agriculture to promulgate rules and regulations for authorizing and managing National Forest System lands. These statutes, along with the Term Permit Act, National Forest Ski Area Permit Act, Granger-Thye Act, Mineral Leasing Act, Alaska Term Permit Act, Act of September 3, 1954, Wilderness Act, National Forest Roads and Trails Act, Act of November 16, 1973, Archaeological Resources Protection Act, and Alaska National Interest Lands Conservation Act, authorize the Secretary of Agriculture to issue authorizations for the use and occupancy of National Forest System lands. The Secretary of Agriculture's regulations at 36 CFR Part 251, Subpart B, establish procedures for issuing those authorizations.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service Public reporting burden for collection of information, if requested, is estimated to average 1 hour per response for annual financial information; average 1 hour per response to prepare or update operation and/or maintenance plan; average 1 hour per response for inspection reports; and an average of 1 hour for each request that may include such things as reports, logs, facility and user information, sublease information, and other similar miscellaneous information requests. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.
This permit is accepted subject to the conditions set out above.

Date 6/9/03 GENWAL RESOURCES, INC.

(CORPORATE SEAL)

By: Samuel Fruehauf

(Vice) President Operations

ATTEST: ____________________________

______________________________

______________________________

(Assistant) Secretary

The following certificate shall be executed by the Secretary or Assistant Secretary of the Corporation:

I ____________________________ certify that I am the ____________________ Secretary of the Corporation that executed the above permit; that ____________________ who signed said permit on behalf of said Corporation was then ____________________ of said Corporation; that I know his/her signature on said permit is genuine; and that said permit was duly signed, sealed, and attested to for and on behalf of said Corporation by authority of its governing body.

(CORPORATE SEAL)

______________________________

(Assistant Secretary)

U. S. DEPARTMENT OF AGRICULTURE
Forest Service

By: ____________________________

(Authorized Officer Signature)

Elaine J. Zieroth, Forest Supervisor
(Name and Title)

4/19/03 (Date)
FOREST SERVICE SPECIAL USE PERMIT

SNOW STORAGE
U.S. DEPARTMENT OF AGRICULTURE
Forest Service
SPECIAL USE PERMIT
AUTHORITY:
ORGANIC ADMINISTRATION ACT June 4, 1897

GENWAL RESOURCES, INCORPORATED of P.O. BOX 1077, PRICE, UT 84501 (hereinafter called the Holder) is hereby authorized to use or occupy National Forest System lands, to use subject to the conditions set out below, on the Manti-La Sal National Forest, Price Ranger District.

This permit covers .1 acres, and/or 0 miles and is described as: Sec. 6, T16S, R7E, SALT LAKE as shown on the location map attached to and made a part of this permit, and is issued for the purpose of:

Snow storage and summer parking. Permittee will be responsible for noxious weed control on the permitted area.

The above described or defined area shall be referred to herein as the "permit area".

TERMS AND CONDITIONS

I. AUTHORITY AND GENERAL TERMS OF THE PERMIT

A. Authority. This permit is issued pursuant to the authorities enumerated at Title 36, Code of Federal Regulations, Section 251 Subpart B, as amended. This permit, and the activities or use authorized, shall be subject to the terms and conditions of the Secretary's regulations and any subsequent amendment to them.

B. Authorized Officer. The authorized officer is the Forest Supervisor or a delegated subordinate officer.

C. License. This permit is a license for the use of federally owned land and does not grant any permanent, possessory interest in real property, nor shall this permit constitute a contract for purposes of the Contract Disputes Act of 1978 (41 U.S.C. 611). Loss of the privileges granted by this permit by revocation, termination, or suspension is not compensable to the holder.

D. Amendment. This permit may be amended in whole or in part by the Forest Service when, at the discretion of the authorized officer, such action is deemed necessary or desirable to incorporate new terms, conditions, and stipulations as may be required by law, regulation, land management plans, or other management decisions.

E. Existing Rights. This permit is subject to all valid rights and claims of third parties. The United States is not liable to the holder for the exercise of any such right or claim.

F. Nonexclusive Use and Public Access. Unless expressly provided for in additional terms, use of the permit area is not exclusive. The Forest Service reserves the right to use or allow others to use any part of the permit area, including roads, for any purpose, provided, such use does not materially interfere with the holder's authorized use. A final determination of conflicting uses is reserved to the Forest Service.

G. Forest Service Right of Entry and Inspection. The Forest Service has the right of unrestricted access of the permitted area or facility to ensure compliance with laws, regulations, and ordinances and the terms and conditions of this permit.

H. Assignability. This permit is not assignable or transferable. If the holder through death, voluntary sale or transfer, enforcement of contract, foreclosure, or other valid legal proceeding ceases to be the owner of the improvements, this permit shall terminate.
I. PERMIT LIMITATIONS. Nothing in this permit allows or implies permission to build or maintain any structure or facility, or to conduct any activity unless specifically provided for in this permit. Any use not specifically identified in this permit must be approved by the authorized officer in the form of a new permit or permit amendment.

II. TENURE AND ISSUANCE OF A NEW PERMIT

A. Expiration at the End of the Authorized Period. This permit will expire at midnight on 12/31/2022. Expiration shall occur by operation of law and shall not require notice, any decision document, or any environmental analysis or other documentation.

B. Minimum Use or Occupancy of the Permit Area. Use or occupancy of the permit area shall be exercised at least 365 days each year, unless otherwise authorized in writing under additional terms of this permit.

C. Notification to Authorized Officer. If the holder desires issuance of a new permit after expiration, the holder shall notify the authorized officer in writing not less than six (6) months prior to the expiration date of this permit.

D. Conditions for Issuance of a New Permit. At the expiration or termination of an existing permit, a new permit may be issued to the holder of the previous permit or to a new holder subject to the following conditions:

1. The authorized use is compatible with the land use allocation in the Forest Land and Resource Management Plan.
2. The permit area is being used for the purposes previously authorized.
3. The permit area is being operated and maintained in accordance with the provisions of the permit.
4. The holder has shown previous good faith compliance with the terms and conditions of all prior or other existing permits, and has not engaged in any activity or transaction contrary to Federal contracts, permits laws, or regulations.

E. Discretion of Forest Service. Notwithstanding any provisions of any prior or other permit, the authorized officer may prescribe new terms, conditions, and stipulations when a new permit is issued. The decision whether to issue a new permit to a holder or successor in interest is at the absolute discretion of the Forest Service.

F. Construction. Any construction authorized by this permit may commence by N/A and shall be completed by N/A. If construction is not completed within the prescribed time, this permit may be revoked or suspended.

III. RESPONSIBILITIES OF THE HOLDER

A. Compliance with Laws, Regulations, and other Legal Requirements. The holder shall comply with all applicable Federal, State, and local laws, regulations, and standards, including but not limited to, the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., the Comprehensive Environmental Response, Control, and Liability Act, 42 U.S.C. 9601 et seq., and other relevant environmental laws, as well as public health and safety laws and other laws relating to the siting, construction, operation, and maintenance of any facility, improvement, or equipment on the property.

B. Plans. Plans for development, layout, construction, reconstruction, or alteration of improvements on the permit area, as well as revisions of such plans, must be prepared by a qualified individual acceptable to the authorized officer and shall be approved in writing prior to commencement of work. The holder may be required to furnish as-built plans, maps, or surveys, or other similar information, upon completion of construction.

C. Maintenance. The holder shall maintain the improvements and permit area to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the authorized officer and consistent with other provisions of this authorization. If requested, the holder shall comply with inspection requirements deemed appropriate by the authorized officer.

D. Hazard Analysis. The holder has a continuing responsibility to identify all hazardous conditions on the permit area which would affect the improvements, resources, or pose a risk of injury to individuals. Any non-emergency actions to abate such hazards shall be performed after consultation with the authorized officer. In emergency situations, the holder shall notify the authorized officer of its actions as soon as possible, but not more than 48 hours, after such actions have been taken.
E. **Change of Address.** The holder shall immediately notify the authorized officer of a change in address.

F. **Change in Ownership.** This permit is not assignable and terminates upon change of ownership of the improvements or control of the business entity. The holder shall immediately notify the authorized officer when a change in ownership or control of business entity is pending. Notification by the present holder and potential owner shall be executed using Form SF-299 Application for Transportation and Utility Systems and Facilities of Federal Lands, or Form FS-2700-3a, Holder Initiated Revocation of Existing Authorization, Request for a Special Use Permit. Upon receipt of the proper documentation, the authorized officer may issue a permit to the party who acquires ownership of, or a controlling interest in, the improvements or business entity.

IV. **LIABILITY**

For purposes of this section, "holder" includes the holder's heirs, assigns, agents, employees, and contractors.

A. The holder assumes all risk of loss to the authorized improvements.

B. The holder shall indemnify, defend, and hold the United States harmless for any violations incurred under any such laws and regulations or for judgments, claims, or demands assessed against the United States in connection with the holder's use or occupancy of the property. The holder's indemnification of the United States shall include any loss by personal injury, loss of life or damage to property in connection with the occupancy or use of the property during the term of this permit. Indemnification shall include, but is not limited to, the value of resources damaged or destroyed; the costs of restoration, cleanup, or other mitigation; fire suppression or other types of abatement costs; third party claims and judgments; and all administrative, interest, and other legal costs. This paragraph shall survive the termination or revocation of this authorization, regardless of cause.

C. The holder has an affirmative duty to protect from damage the land, property, and interests of the United States.

D. In the event of any breach of the conditions of this authorization by the holder, the authorized officer may, on reasonable notice, cure the breach for the account at the expense of the holder. If the Forest Service at any time pays any sum of money or does any act which will require payment of money, or incurs any expense, including reasonable attorney's fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce the United States rights hereunder, the sum or sums so paid by the United States, with all interests, costs and damages shall, at the election of the Forest Service, be deemed to be additional fees hereunder and shall be due from the holder to the Forest Service on the first day of the month following such election.

E. With respect to roads, the holder shall be proportionally liable for damages to all roads and trails of the United States open to public use caused by the holder's use to the same extent as provided above, except that liability shall not include reasonable and ordinary wear and tear.

F. The Forest Service has no duty to inspect the permit area or to warn of hazards and, if the Forest Service does inspect the permit area, it shall incur no additional duty nor liability for identified or non-identified hazards. This covenant may be enforced by the United States in a court of competent jurisdiction.

V. **TERMINATION, REVOCATION, AND SUSPENSION**

A. **General.** For purposes of this permit, "termination", "revocation", and "suspension" refer to the cessation of uses and privileges under the permit.

"Termination" refers to the cessation of the permit under its own terms without the necessity for any decision or action by the authorized officer. Termination occurs automatically when, by the terms of the permit, a fixed or agreed upon condition, event, or time occurs. For example, the permit terminates at expiration. Terminations are not appealable.

"Revocation" refers to an action by the authorized officer to end the permit because of noncompliance with any of the prescribed terms, or for reasons in the public interest. Revocations are appealable.
"Suspension" refers to a revocation which is temporary and the privileges may be restored upon the occurrence of prescribed actions or conditions. Suspensions are appealable.

B. **Revocation or Suspension.** The Forest Service may suspend or revoke this permit in whole or part for:

1. Noncompliance with Federal, State, or local laws and regulations.
2. Noncompliance with the terms and conditions of this permit.
3. Reasons in the public interest.
4. Abandonment or other failure of the holder to otherwise exercise the privileges granted.

C. **Opportunity to Take Corrective Action.** Prior to revocation or suspension for cause pursuant to Section V (B), the authorized officer shall give the holder written notice of the grounds for each action and a reasonable time, not to exceed 90 days, to complete the corrective action prescribed by the authorized officer.

D. **Removal of Improvements.** Prior to abandonment of the improvements or within a reasonable time following revocation or termination of this authorization, the holder shall prepare, for approval by the authorized officer, an abandonment plan for the permit area. The abandonment plan shall address removal of improvements and restoration of the permit area and prescribed time frames for these actions. If the holder fails to remove the improvements or restore the site within the prescribed time period, they become the property of the United States and may be sold, destroyed or otherwise disposed of without any liability to the United States. However, the holder shall remain liable for all cost associated with their removal, including costs of sale and impoundment, cleanup, and restoration of the site.

VI. **FEES**

A. **Termination for Nonpayment.** This permit shall automatically terminate without the necessity of prior notice when land use rental fees are 90 calendar days from the due date in arrears.

B. The holder shall pay One Hundred Eighty Dollars $180.00 for the period from January 1, 2004, to December 31, 2007, and thereafter at the beginning of each 5-year period a lump sum payment for 5 years rent of Two Hundred Twenty Five Dollars $225.00: Provided, charges for this use shall be made or readjusted whenever necessary to place the charges on a basis commensurate with the fair market value of the authorized use.

C. **Payment Due Date.** The payment due date shall be the close of business on January 1st of each calendar year payment is due. Payments due the United States for this use shall be deposited at USDA Forest Service, File 71652, P.O. Box 60000, San Francisco, CA 94160-1652, in the form of a check, draft, or money order payable to "Forest Service, USDA." Payments shall be credited on the date received by the designated Forest Service collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

D. **Late Payment Interest, Administrative Costs and Penalties.** Pursuant to 31 U.S.C. 3717, et seq., interest shall be charged on any fee amount not paid within 30 days from the date the fee or fee calculation financial statement specified in this authorization becomes due. The rate of interest assessed shall be the higher of the rate of the current value of funds to the U.S. Treasury (i.e., Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly or at the Prompt Payment Act rate. Interest on the principal shall accrue from the date the fee or fee calculation financial statement is due.

In the event the account becomes delinquent, administrative costs to cover processing and handling of the delinquency will be assessed.

A penalty of 6 percent per annum shall be assessed on the total amount delinquent in excess of 90 days and shall accrue from the same date on which interest charges begin to accrue.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.
Disputed fees are due and payable by the due date. No appeal of fees will be considered by the Forest Service without full payment of the disputed amount. Adjustments, if necessary, will be made in accordance with settlement terms or the appeal decision.

If the fees become delinquent, the Forest Service will:

- Liquidate any security or collateral provided by the authorization.

If no security or collateral is provided, the authorization will terminate and the holder will be responsible for delinquent fees as well as any other costs of restoring the site to its original condition including hazardous waste cleanup.

Upon termination or revocation of the authorization, delinquent fees and other charges associated with the authorization will be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. Delinquencies may be subject to any or all of the following conditions:

- Administrative offset of payments due the holder from the Forest Service.

- Delinquencies in excess of 60 days shall be referred to United States Department of Treasury for appropriate collection action as provided by 31 U.S.C. 3711 (g), (1).

- The Secretary of the Treasury may offset an amount due the debtor for any delinquency as provided by 31 U.S.C. 3720, et seq.)

VII. OTHER PROVISIONS

A. Members of Congress. No Member of or Delegate to Congress or Resident Commissioner shall benefit from this permit either directly or indirectly, except when the authorized use provides a general benefit to a corporation.

B. Appeals and Remedies. Any discretionary decisions or determinations by the authorized officer are subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.

C. Superior Clauses. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses shall control.

D. Nondiscrimination in Employment and Services (B1). During the performance of this authorization, the holder agrees:

1. In connection with the performance of work under this authorization, including construction, maintenance, and operation of the facility, the holder shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, or disability. (Ref. Title VII of the Civil Rights Act of 1964, as amended).

2. The holder and employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, religion, sex national origin, age, or disability, by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally. (Ref. Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973; Title IX of the Education Amendments, and the Age Discrimination Act of 1975).

3. The holder shall include and require compliance with the above nondiscrimination provisions in any subcontract made with respect to the operations under this authorization.

4. When furnished by the Forest Service, signs setting forth this policy of nondiscrimination will be conspicuously displayed at the public entrance to the premises, and at other exterior or interior locations as directed by the Forest Service.

5. The Forest Service shall have the right to enforce the foregoing nondiscrimination provisions by suit for specific performance or by any other available remedy under the laws of the United States of the State in which the breach or violation occurs.
E. Operating Plan (C8). The holder shall provide an Operating Plan. The plan shall be prepared in consultation with the authorized officer or designated representative and cover operation and maintenance of facilities, dates or season of operations, and other information required by the authorized officer to manage and evaluate the occupation and/or use of National Forest System lands. The provisions of the Operating Plan and the annual revisions shall become a part of this authorization and shall be submitted by the holder and approved by the authorized officer or their designated representative(s). This Operating Plan is hereby made a part of the authorization.

F. Removal and Planting of Vegetation and Other Resources (D5). The holder shall obtain prior written approval from the authorized officer before removing or altering vegetation or other resources. The holder shall obtain prior written approval from the authorized officer before planting trees, shrubs, or other vegetation within the authorized area.

G. Revegetation of Ground Cover and Surface Restoration (D9). The holder shall be responsible for prevention and control of soil erosion and gully on lands covered by this authorization and adjacent thereto, resulting from construction, operation, maintenance, and termination of the authorized use. The holder shall construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. The holder shall revegetate or otherwise stabilize all ground where the soil has been exposed as a result of the holder's construction, maintenance, operation, or termination of the authorized use and shall construct and maintain necessary preventive measures to supplement the vegetation.

H. Pesticide Use (D23). Pesticides may not be used to control undesirable woody and herbaceous vegetation, aquatic plants, insects, rodents, trash fish, etc., without the prior written approval of the Forest Service. A request for approval of planned uses of pesticides will be submitted annually by the holder on the due date established by the authorized officer. The report will cover a 12-month period of planned use beginning 3 months after the reporting date. Information essential for review will be provided in the form specified. Exceptions to this schedule may be allowed, subject to emergency request and approval, only when unexpected outbreaks of pests require control measures which were not anticipated at the time an annual report was submitted.

I. Superseded Authorization (X18). This authorization supersedes a special-use authorization designated: PRI409002, dated 8/13/87 for snow storage and summer parking, termination date 12/31/02.

J. Corporation Status Notification (X46). The holder shall furnish the authorized officer with the names and addresses of shareholders owning three (3) percent or more of the shares, and number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote. In addition, the holder shall notify the authorized officer within fifteen (15) days of the following changes:

1. Names of officers appointed or terminated.

2. Names of stockholders who acquire stock shares causing their ownership to exceed 50 percent of shares issued or who otherwise acquire controlling interest in the corporation.

3. A copy of the articles of incorporation and bylaws.

4. An authenticated copy of a resolution of the board of directors specifically authorizing a certain individual or individuals to represent the holder in dealing with the Forest Service.

5. A list of officers and directors of the corporation and their addresses.

6. Upon request, a certified list of stockholders and amount of stock owned by each.

7. The authorized officer may, when necessary, require the holder to furnish additional information as set forth in 36 CFR 251.54 (e)(1)(iv).
According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082.

This information is needed by the Forest Service to evaluate requests to use National Forest System lands and manage those lands to protect natural resources, administer the use, and ensure public health and safety. This information is required to obtain or retain a benefit. The authority for that requirement is provided by the Organic Act of 1897 and the Federal Land Policy and Management Act of 1976, which authorize the Secretary of Agriculture to promulgate rules and regulations for authorizing and managing National Forest System lands. These statutes, along with the Term Permit Act, National Forest Ski Area Permit Act, Granger-Thye Act, Mineral Leasing Act, Alaska Term Permit Act, Act of September 3, 1954, Wilderness Act, National Forest Roads and Trails Act, Act of November 16, 1973, Archaeological Resources Protection Act, and Alaska National Interest Lands Conservation Act, authorize the Secretary of Agriculture to issue authorizations for the use and occupancy of National Forest System lands. The Secretary of Agriculture's regulations at 36 CFR Part 251, Subpart B, establish procedures for issuing those authorizations.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service Public reporting burden for collection of information, if requested, is estimated to average 1 hour per response for annual financial information; average 1 hour per response to prepare or update operation and/or maintenance plan; average 1 hour per response for inspection reports; and an average of 1 hour for each request that may include such things as reports, logs, facility and user information, sublease information, and other similar miscellaneous information requests. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.
This permit is accepted subject to the conditions set out above.

Date 6/9/03 GENWAL RESOURCES, INC.

(CORPORATE SEAL)

By: [Signature]

(Vert President Operations)

ATTEST: __________________________

______________________________

(Official Title)

(The following certificate shall be executed by the Secretary or Assistant Secretary of the Corporation:

I certify that I am the Secretary of the Corporation that executed the above permit; that the person who signed said permit on behalf of said Corporation was then an officer of said Corporation; that I know his/her signature on said permit is genuine; and that said permit was duly signed, sealed, and attested to for and on behalf of said Corporation by authority of its governing body.

(CORPORATE SEAL)

______________________________

(Official Title)

U. S. DEPARTMENT OF AGRICULTURE
Forest Service

By: [Signature]

(Authorized Officer Signature)

Elaine J. Zieroth, Forest Supervisor
(Name and Title)

6/10/2003
(Date)
FOREST SERVICE SPECIAL USE PERMIT

TOPSOIL STORAGE PILES
Authorization ID: PRI41
Contact ID: GENWAL
Expiration Date: 12/31/2022
Use Code: 522

U.S. DEPARTMENT OF AGRICULTURE
Forest Service
SPECIAL USE PERMIT
AUTHORITY:
ORGANIC ADMINISTRATION ACT June 4, 1897

GENWAL RESOURCES, INCORPORATED of P.O. BOX 1077, PRICE, UT 84501 (hereinafter called the Holder) is hereby authorized to use or occupy National Forest System lands, to use subject to the conditions set out below, on the Manti-La Sal National Forest, Price Ranger District.

This permit covers 1.5 acres, and/or 0 miles and is described as: Sections 4 and 5, T16S, R7E, SALT LAKE as shown on the location map attached to and made a part of this permit, and is issued for the purpose of:

Four storage sites for topsoil material from the development of mine site, sediment control devices (silt fences), and access to site. Size and location of sites are as follows:

- Stockpile Site #1 - .2 acres - W ¼ Sec. 5, T16S, R7E
- Stockpile Site #2 - .2 acres - W ¼ Sec. 5, T16S, R7E
- Stockpile Site #3 - .5 acres - NW ¼ Sec 4, T16S, R7E
- Stockpile Site #4 - .6 acres - NE ¼ of NW ¼ Sec. 5, T16S, R7E

Permittee will be responsible for noxious weed control on the permitted area.

The above described or defined area shall be referred to herein as the "permit area".

TERMS AND CONDITIONS

I. AUTHORITY AND GENERAL TERMS OF THE PERMIT

A. Authority. This permit is issued pursuant to the authorities enumerated at Title 36, Code of Federal Regulations, Section 251 Subpart B, as amended. This permit, and the activities or use authorized, shall be subject to the terms and conditions of the Secretary's regulations and any subsequent amendment to them.

B. Authorized Officer. The authorized officer is the Forest Supervisor or a delegated subordinate officer.

C. License. This permit is a license for the use of federally owned land and does not grant any permanent, possessory interest in real property, nor shall this permit constitute a contract for purposes of the Contract Disputes Act of 1978 (41 U.S.C. 611). Loss of the privileges granted by this permit by revocation, termination, or suspension is not compensable to the holder.

D. Amendment. This permit may be amended in whole or in part by the Forest Service when, at the discretion of the authorized officer, such action is deemed necessary or desirable to incorporate new terms, conditions, and stipulations as may be required by law, regulation, land management plans, or other management decisions.

E. Existing Rights. This permit is subject to all valid rights and claims of third parties. The United States is not liable to the holder for the exercise of any such right or claim.

F. Nonexclusive Use and Public Access. Unless expressly provided for in additional terms, use of the permit area is not exclusive. The Forest Service reserves the right to use or allow others to use any part of the permit area, including roads, for any purpose, provided, such use does not materially interfere with the holder's authorized use. A final determination of conflicting uses is reserved to the Forest Service.
G. Forest Service Right of Entry and Inspection. The Forest Service has the right of unrestricted access of the permitted area or facility to ensure compliance with laws, regulations, and ordinances and the terms and conditions of this permit.

H. Assignability. This permit is not assignable or transferable. If the holder through death, voluntary sale or transfer, enforcement of contract, foreclosure, or other valid legal proceeding ceases to be the owner of the improvements, this permit shall terminate.

I. Permit Limitations. Nothing in this permit allows or implies permission to build or maintain any structure or facility, or to conduct any activity unless specifically provided for in this permit. Any use not specifically identified in this permit must be approved by the authorized officer in the form of a new permit or permit amendment.

II. TENURE AND ISSUANCE OF A NEW PERMIT

A. Expiration at the End of the Authorized Period. This permit will expire at midnight on 12/31/2022. Expiration shall occur by operation of law and shall not require notice, any decision document, or any environmental analysis or other documentation.

B. Minimum Use or Occupancy of the Permit Area. Use or occupancy of the permit area shall be exercised at least 365 days each year, unless otherwise authorized in writing under additional terms of this permit.

C. Notification to Authorized Officer. If the holder desires issuance of a new permit after expiration, the holder shall notify the authorized officer in writing not less than six (6) months prior to the expiration date of this permit.

D. Conditions for Issuance of a New Permit. At the expiration or termination of an existing permit, a new permit may be issued to the holder of the previous permit or to a new holder subject to the following conditions:

1. The authorized use is compatible with the land use allocation in the Forest Land and Resource Management Plan.
2. The permit area is being used for the purposes previously authorized.
3. The permit area is being operated and maintained in accordance with the provisions of the permit.
4. The holder has shown previous good faith compliance with the terms and conditions of all prior or other existing permits, and has not engaged in any activity or transaction contrary to Federal contracts, permits, laws, or regulations.

E. Discretion of Forest Service. Notwithstanding any provisions of any prior or other permit, the authorized officer may prescribe new terms, conditions, and stipulations when a new permit is issued. The decision whether to issue a new permit to a holder or successor in interest is at the absolute discretion of the Forest Service.

F. Construction. Any construction authorized by this permit may commence by N/A and shall be completed by N/A. If construction is not completed within the prescribed time, this permit may be revoked or suspended.

III. RESPONSIBILITIES OF THE HOLDER

A. Compliance with Laws, Regulations, and other Legal Requirements. The holder shall comply with all applicable Federal, State, and local laws, regulations, and standards, including but not limited to, the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., the Comprehensive Environmental Response, Control, and Liability Act, 42 U.S. C. 9601 et seq., and other relevant environmental laws, as well as public health and safety laws and other laws relating to the siting, construction, operation, and maintenance of any facility, improvement, or equipment on the property.

B. Plans. Plans for development, layout, construction, reconstruction, or alteration of improvements on the permit area, as well as revisions of such plans, must be prepared by a qualified individual acceptable to the authorized officer and shall be approved in writing prior to commencement of work. The holder may be required to furnish as-built plans, maps, or surveys, or other similar information, upon completion of construction.

C. Maintenance. The holder shall maintain the improvements and permit area to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the authorized officer and consistent with other provisions of this
authorization. If requested, the holder shall comply with inspection requirements deemed appropriate by the authorized officer.

D. **Hazard Analysis.** The holder has a continuing responsibility to identify all hazardous conditions on the permit area which would affect the improvements, resources, or pose a risk of injury to individuals. Any non-emergency actions to abate such hazards shall be performed after consultation with the authorized officer. In emergency situations, the holder shall notify the authorized officer of its actions as soon as possible, but not more than 48 hours, after such actions have been taken.

E. **Change of Address.** The holder shall immediately notify the authorized officer of a change in address.

F. **Change in Ownership.** This permit is not assignable and terminates upon change of ownership of the improvements or control of the business entity. The holder shall immediately notify the authorized officer when a change in ownership or control of business entity is pending. Notification by the present holder and potential owner shall be executed using Form SF-299 Application for Transportation and Utility Systems and Facilities of Federal Lands, or Form FS-2700-3a, Holder Initiated Revocation of Existing Authorization, Request for a Special Use Permit. Upon receipt of the proper documentation, the authorized officer may issue a permit to the party who acquires ownership of, or a controlling interest in, the improvements or business entity.

**IV. LIABILITY**

For purposes of this section, "holder" includes the holder's heirs, assigns, agents, employees, and contractors.

A. **The holder assumes all risk of loss to the authorized improvements.**

B. The holder shall indemnify, defend, and hold the United States harmless for any violations incurred under any laws and regulations or for judgments, claims, or demands assessed against the United States in connection with the holder's use or occupancy of the property. The holder's indemnification of the United States shall include any loss by personal injury, loss of life or damage to property in connection with the occupancy or use of the property during the term of this permit. Indemnification shall include, but is not limited to, the value of resources damaged or destroyed; the costs of restoration, cleanup, or other mitigation; fire suppression or other types of abatement costs; third party claims and judgments; and all administrative, interest, and other legal costs. This paragraph shall survive the termination or revocation of this authorization, regardless of cause.

C. The holder has an affirmative duty to protect from damage the land, property, and interests of the United States.

D. In the event of any breach of the conditions of this authorization by the holder, the authorized officer may, on reasonable notice, cure the breach for the account at the expense of the holder. If the Forest Service at any time pays any sum of money or does any act which will require payment of money, or incurs any expense, including reasonable attorney's fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce the United States rights hereunder, the sum or sums so paid by the United States, with all interests, costs and damages shall, at the election of the Forest Service, be deemed to be additional fees hereunder and shall be due from the holder to the Forest Service on the first day of the month following such election.

E. **With respect to roads,** the holder shall be proportionally liable for damages to all roads and trails of the United States open to public use caused by the holder's use to the same extent as provided above, except that liability shall not include reasonable and ordinary wear and tear.

F. **The Forest Service has no duty to inspect the permit area or to warn of hazards and, if the Forest Service does inspect the permit area, it shall incur no additional duty nor liability for identified or non-identified hazards.** This covenant may be enforced by the United States in a court of competent jurisdiction.

**V. TERMINATION, REVOCATION, AND SUSPENSION**

A. **General.** For purposes of this permit, "termination", "revocation", and "suspension" refer to the cessation of uses and privileges under the permit.
"Termination" refers to the cessation of the permit under its own terms without the necessity for any decision or action by the authorized officer. Termination occurs automatically when, by the terms of the permit, a fixed or agreed upon condition, event, or time occurs. For example, the permit terminates at expiration. Terminations are not appealable.

"Revocation" refers to an action by the authorized officer to end the permit because of noncompliance with any of the prescribed terms, or for reasons in the public interest. Revocations are appealable.

"Suspension" refers to a revocation which is temporary and the privileges may be restored upon the occurrence of prescribed actions or conditions. Suspensions are appealable.

B. Revocation or Suspension. The Forest Service may suspend or revoke this permit in whole or part for:

1. Noncompliance with Federal, State, or local laws and regulations.
2. Noncompliance with the terms and conditions of this permit.
3. Reasons in the public interest.
4. Abandonment or other failure of the holder to otherwise exercise the privileges granted.

C. Opportunity to Take Corrective Action. Prior to revocation or suspension for cause pursuant to Section V (B), the authorized officer shall give the holder written notice of the grounds for each action and a reasonable time, not to exceed 90 days, to complete the corrective action prescribed by the authorized officer.

D. Removal of Improvements. Prior to abandonment of the improvements or within a reasonable time following revocation or termination of this authorization, the holder shall prepare, for approval by the authorized officer, an abandonment plan for the permit area. The abandonment plan shall address removal of improvements and restoration of the permit area and prescribed time frames for these actions. If the holder fails to remove the improvements or restore the site within the prescribed time period, they become the property of the United States and may be sold, destroyed or otherwise disposed of without any liability to the United States. However, the holder shall remain liable for all cost associated with their removal, including costs of sale and impoundment, cleanup, and restoration of the site.

VI. FEES

A. Termination for Nonpayment. This permit shall automatically terminate without the necessity of prior notice when land use rental fees are 90 calendar days from the due date in arrears.

B. The holder shall pay One Hundred Eighty Dollars $180.00 for the period from January 1, 2004, to December 31, 2007, and thereafter at the beginning of each 5-year period a lump sum payment for 5 years rent of Two Hundred Twenty Five Dollars $225.00: Provided, charges for this use shall be made or readjusted whenever necessary to place the charges on a basis commensurate with the fair market value of the authorized use.

C. Payment Due Date. The payment due date shall be the close of business on January 1st of each calendar year payment is due. Payments due the United States for this use shall be deposited at USDA Forest Service, File 71652, P.O. Box 60000, San Francisco, CA 94160-1652, in the form of a check, draft, or money order payable to "Forest Service, USDA." Payments shall be credited on the date received by the designated Forest Service collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

D. Late Payment Interest, Administrative Costs and Penalties Pursuant to 31 U.S.C. 3717, et seq., interest shall be charged on any fee amount not paid within 30 days from the date the fee or fee calculation financial statement specified in this authorization becomes due. The rate of interest assessed shall be the higher of the rate of the current value of funds to the U.S. Treasury (i.e., Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly or at the Prompt Payment Act rate. Interest on the principal shall accrue from the date the fee or fee calculation financial statement is due.

In the event the account becomes delinquent, administrative costs to cover processing and handling of the delinquency will be assessed.
A penalty of 6 percent per annum shall be assessed on the total amount delinquent in excess of 90 days and shall accrue from the same date on which interest charges begin to accrue.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

Disputed fees are due and payable by the due date. No appeal of fees will be considered by the Forest Service without full payment of the disputed amount. Adjustments, if necessary, will be made in accordance with settlement terms or the appeal decision.

If the fees become delinquent, the Forest Service will:

- Liquidate any security or collateral provided by the authorization.

If no security or collateral is provided, the authorization will terminate and the holder will be responsible for delinquent fees as well as any other costs of restoring the site to its original condition including hazardous waste cleanup.

Upon termination or revocation of the authorization, delinquent fees and other charges associated with the authorization will be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. Delinquencies may be subject to any or all of the following conditions:

- Administrative offset of payments due the holder from the Forest Service.
- Delinquencies in excess of 60 days shall be referred to United States Department of Treasury for appropriate collection action as provided by 31 U.S.C. 3711 (g), (1).
- The Secretary of the Treasury may offset an amount due the debtor for any delinquency as provided by 31 U.S.C. 3720, et seq.)

VII. OTHER PROVISIONS

A. Members of Congress. No Member of or Delegate to Congress or Resident Commissioner shall benefit from this permit either directly or indirectly, except when the authorized use provides a general benefit to a corporation.

B. Appeals and Remedies. Any discretionary decisions or determinations by the authorized officer are subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.

C. Superior Clauses. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses shall control.

D. Nondiscrimination in Employment and Services (B1). During the performance of this authorization, the holder agrees:

1. In connection with the performance of work under this authorization, including construction, maintenance, and operation of the facility, the holder shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, or disability. (Ref. Title VII of the Civil Rights Act of 1964, as amended).

2. The holder and employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, religion, sex, national origin, age, or disability, by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally. (Ref. Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973; Title IX of the Education Amendments, and the Age Discrimination Act of 1975).
3. The holder shall include and require compliance with the above nondiscrimination provisions in any subcontract made with respect to the operations under this authorization.

4. When furnished by the Forest Service, signs setting forth this policy of nondiscrimination will be conspicuously displayed at the public entrance to the premises, and at other exterior or interior locations as directed by the Forest Service.

5. The Forest Service shall have the right to enforce the foregoing nondiscrimination provisions by suit for specific performance or by any other available remedy under the laws of the United States of the State in which the breach or violation occurs.

E. Operating Plan (C8). The holder shall provide an Operating Plan. The plan shall be prepared in consultation with the authorized officer or designated representative and cover operation and maintenance of facilities, dates or season of operations, and other information required by the authorized officer to manage and evaluate the occupation and/or use of National Forest System lands. The provisions of the Operating Plan and the annual revisions shall become a part of this authorization and shall be submitted by the holder and approved by the authorized officer or their designated representative(s). This Operating Plan is hereby made a part of the authorization.

F. Removal and Planting of Vegetation and Other Resources (D5). The holder shall obtain prior written approval from the authorized officer before removing or altering vegetation or other resources. The holder shall obtain prior written approval from the authorized officer before planting trees, shrubs, or other vegetation within the authorized area.

G. Revegetation of Ground Cover and Surface Restoration (D9). The holder shall be responsible for prevention and control of soil erosion and gullying on lands covered by this authorization and adjacent thereto, resulting from construction, operation, maintenance, and termination of the authorized use. The holder shall construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. The holder shall revegetate or otherwise stabilize all ground where the soil has been exposed as a result of the holder's construction, maintenance, operation, or termination of the authorized use and shall construct and maintain necessary preventive measures to supplement the vegetation.

H. Pesticide Use (D23). Pesticides may not be used to control undesirable woody and herbaceous vegetation, aquatic plants, insects, rodents, trash fish, etc., without the prior written approval of the Forest Service. A request for approval of planned uses of pesticides will be submitted annually by the holder on the due date established by the authorized officer. The report will cover a 12-month period of planned use beginning 3 months after the reporting date. Information essential for review will be provided in the form specified. Exceptions to this schedule may be allowed, subject to emergency request and approval, only when unexpected outbreaks of pests require control measures which were not anticipated at the time an annual report was submitted.

I. Superseded Authorization (X18). This authorization supersedes a special-use authorization designated: PRI409003, dated 8/17/87 for storage of topsoil, termination date 12/31/02.

J. Corporation Status Notification (X46). The holder shall furnish the authorized officer with the names and addresses of shareholders owning three (3) percent or more of the shares, and number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote. In addition, the holder shall notify the authorized officer within fifteen (15) days of the following changes:

1. Names of officers appointed or terminated.

2. Names of stockholders who acquire stock shares causing their ownership to exceed 50 percent of shares issued or who otherwise acquire controlling interest in the corporation.

3. A copy of the articles of incorporation and bylaws.

4. An authenticated copy of a resolution of the board of directors specifically authorizing a certain individual or individuals to represent the holder in dealing with the Forest Service.

5. A list of officers and directors of the corporation and their addresses.
6. Upon request, a certified list of stockholders and amount of stock owned by each.

7. The authorized officer may, when necessary, require the holder to furnish additional information as set forth in 36 CFR 251.54 (e)(1)(iv).

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082.

This information is needed by the Forest Service to evaluate requests to use National Forest System lands and manage those lands to protect natural resources, administer the use, and ensure public health and safety. This information is required to obtain or retain a benefit. The authority for that requirement is provided by the Organic Act of 1897 and the Federal Land Policy and Management Act of 1976, which authorize the Secretary of Agriculture to promulgate rules and regulations for authorizing and managing National Forest System lands. These statutes, along with the Term Permit Act, National Forest Ski Area Permit Act, Granger-Thye Act, Mineral Leasing Act, Alaska Term Permit Act, Act of September 3, 1954, Wilderness Act, National Forest Roads and Trails Act, Act of November 16, 1973, Archaeological Resources Protection Act, and Alaska National Interest Lands Conservation Act, authorize the Secretary of Agriculture to issue authorizations for the use and occupancy of National Forest System lands. The Secretary of Agriculture’s regulations at 36 CFR Part 251, Subpart B, establish procedures for issuing those authorizations.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service. Public reporting burden for collection of information, if requested, is estimated to average 1 hour per response for annual financial information; average 1 hour per response to prepare or update operation and/or maintenance plan; average 1 hour per response for inspection reports; and an average of 1 hour for each request that may include such things as reports, logs, facility and user information, sublease information, and other similar miscellaneous information requests. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.
This permit is accepted subject to the conditions set out above.

Date 6/9/03 GENWAL RESOURCES, INC.

(CORPORATE SEAL)

By: Samuel E. Gingerly (Vice President)

ATTEST: ________________________________

______________________________

(Assistant) Secretary

The following certificate shall be executed by the Secretary or Assistant Secretary of the Corporation:

I ________________________________ certify that I am the __________________________ Secretary of the Corporation that executed the above permit; that __________________________ who signed said permit on behalf of said corporation was then __________________________ of said Corporation; that I know his/her signature on said permit is genuine; and that said permit was duly signed, sealed, and attested to for and on behalf of said Corporation by authority of its governing body.

(CORPORATE SEAL)

______________________________

(Assistant Secretary)

U. S. DEPARTMENT OF AGRICULTURE
Forest Service

By: ________________________________ (Authorized Officer Signature)

Elaine J. Zieroeth, Forest Supervisor (Name and Title)

6/9/03 (Date)
Appendix 1-3

USFS Special Use Permit for Facilities
Andrew C. King  
Genwal Coal Company  
P.O. Box 1201  
Huntington, Utah 84528

Dear Mr. King:

Your request to extend the term of your special use permit dated July 28, 1983 has been approved. Enclosed is an Amendment to your permit with a termination date of December 31, 1992. The conditions and provisions of the existing permit are still applicable.

Also, we are returning the $25.00 check for the 1988 season. We received payment for the special use on January 11, 1988 (copy of paid bill for collection is enclosed).

If you have any questions regarding this letter or Amendment please contact Walt Nowak at the Price office.

Sincerely,

ROSS E. BUTLER  
Branch Chief - Lands

Enclosure
This Amendment is accepted subject to the conditions set forth herein, and to conditions attached hereto and made a part of this Amendment.

<table>
<thead>
<tr>
<th>PERMITTEE</th>
<th>NAME OF PERMITTEE</th>
<th>SIGNATURE OF AUTHORIZED OFFICER</th>
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<td>Acting Forest Supervisor</td>
<td>5/11/88</td>
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Permission is hereby granted to Genwal Coal Company of Huntington, Utah, hereinafter called the permittee, to use subject to the conditions set out below, the following described lands or improvements: An area approximately 150 X 400 ft. adjacent to the eastern boundary of Genwal's Federal Coal Lease SL-062648 located in Sec 5 T16S, R7E, SLH.

This permit covers 1.5 acres and/or ___ miles and is issued for the purpose of: constructing portions of a coal mine sedimentation pond and portal area.

1. Construction or occupancy and use under this permit shall begin within 12 months, and construction, if any, shall be completed within 24 months, from the date of the permit. This use shall be actually exercised at least 365 days each year, unless otherwise authorized in writing.

2. In consideration for this use, the permittee shall pay to the Forest Service, U.S. Department of Agriculture, the sum of twenty-five Dollars ($25.00) for the period from January 1, 1983, to December 31, 1983, and thereafter annually on the first business day following January 1 of each year. The charges shall be twenty-five Dollars ($25.00) for each year thereafter. Provided, however, Charges for this use may be made or readjusted whenever necessary to place the charges on a basis commensurate with the value of use authorized by this permit.

3. This permit is accepted subject to the conditions set forth herein, and to conditions attached hereto and made a part of this permit.
13. The Forest Service reserves the right to dispose of the merchantable timber to others than the permittee at no stumpage cost to the permittee. Trees, shrubs, and other plants may be planted in such manner and in such places about the premises as may be approved by the forest officer in charge.

5. The permittee shall maintain the improvements and premises to standards of repair, orderliness, cleanliness, sanitation, and safety acceptable to the forest officer in charge.

6. This permit is subject to all valid claims.

7. The permittee, in exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, county, and municipal laws, ordinances, or regulations which are applicable to the area or operations covered by this permit.

8. The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of by burning in open fires during the closed season established by law or regulation without a written permit from the forest officer in charge or his authorized agent.

9. The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall pay the United States for any damage resulting from negligence or from the violation of the terms of this permit or of any law or regulation applicable to the National Forests by the permittee, or by any agents or employees of the permittee acting within the scope of their agency or employment.

10. The permittee shall fully repair all damage, other than ordinary wear and tear, to national forest roads and trails caused by the permittee in the exercise of the privilege granted by this permit.

11. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or benefit that may arise herefrom unless it is made with a corporation for its benefit.

12. Upon abandonment, termination, revocation, or cancellation of this permit, the permittee shall remove within a reasonable time all structures and improvements except those owned by the United States, and shall restore the site, unless otherwise agreed upon in writing or in this permit. If the permittee fails to move all such structures or improvements within a reasonable period, they shall become the property of the United States, but that will not relieve the permittee of liability for the cost of their removal and restoration of the site.

13. This permit is not transferable. If the permittee through voluntary sale or transfer, or through forcement of contract, foreclosure, tax sale, or other valid legal proceeding shall cease to be the owner of the physical improvements other than those owned by the United States situated on the land described in this permit and is unable to furnish adequate proof of ability to redeem or otherwise reestablish title to said improvements, this permit shall be subject to cancellation. But if the person to whom title to said improvements shall have been transferred in either manner provided is qualified as a permittee and is willing that his future occupancy of the premises shall be subject to such new conditions and situations existing or prospective circumstances may warrant, his continued occupancy of the premises may be authorized by permit to him if, in the opinion of the issuing officer or his successor, issuance of a permit desirable and in the public interest.

14. In case of change of address, the permittee shall immediately notify the forest supervisor.

15. The temporary use and occupancy of the premises and improvements herein described may be sublet to third parties only with the prior written approval of the forest supervisor but the permittee shall continue to be responsible for compliance with all conditions of this permit by persons to whom the premises may be sublet.

16. This permit may be terminated upon breach of any of the conditions herein or at the discretion of the national forest officer or the Chief, Forest Service.

17. In the event of any conflict between any of the preceding printed clauses or any provisions thereof and of the following clauses or any provisions thereof, the following clauses will control.
18. (A-I) - A late payment charge in addition to the regular fees shall be made for failure to meet the fee payment due date or any of the dates specified for submission of statements required for fee calculation. The late payment charge shall be $15, or an amount calculated by applying the current rate prescribed by Treasury Fiscal Requirements Manual Bulletins to the overdue amount for each 30-day period or fraction thereof that the payment is overdue, whichever is greater. If the due date falls on a nonworkday, the late payment charge will not apply until the end of the next workday.

19. (B-2) - During the performance of this permit, the permittee agrees:

a. In connection with the performance of work under this permit, including construction, maintenance, and operation of the facility, the permittee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

b. The permittee and his employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, religion, sex, or national origin by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally.

c. The permittee shall include and require compliance with the above nondiscrimination provisions in any subcontract made with respect to the operations under this permit.

20. (B-8) - The permittee shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of National Forest lands under this permit.

21. (C-3) - As a further guarantee of the faithful performance of the provisions as stated in the letter dated 12/22/82 which becomes a part of this permit, the permittee agrees to deliver and maintain a surety bond in the amount of two thousand dollars ($2000.00). Prior to undertaking additional construction or alteration work not provided for in the above clause(s) or when the improvements are to be removed and the area restored, the permittee shall deliver and maintain a surety bond in an amount set by the Forest Service, which amount shall not be in excess of the estimated loss which the Government would suffer upon default in performance of this work. Should the sureties or the bonds delivered under this permit become unsatisfactory to the Forest Service, the permittee shall, within thirty (30) days of demand, furnish a new bond with surety, solvent and satisfactory to the Forest Service. In lieu of surety bond, the permittee may deposit into a Federal depository, as directed by the Forest Service, and maintain therein, cash in the amounts provided for above, or negotiable securities of the United States having a market value at time of deposit of not less than the dollar amounts provided above.
The permittee's surety bond will be released, or deposits in lieu of bond, will be returned thirty (30) days after certification by the Forest Service that priority installations under the development plan are complete, and upon furnishing by the permittee of proof satisfactory to the Forest Service that all claims for labor and material on said installations have been paid or released and satisfied. The Permittee agrees that all moneys deposited under this permit may, upon failure on his part to fulfill all and singular and requirements herein set forth or made a part hereof, be retained by the United States to be applied as far as may be to the satisfaction of his obligations assumed hereunder, without prejudice whatever to any other rights and remedies of the United States.

22. (C-9) - No storage or transportation of water on the National Forest lands covered by this permit shall be made until the facilities have been constructed in accordance with the approved plans and specifications, the permittee has submitted certification thereof by a registered professional engineer, and the permittee has received written approval from the Forest Service.

23. (C-10) - The permittee agrees to remove all timber and brush from the area to be flooded.

24. (C-12) - The plans on sheets entitled, Drawing No. GOI-C-016, dated 12/4/81; Drawing No. GOI-C-017, dated 12/3/82; Drawing No. GOI-C-018, dated 12/4/82; Drawing No GOI-C-020, dated 5/25/82; Drawing No. GOI-C-021, dated 5/27/82; Drawing No. GOI-C-022, undated; and Drawing No. GOI-C-023, also undated submitted by Boyle Engineering Corp for Genwal Coal Company, and the related specifications prepared by Utah Division of Oil, Gas, and Mining and subsequent revisions approved by the Forest Service are attached to and hereby made a part of this permit.

25. (D-3) - The permittee shall protect the scenic esthetic values of the area under this permit, and the adjacent land, as far as possible with the authorized use, during construction, operation, and maintenance of the improvements.

26. (D-4) - The permittee shall take reasonable precautions to protect, in place, all public land survey monuments, private property corners, and Forest boundary markers. In the event that any such land markers or monuments are destroyed in the exercise of the privileges authorized by this permit, depending on the type of monument destroyed, the permittee shall see that they are reestablished or referenced in accordance with (1) the procedures outlined in the "Manual of Instructions for the Survey of the Public Land of the United States," (2) the specifications of the county surveyor, or (3) the specifications of the Forest Service. Further, the permittee shall cause such official survey records as are affected to be amended as provided by law.

27. (D-7) - The permittee shall be responsible for the prevention and control of soil erosion and gullying on the area covered by this permit and lands adjacent thereto, and shall provide preventive measures as required by the Forest Service.
28. (X-4) - Unless sooner terminated or revoked by the Forest Supervisor in accordance with the provisions of this permit, this permit shall expire and become void on December 31, 1987, but a new permit to occupy and use the same National Forest land may be granted provided the permittee will comply with the then existing laws and regulations governing the occupancy and use of National Forest lands and shall have notified the Forest Supervisor not less than three months prior to said date that such new permit is desired.

29. (X-4) - This permit is issued on the condition that the permittee has secured, or will secure, the consent of any person having valid claim to the land.

30. (X-5) - The land herein described is subject to certain rights reserved by or outstanding in parties other than the United States, and nothing herein shall abridge said rights or authorize prevention or obstruction of the reasonable exercise thereof.

31. (X-6) - This permit is subject to the rights and privileges granted in mineral, oil, or gas leases covering this land which have been issued by an authorized agency of the United States, and this permit does not authorize the prevention or obstruction of the reasonable exercise of the rights and privileges granted by said mineral, oil, or gas leases.

32. (X-17) - If, during excavation work, items of substantial archeological or paleontological value are discovered, or a known deposit of such items is disturbed, the permittee will cease excavation in the area so affected. He will then notify the Forest Service and will not resume excavation until written approval is given.

33. (X-19) - The permittee agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the permittee of the privileges thereof.

34. (X-18) - This permit confers no right to the use of water by the permittee.
United States Department of Agriculture
Forest Service

SPBCLLL USB PP&MIT
Act of June 4, 1897

This permit is revocable and nontransferable

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<th>a. Record no. (1-2)</th>
<th>b. Region (3-4)</th>
<th>c. Forest (5-6)</th>
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d. District (7-8) | e. User number (9-12) | f. Kind of use (13-15) |
| 03                 | 4090            | 522             |
g. State (16-17) | h. County (18-20) | k. Card no. (21) |
| 49                 | 007             | 1               |

Permission is hereby granted to Genwal Coal Company, Incorporated

of P.O. Box 1201, Huntington, Utah 84528
hereinafter called the permittee, to use subject to the conditions set out below, the following described lands or improvements:

T16S., R7E., SLM
Section 6, SW quarter NE quarter

This permit covers .10 acres and/or -- miles and is issued for the purpose of:

Snow storage and summer parking

1. Construction or occupancy and use under this permit shall begin within 1 months, and construction, if any, shall be completed within -- months, from the date of the permit. This use shall be actually exercised at least 365 days each year, unless otherwise authorized in writing.

2. In consideration for this use, the permittee shall pay to the Forest Service, U.S. Department of Agriculture, the sum of Twenty-five Dollars ($25.00.) for the period from May 1, 1987, to December 31, 1987, and thereafter annually on January 1. Twenty-five Dollars ($25.00.): Provided, however, Charges for this use may be made or readjusted whenever necessary to place the charges on a basis commensurate with the value of use authorized by this permit.

3. This permit is accepted subject to the conditions set forth herein, and to conditions 16 to 26 attached hereto and made a part of this permit.

<table>
<thead>
<tr>
<th>name of permittee</th>
<th>signature of authorized officer</th>
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<tr>
<td>Genwal Coal Company, Incorporated</td>
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<tr>
<th>name and signature</th>
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<tr>
<td>Ross E. Reddell</td>
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</table>

Acting Forest Supervisor

2700-4 (7/71)
4. Development plans; lay-out plans; construction, reconstruction, or alteration of improvements; or revision of lay-out or construction plans for this area must be approved in advance and in writing by the forest supervisor. Trees or shrubbery on the permitted area may be removed or destroyed only after the forest officer in charge has approved, and has marked or otherwise designated that which may be removed or destroyed. Timber cut or destroyed will be paid for by the permittee as follows: merchantable timber at appraised value; young-growth timber below merchantable size at current damage appraisal value; provided that the Forest Service reserves the right to dispose of the merchantable timber to others than the permittee at no stumpage cost to the permittee. Trees, shrubs, and other plants may be planted in such manner and in such places about the premises as may be approved by the forest officer in charge.

5. The permittee shall maintain the improvements and premises to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the forest officer in charge.

6. This permit is subject to all valid claims.

7. The permittee, in exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, county, and municipal laws, ordinances, or regulations which are applicable to the area or operations covered by this permit.

8. The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of by burning in open fires during the closed season established by law or regulation without a written permit from the forest officer in charge or his authorized agent.

9. The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall pay the United States for any damage resulting from negligence or from the violation of the terms of this permit or of any law or regulation applicable to the National Forests by the permittee, or by any agents or employees of the permittee acting within the scope of their agency or employment.

10. The permittee shall fully repair all damage, other than ordinary wear and tear, to national forest roads and trails caused by the permittee in the exercise of the privilege granted by this permit.

11. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise herefrom unless it is made with a corporation for its general benefit.

12. Upon abandonment, termination, revocation, or cancellation of this permit, the permittee shall remove within a reasonable time all structures and improvements except those owned by the United States, and shall restore the site, unless otherwise agreed upon in writing or in this permit. If the permittee fails to remove all such structures or improvements within a reasonable period, they shall become the property of the United States, but that will not relieve the permittee of liability for the cost of their removal and restoration of the site.

13. This permit is not transferable. If the permittee through voluntary sale or transfer, or through enforcement of contract, foreclosure, tax sale, or other valid legal proceeding shall cease to be the owner of the physical improvements other than those owned by the United States situated on the land described in this permit and unable to furnish adequate proof of ability to redeem or otherwise reestablish title to said improvements, this permit shall be subject to cancellation. But if the person to whom title to said improvements shall have been transferred in either manner provided is qualified as a permittee and is willing that his future occupant
of the premises shall be subject to such new conditions and stipulations as existing or prospective circumstances may warrant, his continued occupancy of the premises may be authorized by permit to him if, in the opinion of the issuing officer or his successor, issuance of a permit is desirable and in the public interest.

14. In case of change of address, the permittee shall immediately notify the forest supervisor.

15. The temporary use and occupancy of the premises and improvements herein described may be sublet by the permittee to third parties only with the prior written approval of the forest supervisor but the permittee shall continue to be responsible for compliance with all conditions of this permit by persons to whom such premises may be sublet.

16. This permit may be terminated upon breach of any of the conditions herein or at the discretion of the regional forester or the Chief, Forest Service.

17. In the event of any conflict between any of the preceding printed clauses or any provisions thereof and any of the following clauses or any provisions thereof, the following clauses will control.
18. Pursuant to the Federal Claims Collection Act of 1966, as amended, 31 USC 3101, et seq., and regulations at 7 CFR Part 3, Subpart B, an interest charge shall be assessed on any payment not made by the payment due date. Interest shall be assessed using the most current rate prescribed by the United States Department of the Treasury's Fiscal Manual (TFM-6-8025.20). Interest shall accrue from the date the fee payment was due. In addition, certain processing and handling administrative costs may be assessed in the event the account becomes delinquent and added to the amounts due.

A penalty of 6 percent per year shall be assessed on any payment overdue in excess of 90 days from the payment due date.

Payments will be credited on the date received by the designated collection officer or deposit location. If the payment due date(s) falls on a nonworkday, the interest and penalty charges shall not apply until the close of business of the next workday.

19. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of National Forest lands under this permit.

20. Avalanches, rising waters, high winds, falling limbs or trees, and other hazards are natural phenomena in the Forest that present risks which the holder assumes. The holder has responsibility of inspecting the site, lot, right-of-way, and immediate adjoining area for dangerous trees, hanging limbs, and other evidence of hazardous conditions and, after securing permission from the Forest Service, of removing such hazards.

21. The holder shall protect the scenic aesthetic values of the area under this permit, and the adjacent land, as far as possible with the authorized use, during construction, operation, and maintenance of the improvements.

22. Slope stabilization and the prevention of soil erosion and gullying throughout the permitted area and adjacent lands will be accomplished by

a. Carrying out the provisions of an erosion control plan prepared by the holder and approved by the authorized officer.

23. Holder shall be responsible for prevention and control of soil erosion and gullying on lands covered by this permit and adjacent thereto, resulting from construction, operation, maintenance, and termination of the permitted use. Holder shall construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. Holder shall revegetate or otherwise stabilize
all ground where the soil has been exposed and shall construct and maintain necessary preventive measures to supplement the vegetation.

24. (E-2) Unless sooner terminated or revoked by the authorized officer, in accordance with the provisions of the authorization, this authorization shall expire and become void on December 31, 1992, but a new special-use authorization to occupy and use the same National Forest System land may be granted provided the holder will comply with the then-existing laws and regulations governing the occupancy and use of National Forest lands and shall have notified the authorized officer not less than six months prior to said date that such new authorization is desired.

25. (X-3) Nothing in this permit shall be construed to imply permission to build or maintain any structure not specifically named on the face of this permit, or approved by the authorized officer in the form of a new permit or permit amendment.

26. (X-19) The holder agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the holder of the privileges thereof.
United States Department of Agriculture  
Forest Service  

SPECIAL USE PERMIT  

Act of June 4, 1897  

This permit is revocable and nontransferable  

<table>
<thead>
<tr>
<th>Record no. (1-2)</th>
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<tbody>
<tr>
<td>49</td>
<td>007</td>
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</tr>
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</table>

Permission is hereby granted to Genwal Coal Company, Incorporated of P.O. Drawer 1201, Huntington, Utah 84528, hereinafter called the permittee, to use subject to the conditions set out below, the following described lands or improvements:

W quarter Section 5 T16S., R7E., - Stockpile #1  
W quarter Section 5 T16S., R7E., - Stockpile #2  
NW quarter Section 4 T16S., R7E., - Stockpile #3

This permit covers 9 acres and/or ___ miles and is issued for the purpose of:

Stockpile #1 - 2 acres  
Stockpile #2 - 2 acres  
Stockpile #3 - 5 acres  

Storage of Topsoil material from the development of minesite

1. Construction or occupancy and use under this permit shall begin within ___ month, and construction, if any, shall be completed within ___ months, from the date of the permit. This use shall be actually exercised at least ___ days each year, unless otherwise authorized in writing.

2. In consideration for this use, the permittee shall pay to the Forest Service, U.S. Department of Agriculture, the sum of Twenty-five Dollars ($ 25.00) for the period from May 1, 1987, to December 31, 1987, and thereafter annually on January 1, Twenty-five Dollars ($ 25.00): Provided, however, Charges for this use may be made or readjusted whenever necessary to place the charges on a basis commensurate with the value of use authorized by this permit.

3. This permit is accepted subject to the conditions set forth herein, and to conditions 18 to 26 attached hereto and made a part of this permit.

<table>
<thead>
<tr>
<th>Name of permittee</th>
<th>Signature of authorized officer</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Genwal Coal Company, Incorporated</td>
<td>[Signature]</td>
<td>5/15/87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name and signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russ. E. Butler</td>
<td>Acting Forest Supervisor</td>
<td>5/15/87</td>
</tr>
</tbody>
</table>
4. Development plans; lay-out plans; construction, reconstruction, or alteration of improvements; or revision of lay-out or construction plans for this area must be approved in advance and in writing by the forest supervisor. Trees or shrubbery on the permitted area may be removed or destroyed only after the forest officer in charge has approved, and has marked or otherwise designated that which may be removed or destroyed. Timber cut or destroyed will be paid for by the permittee as follows: Merchantable timber at appraised value; young-growth timber below merchantable size at current damage appraisal value; provided that the Forest Service reserves the right to dispose of the merchantable timber to others than the permittee at no stumpage cost to the permittee. Trees, shrubs, and other plants may be planted in such manner and in such places about the premises as may be approved by the forest officer in charge.

5. The permittee shall maintain the improvements and premises to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the forest officer in charge.

6. This permit is subject to all valid claims.

7. The permittee, in exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, county, and municipal laws, ordinances, or regulations which are applicable to the area or operations covered by this permit.

8. The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of by burning in open fires during the closed season established by law or regulation without a written permit from the forest officer in charge or his authorized agent.

9. The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall pay the United States for any damage resulting from negligence or from the violation of the terms of this permit or of any law or regulation applicable to the National Forests by the permittee, or by any agents or employees of the permittee acting within the scope of their agency or employment.

10. The permittee shall fully repair all damage, other than ordinary wear and tear, to national forest roads and trails caused by the permittee in the exercise of the privilege granted by this permit.

11. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise herefrom unless it is made with a corporation for its general benefit.

12. Upon abandonment, termination, revocation, or cancellation of this permit, the permittee shall remove within a reasonable time all structures and improvements except those owned by the United States, and shall restore the site, unless otherwise agreed upon in writing or in this permit. If the permittee fails to remove all such structures or improvements within a reasonable period, they shall become the property of the United States, but that will not relieve the permittee of liability for the cost of their removal and restoration of the site.

13. This permit is not transferable. If the permittee through voluntary sale or transfer, or through enforcement of contract, foreclosure, tax sale, or other valid legal proceeding shall cease to be the owner of the physical improvements other than those owned by the United States situated on the land described in this permit and is unable to furnish adequate proof of ability to redeem or otherwise reestablish title to said improvements, this permit shall be subject to cancellation. But if the person to whom title to said improvements shall have been transferred in either manner provided is qualified as a permittee and is willing that his future occupancy
or prospective circumstances may warrant, his continued occupancy of the premises may be authorized by permit to him if, in the opinion of the issuing officer or his successor, issuance of a permit is desirable and in the public interest.

14. In case of change of address, the permittee shall immediately notify the forest supervisor.

15. The temporary use and occupancy of the premises and improvements herein described may be sublet by the permittee to third parties only with the prior written approval of the forest supervisor but the permittee shall continue to be responsible for compliance with all conditions of this permit by persons to whom such premises may be sublet.

16. This permit may be terminated upon breach of any of the conditions herein or at the discretion of the regional forester or the Chief, Forest Service.

17. In the event of any conflict between any of the preceding printed clauses or any provisions thereof and any of the following clauses or any provisions thereof, the following clauses will control.
10. (A-6) Pursuant to the Federal Claims Collection Act of 1966, as amended, 31 U.S.C. 3101, et seq., and regulations at 7 C.F.R. Part 3, Subpart B, an interest charge shall be assessed on any payment not made by the payment due date. Interest shall be assessed using the most current rate prescribed by the United States Department of the Treasury’s Fiscal Manual (TFH-6-8025.20). Interest shall accrue from the date the fee payment was due. In addition, certain processing and handling administrative costs may be assessed in the event the account becomes delinquent and added to the amounts due.

A penalty of 6 percent per year shall be assessed on any payment overdue in excess of 90 days from the payment due date.

Payments will be credited on the date received by the designated collection officer or deposit location. If the payment due date(s) falls on a nonworkday, the interest and penalty charges shall not apply until the close of business of the next workday.

19. (B-8) The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of National Forest lands under this permit.

20. (B-24) Avalanches, rising waters, high winds, falling limbs or trees, and other hazards are natural phenomena in the Forest that present risks which the holder assumes. The holder has responsibility of inspecting the site, lot, right-of-way, and immediate adjoining area for dangerous trees, hanging limbs, and other evidence of hazardous conditions and, after securing permission from the Forest Service, of removing such hazards.

21. (D-3) The holder shall protect the scenic esthetic values of the area under this permit, and the adjacent land, as far as possible with the authorized use, during construction, operation, and maintenance of the improvements.

22. (D-6) Slope stabilization and the prevention of soil erosion and gullying throughout the permitted area and adjacent lands will be accomplished by

a. Carrying out the provisions of an erosion control plan prepared by the holder and approved by the authorized officer.

23. (D-9) Holder shall be responsible for prevention and control of soil erosion and gullying on lands covered by this permit and adjacent thereto, resulting from construction, operation, maintenance, and termination of the permitted use. Holder shall so construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. Holder shall revegetate or otherwise stabilize
24. (E-2) Unless sooner terminated or revoked by the authorized officer, in accordance with the provisions of the authorization, this authorization shall expire and become void on December 31, 1992, but a new special-use authorization to occupy and use the same National Forest System land may be granted provided the holder will comply with the then-existing laws and regulations governing the occupancy and use of National Forest lands and shall have notified the authorized officer not less than six months prior to said date that such new authorization is desired.

25. (X-3) Nothing in this permit shall be construed to imply permission to build or maintain any structure not specifically named on the face of this permit, or approved by the authorized officer in the form of a new permit or permit amendment.

26. (X-19) The holder agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the holder of the privileges thereof.
**USFS SPECIAL USE PERMIT**

FOR FACILITIES

Special Use Permit for Facilities
Feb. 10, 1988

<table>
<thead>
<tr>
<th>a. Record no. (1-2)</th>
<th>b. Region (3d)</th>
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**PART I - APPLICATION (To be completed by applicant)**

Application is hereby made for a permit to use National Forest land as indicated below:

1. **Description of land** (Describe BLM or PLAT)

   Strip of ground app. 400 feet long and app. 150 ft adjacent to Federal Coal Lease 5L-642648 as shown on map which accompanies this application. Parcel described as follows: starting at the southwest corner of the NE 4 of the NW 4 of Section 5, extending 400 feet then east 150 feet, south 400 feet then west 150 feet. All: T. 16 S., R. 7 E., SMU, Utah.

2. **Purpose of use**

   Necessary to construct surface facilities required for General's Coalville Canyon Mine.

3. **Land Area applied for** (For Rights-of-Way show length and width and convert to acres; for other use show acres)

<table>
<thead>
<tr>
<th>Length</th>
<th>Width</th>
<th>App. 1.5 acres</th>
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<tbody>
<tr>
<td>(Feet)</td>
<td>(Feet)</td>
<td>(Ares)</td>
</tr>
</tbody>
</table>

4. **Improvements**

   a. **Description**

      Parcel will be used for portion of sediment pad and process pad. Plans for both of these surface features to be reviewed with General's "Mine Permit Application" and will be reviewed by the ACP, both of which have been submitted to U.S. F.S. Supervisor's Office and District Manager's Office for - Uintah - LaSal Forest.

   b. Plans attached (Yes/No) No. If "No" show date plans will be furnished.

   a. **Estimated date**

   b. **Construction will begin**

   c. **Construction will be completed**

   Date of Application: September 10, 1981
   Applicants name and signature: W. E. Waller
   General Coal Co., Inc.
   Box 1201
   Huntington, Utah 84528
   Applicant's address: Box 1201
   Huntington, Utah 84528

   (SIP Code)

Previous edition of this form is obsolete (OVER)
Appendix 1-6

Mining Suitability Determination
The economy of Emery County has traditionally had a strong mining base. Mining accounts for 29 percent of the Emery County working population (Utah Department of Employment Security, 1978) and 47.6 percent of the total earnings within the county (U.S. Department of Commerce, 1977). In Emery County, coal accounts for 93 percent of the mining industry (Newman, 1979). Mining experienced a rapid growth in Emery County during the 1970s. As an example, only 364 jobs were tied to the mineral industry in 1970, while in 1978, there were 1,596 such workers (Employment Security, Department of Commerce). There is no question that coal is and will continue to be one of the strongest economic forces in Emery County.

The demand for coal is expected to increase in the future. This conclusion is supported by recent Department of Energy projected coal production estimates for the Uintah-Southwestern Utah Coal Region. In 1976, total production in this region was 10.1 million tons. The Department of Energy has estimated that coal production from this region could vary from 13.9 to 14.5 million tons by 1985 and from 16.9 to 20.6 million tons in 1990. To reach these production levels coal could come from existing leases, preference right lease applications, and new leases.
On June 1, 1979, Secretary of the Interior Andrus determined that an additional 109 million tons of coal should be offered to help meet the identified production targets.

Application of the unsuitability criteria in the San Rafael Planning Area resulted in 14 percent (3,492 acres) of the Emery PCA, containing some 53 million tons of recoverable coal reserves as being classified as unsuitable. This leaves a total of 21,798 acres, with an estimated 333.5 million tons of recoverable Federal coal reserves in the PCA.

None of the coal acreage in the Wasatch Plateau KRCA (5,515 acres with 80 million tons of recoverable coal reserves) was determined to be unsuitable.

Because of the relative abundance of coal in the area and only 14 percent of the total recoverable reserves in the PCA were included, the unsuitable designations are not anticipated to result in an adverse impact on either the supply of coal or the economy of Emery County.
Appendix 1-7

Negative Unsuitability Determination
2-7
Negative Unsuitability Determination

Pages 149-150
LAND MANAGEMENT PLAN,
FERRON-PRICE PLANNING UNIT
MANTI LASAL NATIONAL FOREST
MAY 1979

United States Department of Agriculture
United States Forest Service
soil studies, hydrologic studies, and studies concerning revegetation. If any area is determined not to be so reclaimable, such area shall be considered unsuitable for coal mining.

Exception: A lease may be issued upon presentation of information which contains results of studies showing that reclamation is possible to the standards of the SMCRA, the regulations, and approved State programs, including State regulations.

Application of Unsuitability Criteria to Ferron-Price Planning Unit

The areas of the planning unit to which the Unsuitability Criteria are applicable, referred to as "mineable coal areas," 1/ were determined using available coal seam and geologic information. The mineable coal areas the planning unit comprise 218,230 acres and include the Coal Lands Management Area A as described in the land management plan. Private, State lands and existing mining operations, totaling 50,110 acres, are exempt from the criteria. The remaining coal lands of the planning unit are not considered mineable with present mining technology. The Unsuitability Criteria was not applied to these lands.

Mineable coal areas of the planning unit are not suitable for strip mining, therefore, the General Exception is applicable. Mineable coal areas will not be considered unsuitable for leasing or mining. The criteria will be applied to each lease and operating plan on a site specific basis as they are proposed. Appropriate adjustments, modifications and stipulations will be applied at that time to reflect criteria application.

The criteria were applied to determine probable conflicts of surface effects from underground mining. The applicability of individual criteria are noted. The criteria were applied using the best data and information available. For some criteria, data is not available or is incomplete.

1. Federal Land Systems

Mineable coal areas of the planning unit do not meet the criteria:

1/ The term "mineable coal area" used in this discussion is defined as those lands to which the "Land Unsuitability Criteria" was applied. Private lands, and leases under development or that are being mined, were not included in the definition. The definition was applicable to inactive leases and unleased Federal land within the known recoverable coal resource areas as designated by the U.S. Geological Survey.
2. Rights-of-Way and Easements

Roads, pipelines, and electrical transmission lines cross the area under special use permit, rights-of-way and easements. Special use permits for roads, pipelines and transmission lines will be evaluated on a case by case basis. Exceptions to the criteria as well as special stipulations will be issued to protect surface facilities as needed.

3. Buffer Zones Along Rights-of-Way and Adjacent to Communities and Buildings

Roads, pipelines, and electrical transmission lines cross the area under special use permit, rights-of-way and easements. Special use permits for roads, pipelines and transmission lines will be evaluated on a case by case basis. Exceptions to the criteria as well as special stipulations will be issued to protect surface facilities as needed.

4. Wilderness Study Areas

Mineable coal areas of the planning unit have not been recommended for Wilderness or Wilderness Study and do not meet the criterion.

5. Scenic Areas

Some areas of the planning unit have outstanding scenic qualities and/or high visual sensitivity. The visual quality objectives of "Preservation" and "Retention" used by the Forest Service closely correspond to the Class I and II visual classification used by the Department of Interior. None of the mineable coal areas are classified as "Preservation." The foreground areas of Straight Canyon and Left Fork of Huntington Canyon are classed as "Retention."

6. Lands Used for Scientific Studies

Mineable coal areas of the planning unit do not meet the criterion.

7. Historic Lands and Sites

A number of archeologic, historic and paleontologic sites have been inventoried within mineable coal areas. The archeologic and historic sites are generally isolated and small. The sites will be protected in accordance with current policies, laws and regulations.
APPENDIX 1-8

NEWSPAPER PUBLICATION
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

County of Carbon,

I, Richard Shaw, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State of Utah, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah Legals.com website, the first publication was on the 14th day of February, 2012, and that the last publication of such notice was in the issue of such newspaper dated the 6th day of March 2012.

Richard Shaw – Publisher

Subscribed and sworn to before me this 6th day of March, 2012.

Linda Thayn

Notary Public My commission expires January 10, 2015 Residing at Price, Utah

Publication fee, $ 201.60

PUBLIC NOTICE FOR PERMIT REVISION
CRANDALL CANYON MINE

Genwal Resources, Inc., P.O. Box 910, East Carbon, Utah 85520, has filed with the Utah Division of Oil, Gas and Mining an application to revise the Crandall Canyon Mine Mining and Reclamation Plan (G/015/032). This revision would add 7.32 acres to the existing 8787.74 acre permit area for the purpose of construction an evaporation basin (a.k.a., the Burma Evaporation Basin) to be used as part of the treatment facility for the mine discharge water. Specifically, the basin would be located on STLA land in lower Huntington Canyon in Lot 6, Section 5, T17S, R8E, SLBM. Copies of this application are available for inspection at the Division of Oil, Gas and Mining, 1594 West Temple, Suite 1210, Salt Lake City, Utah and at the Emery County Courthouse, 75 East Main, Emery, Utah. Comments, objections or requests for an informal conference should be addressed to the Utah Division of Oil, Gas and Mining, 1594 West Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate February 14, 21, 28 and March 6, 2012.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH) ss.
County of Emery,)

I, Richard Shaw, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State of Utah 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 on the Utah legals.com website; the first publication was on the 14th day of February, 2012, and that the last publication of such notice was in the issue of such newspaper dated the 6th day of March, 2012.

Richard Shaw – Publisher

Subscribed and sworn to before me this 6th day of March 2012.

Linda Thayn

Notary Public My commission expires January 10, 2015 Residing at Price, Utah

Publication fee, $ 144.00

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Ken G. Larson
Publisher

Subscribed and sworn to before me this 6th day of January, 2004.

Linda Thayn
Notary Public

My commission expires January 10, 2007

Residing at Price, Utah

Publication fee, $420.16

**PUBLIC NOTICE FOR PERMIT CHANGE**

CRANDALL CANYON MINE

P.O. BOX 1077

PRICE, UTAH 84528

Notice is hereby given that General Resources, Inc. P.O. Box 1077, Price, UT 84528, a subsidiary owned jointly by Intermountain Power Agency and Andalex Resources, Inc. has submitted with the Utah Division of Oil, Gas and Mining, a complete application for adding the South Crandall lease to the existing Mine and Reclamation Permit, ACT/015/032. The permit area is located around Crandall Canyon of the USGS topographic quadrangle map of Rilda Canyon. The description of the permitted area is as follows:

**Township 15 South, Range 6 East, SLBM**

Section 25: S1/2

Section 26: S1/2

Section 35: All, and

Section 36: All.

**Township 15 South, Range 7 East, SLBM**

Section 30: Lots 7-12, SE1/4

Section 31: All, and

Section 32: S1/4SW1/4, SW1/4SE1/4.

**Township 16 South, Range 6 East, SLBM**

Section 1: Lots 1-12, SW1/4, and

Section 2: All.

**Township 16 South, Range 7 East, SLBM**

Section 4: Part of NW1/4 containing Topsoil Piles #3 and #4, W1/2

Section 5: SE1/4, S1/2 SE1/4 NE1/4, N1/2NW1/4, NW1/2NE1/4, SW1/4NW1/4, N1/2SE1/4NW1/4, SW1/4. Part of NE1/4 containing Topsoil Pile #2, part of NW1/4 containing Topsoil Pile #1, part of SW1/4 containing Sediment Pond,

Section 6: Lots 1-4 (NE1/4NW1/4), S1/2 NE1/4

Section 8: E1/2, NE1/4 NW1/4, S1/2 NW1/4, and

Section 9: NW1/4.

A copy of this application is available for inspection at the Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, Salt Lake City, Utah. Comments, objections, or requests for an informal conference should be addressed to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate December 16, 23, 30, 2003 and January 6, 2004.
AFFIDAVIT OF PUBLICATION

STATE OF UTAH

ss.

County of Emery,

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Ken G. Larson - Publisher

Subscribed and sworn to before me this 6th day of January, 2004.

Linda Thayn - Notary Public

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

Publication fee, $301.08

LINDA THAYN
NOTARY PUBLIC - STATE OF UTAH
845 EAST MAIN
PRICE, UTAH 84501
COMM. EXPIRES 1-10-2007

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P.O. BOX 1077
PRICE, UTAH 84528

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Section 35: All, and
Section 36: All.

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Section 31: All, and
Section 32: S1/4SW1/4, SW1/4SE1/4.

Township 16 South, Range 6 East, SLBM
Section 1: Lots 1-12, SW1/4, and
Section 2: All.

Township 16 South, Range 7 East, SLBM
Section 4: Part of NW1/4 containing Topsoil Piles #3 and #4, W1/2 SW1/4, S1/2 SW1/4 NW1/4,
Section 5: SE1/4, S1/2 SE1/4 NE1/4, NW1/4, NW1/4NE1/4, SW1/4NW1/4, NW1/4SE1/4NW1/4, SW1/4, Part of NE1/4 containing Topsoil Pile #2, part of NW1/4 containing Topsoil Pile #4, part of SW1/4 containing Sediment Pond,
Section 6: Lots 1-4 (NE1/NE1/4), S1/2 NE1/4
Section 8: E1/2, NE1/4 NW1/4, S1/2 NW1/4, and
Section 9: NW1/4.

A copy of this application is available for inspection at the Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, Salt Lake City, Utah. Comments, objections, or requests for an informal conference should be addressed to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.


INCORPORATED
APR 15 2005
DIV OF OIL GAS & MINING
AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, 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 8 (Eight) consecutive issues, and that the first publication was on the 13th day of August, 1996 and that the last publication of such notice was in the issue of such newspaper dated the 5th day of September, 1996.

Kevin Ashby - Publisher

Subscribed and sworn to before me this 5th day of September, 1996.

Linda Thayn

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

Publication fee, $365.44

NOTARY PUBLIC
LINDA THAYN
811 NORTH 10TH EAST
PRICE, UT 84501

Incorporated Effective: JUL 30 1997

UTAH DIVISION OF OIL, GAS AND MINING
**NEVADA ELECTRIC INVESTMENT CO., GENWAL COAL COMPANY, INC. & CASTLE VALLEY RESOURCES, INC.**
P. O. BOX 1201
HUNTINGTON, UT 84528-1201

**PRICE INSURANCE AGENCY**
54 WEST MAIN ST - P.O. BOX 871
PRICE, UT 84501-0871
(801) 637-3351

---

**COVERSAGES**

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy periods 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.

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<th>CO/LTR</th>
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<th>POLICY NUMBER</th>
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<th>POLICY EXPIRATION DATE (MM/DD/YY)</th>
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<td>01/01/95</td>
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<td>X AUTOMOBILE LIABILITY</td>
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<td>X WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY</td>
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<td></td>
<td>X OTHER</td>
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**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS**

XCU coverages are included in form; $1000 deductible property damage.

**MINE NAME:** GENWAL COAL COMPANY CRANDALL CANYON MINE NUMBER ACT 015-032

**MINE NAME:** WELLINGTON LOADOUT MINE NUMBER ACT 007-012

**CANCELLATION**

Should any of the above described policies be cancelled before expiration date thereof, the issuing company will [Mail 45 days written notice to the certificate holder named to left.]

**STATE OF UTAH DIVISION OF OIL, GAS & MINING**
55 WEST NORTH TEMPLE
I TRIAD CENTER SUITE 350
SALT LAKE CITY, UT 84180-1203

**PRICE, UT 84501-0871**

**ACORD CORPORATION**

**ACORD 25-8 (7/90)**

---
my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein

Signed - Name - Position - Date

My commission Expires: May 28, 1997
Attest: STATE OF COUNTY OF ss:

Notary Public
In accordance with your instructions and in reliance upon the statements made in the application and in the other
underwriting information you furnished to us, we have bound coverage as follows:

NAMED INSURED: Nevada Electric Investment Co., Genwal Coal Comp
Castle Valley Resources, Inc., and Utah Energy Development Co.
MAILING ADDRESS: P.O. Box 1201
Huntington, Utah 84528-1201

INSURER: Federal Insurance Company

ASSIGNED POLICY OR CERTIFICATE NUMBER: TBD

BINDER PERIOD: From 1-1-94 To 3-1-94
12:01 a.m. Standard Time at the Address of the Insured.

COVERAGE: General Liability Insurance
LIMITS OF LIABILITY: $1,000,000 Each Occ/$2,000,000 Agg/$1,000,000 Products/Completed ops/$1,000,000 Personal & Adv. Injury/$100,000 F Damage to rented premises/$10,000 Medical Expense

DEDUCTIBLE or SIR: $1,000.00 FPD
UNDERLYING LIMIT: [X] Not Applicable, or
LOCATION OF PROPERTY: [X] Not Applicable, or
DESCRIPTION OF PROPERTY: [X] Not Applicable, or

FORMS, ENDORSEMENTS AND CONDITIONS: Form: Occurrence. Coverages Inc
Blanket Contractual. Personal Injury. Advertising Injury, Broad Form Property Damage, Extended Bodily injury, Incidental malpractice, hose liquor, employees as additional insureds, non-owned watercraft (less 20 ft.), new entity coverage for 90 days, first dollar defense, def in addition to limits of liability, policy is silent on punitive dam (unless prohibited by state law). Endorsements: Nuclear Energy Ex
Additional Insured - Designated Person or Organization.

COST:
PREMIUM: $ 42,034.00

FEES
SURPLUS LINES TAXES $ 0.00
STAMPING FEE $ 0.00

BINDER PREMIUM (Fully Earned) $ 10,508.50
ANNUAL MINIMUM PREMIUM $ 42,034.00

PAYMENT TERMS:
A) $ 0.00 Paid Prior to Binding
B) Balance of $ 42,034.00 Due 3y 1-25-94

RATE: [ ] Flat or

POLICY PERIOD: From 1-1-94 To 1-1-95
12:01 a.m. Standard Time at the Address of the Insured.

The coverage is subject in all respects to the terms, conditions and limitations of the policy or certificate currently being used by the company, unless otherwise specified.

December 30, 1993

PRODUCER:
Price Insurance
Box 871
Price, Utah 84501

DATE OF ISSUANCE:

SIGNATURE OF AUTHORIZED REPRESENTATIVE
October 17, 1994

Mr. Allen Childs
Genwal Coal Company, Inc.
P.O. Box 1201
Huntington, UT 84528

Re: Corrected Legal Description (Page Two of September 26, 1994 Permit), Genwal Coal Company, Crandall Canyon Mine, ACT/015/032, Folder #3, Emery County, Utah

Dear Mr. Childs:

Enclosed please find a corrected legal description for the September 26, 1994 permit for the Crandall Canyon Mine. Please insert this page into the permit document. Thank you.

Sincerely,

[Signature]
Pamela Grubaugh-Littig
Permit Supervisor

Enclosure
cc: Daron Haddock
Township 15 South, Range 7 East, SLBM

Section 30: Lots 7-12, SE 1/4,
Section 31: All, and
Section 32: S 1/2 SW 1/4, SW 1/4 SE 1/4.

Township 16 South, Range 6 East, SLBM

Section 1: Lots 1-12, SW 1/4,
Section 2: All.

Township 16 South, Range 7 East, SLBM

Section 5: SW 1/4 NW 1/4, Lots 2, 3, 4 and 8
Section 6: S 1/2 NE 1/4, Lots 1- 4 (NE 1/4 NE 1/4).

This legal description is for the permit area of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved Right-of-Way, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This revised permit expires on May 13, 1998.

Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.

Sec. 6 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

(a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
APPENDIX 1-9

OWNERSHIP AND CONTROL
Complete this item for each entity listed in the corporate structure.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS 3/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>UtahAmerican Energy, Inc</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>34-1841426</td>
<td>Shareholder 100%</td>
<td>8/18/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>8/18/2006</td>
<td>Open</td>
</tr>
<tr>
<td>David W. Hibbs</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>Director</td>
<td>12/11/2009</td>
<td>1/5/2018</td>
</tr>
<tr>
<td>David W. Hibbs</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>President</td>
<td>12/11/2009</td>
<td>1/5/2018</td>
</tr>
<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Treasurer</td>
<td>8/18/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>Secretary</td>
<td>8/18/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Director</td>
<td>1/5/2018</td>
<td>Open</td>
</tr>
<tr>
<td>Mathew C. Elsw</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>XXX-XX-6793</td>
<td>President</td>
<td>1/5/2018</td>
<td>6/24/2019</td>
</tr>
<tr>
<td>Carson Polfastro</td>
<td>46226 National Road, St, Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>President</td>
<td>6/24/2019</td>
<td>Open</td>
</tr>
</tbody>
</table>
A-3 Complete this form for each entity listed in the corporate structure.

Name of Entity: Gimmelw Resources, Inc.
Mailing Address: 46226 National Road
Street Address: Not available as a Post Office Box
City: St. Clairsville
State: Ohio
Zip: 43950
Telephone No.: 740-328-3100

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
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<th>End Date</th>
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</thead>
<tbody>
<tr>
<td>Utah American Energy</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1841426</td>
<td>Shareholder 100%</td>
<td>8/18/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>8/18/2006</td>
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<tr>
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<td>1/5/2018</td>
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<tr>
<td>David W. Hibbs</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>President</td>
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<td>1/5/2018</td>
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<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Treasurer</td>
<td>8/18/2006</td>
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<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
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<td>8/18/2006</td>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
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<tr>
<td>Matthew C. Ewans</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-6793</td>
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<td>1/5/2018</td>
<td>6/24/2019</td>
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<tr>
<td>Carson Pulliastro</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>President</td>
<td>6/24/2019</td>
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INcorporated

AUG 05 2019

Div. of Oil, Gas & Mining
### Entity Information

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<tr>
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<th>SS 3/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<tr>
<td>Utah American Energy, Inc</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1841426</td>
<td>Shareholder 100%</td>
<td>8/18/2006</td>
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<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>8/18/2006</td>
<td>Open</td>
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<tr>
<td>David W. Hibbs</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>12/11/2009</td>
<td>1/5/2018</td>
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<tr>
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<td>XXX-XX-9703</td>
<td>Director</td>
<td>1/5/2018</td>
<td>Open</td>
</tr>
<tr>
<td>Mathew C. Elow</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-6793</td>
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<td>1/5/2018</td>
<td>6/24/2019</td>
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<tr>
<td>Carson Pollastro</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>President</td>
<td>6/24/2019</td>
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A-3
Complete this item for each entity listed in the corporate structure.

Name of Entity: **West Ridge Resources, Inc.**
Mailing Address: 46226 National Road
City: St. Clairsville
State: Ohio
Zip: 43950
Telephone No.: 740-338-3100

<table>
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<th>Entity Name</th>
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<th>Title</th>
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<td>34-1841426</td>
<td>Shareholder 100%</td>
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<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>8/18/2006</td>
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<td>David W. Hibbs</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>1/5/2018</td>
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<td>David W. Hibbs</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7030</td>
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<tr>
<td>Robert D. Moore</td>
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<td>XXX-XX-9703</td>
<td>Director</td>
<td>1/5/2018</td>
<td>Open</td>
</tr>
<tr>
<td>Matthew C. Efax</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-6793</td>
<td>President</td>
<td>1/5/2018</td>
<td>6/24/2019</td>
</tr>
<tr>
<td>Carson Pollastro</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>President</td>
<td>6/24/2019</td>
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**INCORPORATED**

**Aug 05 2019**

Div. of Oil, Gas & Mining
<table>
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<th>Title</th>
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<tr>
<td>Murray Energy Corp.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1956752</td>
<td>Shareholder 100%</td>
<td>2/14/2005</td>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>7/2/1998</td>
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<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Treasurer</td>
<td>10/1/1998</td>
<td>Open</td>
</tr>
<tr>
<td>James M. Spigarelli</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>Asst. Treasurer</td>
<td>1/3/2012</td>
<td>Open</td>
</tr>
<tr>
<td>Jeffrey Cash</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>Asst. Treasurer</td>
<td>11/1/1999</td>
<td>1/3/2012</td>
</tr>
</tbody>
</table>
Part V No. 1

A-3 Complete this item for each entity listed in the corporate structure.

Name of Entity: The American Coal Company
Mailing Address: 46226 National Road
Street Address: (If mailing address is a Post Office box)
City: St. Clairsville
State: Ohio
FEIN No.: 73-1543124
NOTE: If entity is a SOLE PROPRIETORSHIP, list owner
If entity is a PARTNERSHIP, list all partners, including limited partners.
If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more of any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors, or any other person performing a function similar, and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AmCoal Holdings, Inc.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1867389</td>
<td>Shareholder 100%</td>
<td>7/2/1998</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>7/2/1998</td>
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</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
<td>11/2/2002</td>
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</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<tr>
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### Entity List

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<th>End Date</th>
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<tr>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Robert Eugene Murray</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>CEO</td>
<td>11/11/1988</td>
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<td>1/30/2015</td>
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<tr>
<td>B.J. Cornelius</td>
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<td>President</td>
<td>9/8/1995</td>
<td>1/30/2015</td>
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</table>
### Entity Name
| Michael O. McKown | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-4552 | Secretary | 11/1/1999 | Open |
| Robert Eugene Murray | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8852 | Director | 12/15/2004 | Open |
| Robert Eugene Murray | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8852 | President | 12/15/2004 | Open |
| B.J. Cornelius | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-5052 | Vice President - Sales | 6/28/2011 | Open |
| Robert Putsock | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8460 | Asst. Treasurer | 1/27/2004 | Open |
| Anthony C. Vcelka, II | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-5311 | Treasurer | 10/7/2013 | Open |
| Kevin Hughes | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-4397 | Vice Pres. - Operations & GM | 9/20/2012 | Open |
| Murray Energy Corporation | 46226 National Road, St. Clairsville, Ohio 43950 | 31-1956752 | Shareholder 100% | 2/23/2001 | Open |
| Ronald D. Koontz | 46226 National Road, St. Clairsville, Ohio 43950 | Not Available | Vice President - Longwall | 3/17/2015 | Open |
**Part V No. 1**

**A-3** Complete this item for each entity listed in the corporate structure.

**Name of Entity** AmericanMountaineer Energy, Inc.  
**Mailing Address** 46226 National Road  
**Street Address** (if mailing address is a Post Office box)  
**City** St. Clairsville  
**State** Ohio  
**Zip** 43950  
**FEIN No.** 61-0931375  
**Ownership/Control relationship to Permittee**  
**Telephone No.** 740-338-3100

**NOTE:**  
- If entity is a SOLE PROPRIETORSHIP, list owner  
- If entity is a PARTNERSHIP, list all partners, including limited partners  
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
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<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<td>Murray Energy Corp.</td>
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<td>Robert Eugene Murray</td>
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<td>Robert Edward Murray</td>
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<td>Jason D. Witt</td>
<td>46226 National Road, St. Clairsville Ohio, 43950</td>
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<td>Michael O. McKown</td>
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<td>XXX-XX-4552</td>
<td>V.P. &amp; Asst. Secretary</td>
<td>8/22/2008</td>
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<tr>
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<td>46226 National Road, St. Clairsville Ohio, 43950</td>
<td>XXX-XX-5311</td>
<td>Treasurer</td>
<td>10/7/2013</td>
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<td>Peter J. Vuljanic</td>
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<td>James R. Turner, Jr.</td>
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### Entity Name

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### Part V No. 1

**Complete this item for each entity listed in the corporate structure.**

**Name of Entity:** Coal Resources Holdings Company  
**Mailing Address:** 46226 National Road  
**Street Address (if mailing address is a Post Office Box):**  
**City:** St. Clairsville  
**State:** Ohio  
**Zip:** 43950  
**FEIN No.:** 20-0100479  
**Ownership/Control relationship to Permittee:**

**Telephone No.:** 740-338-3100

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner.
- If entity is a PARTNERSHIP, list all partners, including limited partners.
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar and for Limited Liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
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<th>Title</th>
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<th>End Date</th>
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<tr>
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</table>
A-3  Complete this item for each entity listed in the corporate structure.

Name of Entity: Coal Resources, Inc.
Mailing Address: 46226 National Road
Street Address (if mailing address is a Post Office box):
City: St. Clairsville
State: Ohio
Zip: 43950
FEIN No.: 34-1586390
Ownership/Control relationship to Permittee
NOTE: - If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors, any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS/#/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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</thead>
<tbody>
<tr>
<td>Coal Resources Holdings Company</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>20-01000479</td>
<td>Shareholder 100%</td>
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<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Director</td>
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<td>Henry W. Fayne</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Richard L. Lawson</td>
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<td>Robert D. Moore</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
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**A-3**

Complete this item for each entity listed in the corporate structure.

Name of Entity: Coal Resources, Inc

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<th>Entity Name</th>
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<th>SS #/EIN</th>
<th>Title</th>
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<th>End Date</th>
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<tbody>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>Vice President</td>
<td>7/16/2007</td>
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<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>General Counsel</td>
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<td>Michael O. McKown</td>
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*NOTE:*
- If entity is a SOLE PROPRIETORSHIP, list owner.
- If entity is a PARTNERSHIP, list all partners, including limited partners.
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</table>
**Part V No. 1**

Complete this item for each entity listed in the corporate structure.

**Name of Entity**: Eighty-Four Mining Company  
**Mailing Address**: 46226 National Road  
**Street Address** (if mailing address is a Post Office box):  
**City**: St. Clairsville  
**State**: Ohio  
**Zip**: 43950  
**Telephone No.**: 740-338-3100

**NOTE:**  
- If entity is a SOLE PROPRIETORSHIP, list owner  
- If entity is a PARTNERSHIP, list all partners, including limited partners  
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

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<th>Title</th>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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Complete this item for each entity listed in the corporate structure.

**Name of Entity**: Eighty-Four Mining Company  
**Mailing Address**: 46226 National Road  
**Street Address**:  
**City**: St. Clairsville  
**State**: Ohio  
**Zip**: 43950  
**Telephone No.**: 740-338-3100

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<td>James Brock</td>
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<td>Michael Baker</td>
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<td>David Miller</td>
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<td></td>
<td>Assistant Secretary</td>
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Complete this item for each entity listed in the corporate structure.

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<tr>
<th>Entity Name</th>
<th>Address</th>
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<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<tr>
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<td>Stanley T. Placecki</td>
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<td>Stanley T. Placecki</td>
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<tr>
<td>Stanley T. Placecki</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Charles E. Shestak</td>
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<td>Owner 100%</td>
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</tr>
<tr>
<td>Robert Eugene Murray</td>
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<tr>
<td>Robert Eugene Murray</td>
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<tr>
<td>Robert D. Moore</td>
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<tr>
<td>Paul B. Piccolini</td>
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<td>Open</td>
</tr>
<tr>
<td>Jason D. Witt</td>
<td>46226 National Road, St. Clairsville,</td>
<td>XXX-XX-3754</td>
<td>Secretary</td>
<td>10/29/2013</td>
<td>Open</td>
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<tr>
<td>Michael D. Lolacono</td>
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<tr>
<td>Matthew C. Efw</td>
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<td>Robert Eugene Murray</td>
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<td>B.J. Cornelius</td>
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<td>SR Vice President</td>
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<tr>
<td>Randy L. Wiles</td>
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<td>James R. Turner, Jr.</td>
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<td>3/1/2005</td>
<td>10/7/2013</td>
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</table>
A-8
Complete this item for each entity listed in the corporate structure.

**Name of Entity:** Maple Creek Mining, Inc.
**Mailing Address:** 46226 National Road
**Street Address:**
**City:** St. Clairsville  
**State:** Ohio  
**Zip:** 43950  
**Telephone No.:** 740-338-3100

**FEIN No.:** 25-1755305  
**Ownership/Control relationship to Permittee:**

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
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<td>Ronnie D. Dietz</td>
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<td>Vice President</td>
<td>3/1/2005</td>
<td>Open</td>
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<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Treasurer</td>
<td>10/29/2013</td>
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<tr>
<td>Michael D. Loiacono</td>
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<tr>
<td>Michael D. Loiacono</td>
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<td>XXX-XX-6784</td>
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<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Asst. Treasurer</td>
<td>10/29/2013</td>
<td>Open</td>
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<tr>
<td>Matthew C. Efaw</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-6793</td>
<td>Vice President</td>
<td>1/4/2014</td>
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</table>
Complete this item for each entity listed in the corporate structure.

Name of Entity: The Marshall County Coal Company
Mailing Address: 46226 National Road
Street Address: (if mailing address is a Post Office box) ________________
City: St. Clairsville, State: Ohio ________________ Zip: 43950
FEIN No.: 46-4064123 Ownership/Control relationship to Permittee

NOTE: - If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

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<th>Entity Name</th>
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<th>Title</th>
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<th>End Date</th>
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<tr>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Owner 100%</td>
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<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Chief Executive Officer</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Vice President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2971</td>
<td>Vice President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Jason D. Witt</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-3754</td>
<td>Secretary</td>
<td>10/29/2013</td>
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<td>Michael D. Lolocono</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-6784</td>
<td>Treasurer</td>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Asst. Treasurer</td>
<td>10/29/2013</td>
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</table>
Complete this item for each entity listed in the corporate structure.

Name of Entity: McElroy Coal Company
Mailing Address: 46226 National Road
Street Address (if mailing address is a Post Office box):
City: St. Clairsville
State: Ohio
Zip: 43950
FEIN No.: 25-1553351
Ownership/Control relationship to Permittee

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<th>Entity Name</th>
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<tr>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>13-2566594</td>
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<td>XXX-XX-8852</td>
<td>Director</td>
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<td>Open</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
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<td>Robert Eugene Murray</td>
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<td>Vice President</td>
<td>12/5/2013</td>
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<td>XXX-XX-3754</td>
<td>Secretary</td>
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<tr>
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<td>Peter Lilly</td>
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<td>Peter Lilly</td>
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<td>Brian Murdy</td>
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<td>J. Harvey</td>
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<td>12/31/2013</td>
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<td>12/31/2013</td>
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<td>Lu Ann Cutshall</td>
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<tr>
<td>Michael Baker</td>
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<tr>
<td>Steve Aspinall</td>
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<td>David Miller</td>
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### Entity Name | Address | SS #/EIN | Title | Beginning Date | End Date |
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<tr>
<td>Robert Eugene Murray</td>
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<tr>
<td>Charles E. Shestak</td>
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<td>Anthony C. Vcelka, II</td>
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<td>XXX-XX-5311</td>
<td>Treasurer</td>
<td>10/7/2013</td>
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</tr>
<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Asst. Treasurer</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>Secretary</td>
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<tr>
<td>Robert L. Putsock</td>
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<td>Robert L. Putsock</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Asst. Treasurer</td>
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</table>
Complete this item for each entity listed in the corporate structure.

Name of Entity: The Monongalia County Coal Company
Mailing Address: 46226 National Road
Street Address (if mailing address is a Post Office box): 
City: St. Clairsville
State: Ohio
FEIN No.: 46-4067864
Ownership/Control relationship to Permittee: 
Zip: 43950
Telephone No.: 740-338-3100

NOTE: 
- If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
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<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<tr>
<td>Murray American Energy, Inc</td>
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<td>XXX-XX-8852</td>
<td>Owner 100%</td>
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</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Chief Executive Officer</td>
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<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Vice President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2971</td>
<td>Vice President</td>
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<tr>
<td>Jason D. Witt</td>
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<tr>
<td>Michael D. Laiocono</td>
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<td>Treasurer</td>
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<tr>
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<tr>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<tr>
<td>Matthew C. Efaw</td>
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<td>James M. Spigarelli</td>
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<td>James R. Turner, Jr.</td>
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**Part V No. 1**

Complete this item for each entity listed in the corporate structure.

**Name of Entity**: Murray American Energy, Inc.
**Mailing Address**: 46226 National Road

**Street Address**: 46226 National Road, St. Clairsville, Ohio 43950

**FEIN No.**: 46-4091556
**Ownership/Control relationship to Permittee**: Zip 43950
**Telephone No.**: 740-338-3100

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner.
- If entity is a PARTNERSHIP, list all partners, including limited partners.
- If entity’s legal structure is other than a sole proprietorship or partnership, list all owners or stockholder’s owners ten percent (10%) or more or any class of voting stock; all officers; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
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<tr>
<th>Entity Name</th>
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<th>Title</th>
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<tr>
<td>Ohio Valley Resources, Inc.</td>
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<tr>
<td>Robert Eugene Murray</td>
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<td>XXX-XX-8852</td>
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<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Chief Executive Officer</td>
<td>10/29/2013</td>
<td>Open</td>
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<tr>
<td>Robert D. Moore</td>
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<td>Vice President</td>
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<td>Open</td>
</tr>
<tr>
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<tr>
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<td>Michael D. Lolocono</td>
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<td>Comptroller</td>
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<tr>
<td>Ronnie D. Dietz</td>
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<td>XXX-XX-7715</td>
<td>Asst. Treasurer</td>
<td>10/29/2013</td>
<td>Open</td>
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Part V No. 1

A-3 Complete this item for each entity listed in the corporate structure.

Name of Entity Murray American Resources, Inc.
Mailing Address 46226 National Road
Street Address (if mailing address is a Post Office Box) __________________________
City St. Clairsville State Ohio Ownership/Control relationship to Permittee
FEIN No. 34-1875051 Zip 43950 Telephone No. 740-338-3100

NOTE: - If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity’s legal structure is other than a sole proprietorship or partnership, list all owners or stockholder’s owners ten percent (10%) or more or any class of voting stock; all officers
such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

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<th>Entity Name</th>
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<th>Title</th>
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<th>End Date</th>
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<td>34-1956752</td>
<td>Shareholder 100%</td>
<td>10/7/2013</td>
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<td>Robert Eugene Murray</td>
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<td>Director</td>
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<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>President</td>
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<td>Henry W. Fayne</td>
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<td>Robert D. Moore</td>
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<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Robert D. Moore</td>
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<td>Robert Eugene Murray</td>
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<tr>
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### Entity Name

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<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
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<tr>
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<tr>
<td>B. J. Cornellus</td>
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<td>Ryan Michael Murray</td>
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<td>7/29/2014</td>
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<td>7/29/2014</td>
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<tr>
<td>James R. Turner, Jr.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8372</td>
<td>Vice President - Engineering</td>
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<tr>
<td>John R. Forrelli</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>8/15/2012</td>
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<td>James R. Turner, Jr.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>8/15/2012</td>
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<td>G. Christopher Van Bever</td>
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**Part V No. 1**

**A-3** Complete this item for each entity listed in the corporate structure.

**Name of Entity** Murray Energy Holdings Company  
**Mailing Address** 46226 National Road  
**Street Address** (if mailing address is a Post Office Box)  
**City** St. Clairsville  
**State** Ohio  
**Zip** 43950  
**Telephone No.** 740-338-3100

**Note:**
- If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
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<tr>
<th>Entity Name</th>
<th>Address</th>
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Complete this item for each entity listed in the corporate structure.

**Name of Entity**: Murray Keystone Processing, Inc.

**Mailing Address**: 46226 National Road

**Street Address**: St. Clairsville, Ohio 43950

**City**: St. Clairsville

**State**: Ohio

**Zip**: 43950

**FEIN No.**: 46-4068709

**Ownership/Control relationship to Permittee**: 

**Telephone No.**: 740-338-3100

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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Owner 100%</td>
<td>10/29/2013</td>
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<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>President</td>
<td>10/29/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
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<td>10/29/2013</td>
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<tr>
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<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Jason D. Witt</td>
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<td>Michael D. Liolacono</td>
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<td>XXX-XX-7715</td>
<td>Asst. Treasurer</td>
<td>10/29/2013</td>
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</tbody>
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**NOTE**: - If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.
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<tr>
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<tr>
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<td>XXX-XX-8852</td>
<td>Owner 100%</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
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<td>XXX-XX-9703</td>
<td>Vice President</td>
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<tr>
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<td>XXX-XX-2971</td>
<td>Vice President</td>
<td>10/29/2013</td>
<td>Open</td>
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<tr>
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<td>XXX-XX-3754</td>
<td>Secretary</td>
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<td>Kevin R. Hughes</td>
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</table>
Complete this item for each entity listed in the corporate structure.

**Name of Entity**: The Ohio Valley Coal Company

**Mailing Address**: 46226 National Road

**Street Address**: (If mailing address is a Post Office Box)

**City**: St. Clairsville **State**: Ohio **Zip**: 43950

**FEIN No.**: 34-1041310 **Ownership/Control relationship to Permittee**

**NOTE**: If entity is a SOLE PROPRIETORSHIP, list owner.

- If entity is a PARTNERSHIP, list all partners, including limited partners.

- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock, all officers such as President, Vice President, Secretary, Treasurer, Directors, any other person performing a function similar, and for limited liability companies, all members and managers.

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<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio Valley Resources, Inc.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1586391</td>
<td>Shareholder 100%</td>
<td>5/25/1988</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>3/10/1995</td>
<td>Open</td>
</tr>
<tr>
<td>Roberta K. Heil</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2378</td>
<td>Asst. Secretary</td>
<td>11/1/1999</td>
<td>Open</td>
</tr>
<tr>
<td>Bonnie M. Froehlich</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8632</td>
<td>Asst. Secretary</td>
<td>6/25/2001</td>
<td>Open</td>
</tr>
<tr>
<td>Bonnie M. Froehlich</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8632</td>
<td>Asst. Treasurer</td>
<td>6/25/2001</td>
<td>Open</td>
</tr>
<tr>
<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2971</td>
<td>Vice President</td>
<td>1/1/2007</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Secretary</td>
<td>9/28/2009</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Treasurer</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Comptroller</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Kevin R. Hughes</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4397</td>
<td>Vice President - Operations</td>
<td>6/2/2014</td>
<td>Open</td>
</tr>
<tr>
<td>Ryan Michael Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-0815</td>
<td>Vice President - Operations</td>
<td>9/19/2012</td>
<td>6/2/2014</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Asst. Secretary</td>
<td>3/1/2005</td>
<td>9/28/2009</td>
</tr>
</tbody>
</table>

**APR 27 2015**

**INCORPORATED**
### Entity Name | Address | SS #/EIN | Title | Beginning Date | End Date
--- | --- | --- | --- | --- | ---
Murray Energy Corp. | 46226 National Road, St. Clairsville, Ohio 43950 | 34-1956752 | Owner 100% | 6/1/2001 | Open
Robert Eugene Murray | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8852 | Director | 11/1/1999 | Open
Robert Eugene Murray | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8852 | President | 10/29/2013 | Open
Robert Eugene Murray | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-8852 | Chief Executive Officer | 10/29/2013 | Open
Robert D. Moore | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-9703 | Vice President | 10/29/2013 | Open
Paul B. Piccolini | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-2971 | Vice President | 10/29/2013 | Open
Jason D. Witt | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-3754 | Secretary | 10/29/2013 | Open
Michael D. Loiacono | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-6784 | Treasurer | 10/29/2013 | Open
Michael D. Loiacono | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-6784 | Asst. Secretary | 10/29/2013 | Open
Michael D. Loiacono | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-6784 | Comptroller | 10/29/2013 | Open
Ronne D. Dietz | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-7715 | Asst. Treasurer | 10/29/2013 | Open
Paul B. Piccolini | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-2971 | President | 4/28/2006 | 10/30/2013
Ronne D. Dietz | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-7715 | Asst. Secretary | 3/1/2005 | 10/30/2013
Ronne D. Dietz | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-7715 | Treasurer | 3/1/2005 | 10/30/2013
Ronne D. Dietz | 46226 National Road, St. Clairsville, Ohio 43950 | XXX-XX-7715 | Comptroller | 3/1/2005 | 10/30/2013
### Part V. No. 1

**A-3** Complete this item for each entity listed in the corporate structure.

- **Name of Entity**: OhioAmerican Energy, Inc.
- **Mailing Address**: 46226 National Road
- **Street Address** (if mailing address is a Post Office Box)
- **City**: St. Clairsville
- **State**: Ohio
- **Zip**: 43950
- **Telephone No.**: 740-338-3100

**NOTE:**
- If entity has a sole proprietorship, list owner.
- If entity is a partnership, list all partners, including limited partners.
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray Energy Corporation</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>31-1956752</td>
<td>Shareholder 100%</td>
<td>5/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>5/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Stanley T. Plasecki</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-1838</td>
<td>VP - Operations</td>
<td>12/1/2007</td>
<td>Open</td>
</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>Secretary</td>
<td>5/2/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Robert D. Moore</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9703</td>
<td>Treasurer</td>
<td>5/2/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Robert L. Putsock</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8372</td>
<td>Assistant Treasurer</td>
<td>6/1/2008</td>
<td>Open</td>
</tr>
<tr>
<td>Charles O. Kapp</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9453</td>
<td>Vice President</td>
<td>7/15/2009</td>
<td>Open</td>
</tr>
<tr>
<td>Charles O. Kapp</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9453</td>
<td>Manager</td>
<td>7/15/2009</td>
<td>Open</td>
</tr>
</tbody>
</table>
A-3 Complete this item for each entity listed in the corporate structure.

Name of Entity: The Oklahoma Coal Company
Mailing Address: 46226 National Road
Street Address: (If mailing address is a Post Office Box)
City: St. Clairsville
State: Ohio
FEIN No.: 34-1673480
Ownership/Control relationship to Permittee: Zip: 43950
NOTE: -If entity is a SOLE PROPRIETORSHIP, list owner
-If entity is a PARTNERSHIP, list all partners, including limited partners
-If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Coal Sales Company</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1603699</td>
<td>Shareholder 100%</td>
<td>11/1/1999</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>4/17/1992</td>
<td>Open</td>
</tr>
<tr>
<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2971</td>
<td>President</td>
<td>4/28/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-4552</td>
<td>Secretary</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Anthony C. Vcelka, II</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-5311</td>
<td>Treasurer</td>
<td>10/7/2013</td>
<td>Open</td>
</tr>
<tr>
<td>James M. Spigarelli</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Not Available</td>
<td>Asst. Secretary</td>
<td>10/7/2013</td>
<td>Open</td>
</tr>
<tr>
<td>Robert L. Putsock</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8460</td>
<td>Asst. Secretary</td>
<td>1/10/2003</td>
<td>Open</td>
</tr>
</tbody>
</table>
### Part V  No. 1

#### A-3

Complete this item for each entity listed in the corporate structure.

**Name of Entity:** Pennsylvania Transloading, Inc.

**Mailing Address:** 46226 National Road

**Street Address:** (If mailing address is a Post Office box)

**City:** St. Clairsville  
**State:** Ohio  
**Zip:** 43950

**FEIN No.:** 34-1603748

**Ownership/Control relationship to Permittee:**

**Telephone No.:** 740-336-3100

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner.
- If entity is a PARTNERSHIP, list all partners, including Limited Partners.
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholders' owners ten percent (10%) or more or any class of voting stock; all officers; any other person performing a function similar and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS#/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunburst Resources, Inc.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>25-1766427</td>
<td>Shareholder 100%</td>
<td>4/1/1996</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX- 8852</td>
<td>Director</td>
<td>11/18/1988</td>
<td>Open</td>
</tr>
<tr>
<td>Michael O. McKown</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX- 6784</td>
<td>Secretary</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Anthony C. Vcelka, II</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX- 5311</td>
<td>Treasurer</td>
<td>10/7/2013</td>
<td>Open</td>
</tr>
<tr>
<td>James R. Turner, Jr.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX- 8372</td>
<td>Treasurer</td>
<td>3/1/2005</td>
<td>10/7/2013</td>
</tr>
</tbody>
</table>
**Part V No. 1**

**A-3**

Complete this item for each entity listed in the corporate structure.

Name of Entity: Sunburst Resources, Inc.
Mailing Address: 46226 National Road
Street Address (if mailing address is a Post Office box): 
City: St. Clairsville, State: Ohio, Zip: 43950
FEIN No.: 25-1766427

Ownership/Control relationship to Permittee: 

NOTE:
- If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more of any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS#/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio Valley Resources, Inc.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>34-1586391</td>
<td>Shareholder 100%</td>
<td>4/1/1997</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-0852</td>
<td>Director</td>
<td>11/1/1995</td>
<td>Open</td>
</tr>
<tr>
<td>Paul B. Piccolini</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-2971</td>
<td>President</td>
<td>4/28/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Treasurer</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Secretary</td>
<td>10/26/2009</td>
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<tr>
<td>Entity Name</td>
<td>Address</td>
<td>SS MEIN</td>
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<tr>
<td>Energy Resources, Inc.</td>
<td>4626 National Road, St. Clairsville, OH 43950</td>
<td>31-1040444</td>
<td>Director</td>
<td>8/11/2004</td>
<td>Open</td>
</tr>
<tr>
<td>Stanley T. Plaskecii</td>
<td>4626 National Road, St. Clairsville, OH 43950</td>
<td>XXX-XXXX</td>
<td>CFO</td>
<td>8/11/2004</td>
<td>Open</td>
</tr>
<tr>
<td>Stanley T. Plaskecii</td>
<td>4626 National Road, St. Clairsville, OH 43950</td>
<td>XXX-XXXX</td>
<td>Secretary</td>
<td>8/11/2004</td>
<td>Open</td>
</tr>
<tr>
<td>Michael D. McDowell</td>
<td>4626 National Road, St. Clairsville, OH 43950</td>
<td>XXX-XXXX</td>
<td>Treasurer</td>
<td>8/11/2004</td>
<td>Open</td>
</tr>
<tr>
<td>Charles E. Chernak</td>
<td>4626 National Road, St. Clairsville, OH 43950</td>
<td>XXX-XXXX</td>
<td>Asst. Secretary</td>
<td>3/17/2005</td>
<td>Open</td>
</tr>
</tbody>
</table>
### Part V No. 1

#### A-3

**Complete this item for each entity listed in the corporate structure.**

**Name of Entity:** UMCO Energy, Inc.

**Mailing Address:** 46226 National Road

**Street Address:**

<table>
<thead>
<tr>
<th>City</th>
<th>St. Clairsville</th>
<th>State</th>
<th>Ownership/Control relationship to Permittee</th>
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</thead>
<tbody>
<tr>
<td></td>
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</table>

**FEIN No.:** 52-1615668

**Zip Code:** 43950

**Telephone No.:** 740-338-3100

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner
- If entity is a PARTNERSHIP, list all partners, including limited partners
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more or any class of voting stock; all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar; and for limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maple Creek Mining, Inc.</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>25-1755305</td>
<td>Shareholder 100%</td>
<td>10/14/1996</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>10/14/1996</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Vice President</td>
<td>7/12/2010</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Treasurer</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
<tr>
<td>Ronnie D. Dietz</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-7715</td>
<td>Asst. Secretary</td>
<td>3/1/2005</td>
<td>Open</td>
</tr>
</tbody>
</table>
**Name of Entity**: West Virginia Resources, Inc.

**Mailing Address**: 46226 National Road

**Street Address** (if mailing address is a Post Office box): 46226 National Road

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip</th>
<th>FEIN No.</th>
<th>Ownership/Control relationship to Permittee</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Clairsville</td>
<td>Ohio</td>
<td>43950</td>
<td>55-0713676</td>
<td>Ownership/Control relationship to Permittee</td>
</tr>
</tbody>
</table>

**Telephone No.**: 740-338-3100

**NOTE:**
- If entity is a SOLE PROPRIETORSHIP, list owner.
- If entity is a PARTNERSHIP, list all partners, including limited partners.
- If entity's legal structure is other than a sole proprietorship or partnership, list all owners or stockholder's owners ten percent (10%) or more any class of voting stock, all officers such as President, Vice President, Secretary, Treasurer, Directors; any other person performing a function similar to the limited liability companies, all members and managers.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Address</th>
<th>SS #/EIN</th>
<th>Title</th>
<th>Beginning Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mill Creek Mining Company</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>31-1040986</td>
<td>Shareholder 100%</td>
<td>12/27/1991</td>
<td>Open</td>
</tr>
<tr>
<td>Robert Eugene Murray</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8852</td>
<td>Director</td>
<td>10/2/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Charles E. Shestak</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-9288</td>
<td>Vice President</td>
<td>10/2/2006</td>
<td>Open</td>
</tr>
<tr>
<td>Robert L. Putsock</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8460</td>
<td>Treasurer</td>
<td>12/1/2007</td>
<td>Open</td>
</tr>
<tr>
<td>Robert L. Putsock</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>XXX-XX-8460</td>
<td>Secretary</td>
<td>12/1/2007</td>
<td>Open</td>
</tr>
<tr>
<td>Neil Kok</td>
<td>46226 National Road, St. Clairsville, Ohio 43950</td>
<td>Unk</td>
<td>President</td>
<td>10/2/2006</td>
<td>8/6/2012</td>
</tr>
</tbody>
</table>
Appendix 1-10
Certificate of Liability Insurance

Current Certificate of Liability is maintained onsite, and can be found in the Inspection Binder located at the Main Office.
CERTIFICATE OF LIABILITY INSURANCE

PRODUCER (724) 349-1300 FAX: (724) 349-1446

Parini Agency, Inc.
Philadelphia Street
P.O. Box 449
Indiana PA 15701

INSURED
Genral Resources, Inc.
A Subsidiary of UtahAmerican Energy, Inc.
6750 N. Airport Road
Price UT 84501

INSURERS AFFORDING COVERAGE

<table>
<thead>
<tr>
<th>NAIC #</th>
<th>INSURER</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Lexington Insurance Co.</td>
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COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

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DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Crandall Canyon Mines 815/032. Should Any of the policies be changed and/or cancelled before the expiration date thereof, the issuing company will mail (certified) 45 days written notice to the certificate holder.

CERTIFICATE HOLDER
State of Utah Dept of Natural Resources
Division of Oil, Gas, & Mining/STB1210
Attn: Darin Haddock
1594 W. N. Temple, Box 145801
Salt Lake City, UT 84114

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VIOLATION INFORMATION

Information updated to November 25, 2009
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Kim Betcher

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Kim Betcher
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<td>Uncontrolled discharge ( Slurry )</td>
<td>Active</td>
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<td>The American Coal Co.</td>
<td>Galatia Mine &amp; Millennium Portal</td>
<td>IDNR Mining Permit #2 and #352</td>
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<td>37-01-05</td>
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<td>Permit #2</td>
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<td>Broken waterline failure to prevent minewater pumpage from passing through sediment pond before going offsite</td>
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</table>
The following companies either did not have any violations in the last three years or do not have permits.

Oklahoma Coal Company

KenAmerican Resources, Inc.

Onieda Coal, Inc.

MonValley Transportation Center, Inc.

Mill Creek Mining Co.

Pinski Corp

American Compliance Coal Inc.

Coal Resources Inc.

PA Transloading, Inc.

West Virginia Resources Inc.

WildCat Loadout

American Coal Sales Co.

Hocking Valley Resources Co.
APPENDIX 1-12

CURRENT AND PREVIOUS COAL MINING PERMITS
CURRENT AND PREVIOUS
COAL MINING PERMITS
<table>
<thead>
<tr>
<th>Company</th>
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<th>State</th>
<th>Regulator Authority</th>
<th>MSHA #</th>
<th>Date Issued</th>
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<td>Andalex Resources, Inc.</td>
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PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the United States of America, hereinafter called lessor, through the Bureau of Land Management, and ANDALEX Resources, Inc. (50%) Intermountain Power Agency (50%)
45 West 10000 South, Suite 401 10653 S. River Parkway, Suite 120
Sandy, Utah 84070 South Jordan, Utah 84095
hereinafter called lessee, is effective Aug 1 2003, for a period of 20 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 the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and 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. Lessee, in consideration of any bonuses, 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 following described lands:

T. 16 S., R. 7 E., SLM, UT
Sec. 4, W2SW, S2SWNW;
Sec. 5, SE1, S2SENE;
Sec. 8, E2, NENW, S2NW;
Sec. 9, NW.

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 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 $ 9,255,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

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 lessee, 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. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessee reserves the power to assign 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 lessee of the lessee's application or at the direction of the lessee, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an 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 reasonable times for the inspection of any 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 lands users 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 mining plans prior to mining, placement of proper mine closures and other structures necessary for the prevention of injury to life, health, or property.

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 of 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 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. TRANSFERS

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

(b) 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.

(c) 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 timberings, 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 a condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all 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 lessee, 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 action 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 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 Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 7474 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. 1291 et. seq.).
SEE ATTACHED STIPULATIONS

ANDALEX Resources, Inc.
Company or Lessee Name

[Signature of Lessee]
Douglas H. Smith, President

(Date)

Intermountain Power Agency
Company or Lessee Name

[Signature of Lessee]
Reed J. Seale

(Date)

THE UNITED STATES OF AMERICA
Department of the Interior
Bureau of Land Management
Utah State Office

By

[Signature of Officer]
Chief, Branch of Minerals Adjudication

(Date)

Title 40 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.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.
SPECIAL COAL LEASE STIPULATIONS

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-La Sal 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.

Stipulation #1
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 authority. 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.

Stipulation #2
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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DIV OF OIL, GAS & MINING
Stipulation #3
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.

Stipulation #4
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.

Stipulation #5
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 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 improvements to existing developments to examine alternatives and mitigate conflicts.

Stipulation #6
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.

Stipulation #7
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.

Stipulation #8
The Lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Service Roads (FSR), 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.
Stipulation #9
Except at locations specifically approved by the Authorized Officer, with concurrence of
the surface management agency, 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,
and perennial streams are not damaged.

Mining must be conducted in a manner necessary to prevent subsidence in the Little Bear
Canyon area of the lease with overburden less than 600 feet, unless it can be
demonstrated to the satisfaction of the Authorized Officer, with concurrence of the
surface management agency, that the effects of subsidence to Little Bear Creek and the
associated ecosystem would be negligible. This requirement shall apply to each seam
mined.

Stipulation #10
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 specific approved locations.

Stipulation #11
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.

Stipulation #12
The coal contained within, and authorized for mining under this lease shall be extracted
only by underground mining methods.

Stipulation #13
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.

Stipulation #14
In order to protect big-game wintering areas, elk calving and deer fawning areas,
sagegrouse strutting areas, and other key wildlife habitat and/or activities, specific
surface uses outside the mine development area may be curtailed during specified periods
of the year.

Stipulation #15
Support facilities, structures, equipment, and similar developments will be removed from
the lease area within two 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 re-established, and the areas returned to a premining land
use.
Stipulation #16
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, 1/4 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, United States Department of the Interior.

Stipulation #17
The Lessee, at their expense, will be responsible to replace surface and/or developed groundwater sources identified for protection that may be lost or adversely affected by mining operations, with water from an alternative source in sufficient quantity, flow rate, and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, and other land uses (authorized by 36 CFR 251).

In order to adequately protect flow from Little Bear Spring, the Lessee must enter into a written agreement with the Castle Valley Special Services District (CVSSD) to assure an uninterrupted supply of culinary water equivalent to historical flows from the spring. The agreement must be in place prior to mining.

If the provisions of the agreement are not implemented and/or a replacement water source immediately available, before the Lessee begins mining in the areas described below, they must submit a plan to the Authorized Officer to identify measures to be taken by the Lessee to ensure that potential water sources for Little Bear Spring are not impacted by mining. If necessary, this additional plan will be required for mining in areas described as:

- Mill Fork Graben - Area within 1,000 feet of the southeast corner of the lease in Section 8 (corner of Sections 8, 9, 17, and 16 in T, 16 S., R. 7 E., SLM).
- North of Little Bear Spring (possible water-bearing fracture system) - Area within 1,000 feet of the southern boundary of the lease in Section 9, T. 16 S., R. 7 E., SLM).
Stipulation #18
STIPULATION FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
THE DEPARTMENT OF AGRICULTURE

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/operating plan approved by the Secretary of the Interior.

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

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

Telephone Number: 801-637-2817

who is the authorized representative of the Secretary of Agriculture

[Signature]
Douglas H. Smith, President
Licensee/Permittee/Lessee

Stipulation #19
ABANDONMENT OF EQUIPMENT:
The lessee/operator is responsible for compliance and reporting regarding toxic and hazardous material and substances under Federal Law and all associated amendments and regulations for the handling of such materials on the land surface and in underground mine workings.

The lessee/operator must remove mine equipment and materials not needed for continued operations, roof support and mine safety from underground workings prior to abandonment of mine sections. Exceptions can be approved by the Authorized Officer (BLM) in consultation with the surface management agency. Any on-site disposal of non-coal waste must comply with 30CFR § 817.89 and must be approved by the regulatory authority responsible for the enforcement of the Surface Mining Control and Reclamation Act (30 U.S.C. 1201, et seq.). Creation of a situation that would prevent removal of such material and equipment by retreat or abandonment of mine sections, without prior authorization would be considered noncompliance with lease terms and conditions and subject to appropriate penalties under the lease.
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 certify through documentation any equipment/machinery, hazardous substances, and used oil that is intended 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.

Stipulation #20
WASTE CERTIFICATION:
The lessee shall provide on a yearly basis and prior to lease 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 defined as 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.

Stipulation #21
MAXIMUM ECONOMIC RECOVERY
Notwithstanding the approval of a resource recovery and protection plan (R2P2) by the BLM, Lessor reserves the right to seek damages against the operator/lessee in the event (1) the operator/lessee fails to achieve maximum economic recovery (MER) [as defined at 43 CFR § 3480.0-5(21)] of the recoverable coal reserves or (2) 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 of 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.
SUBLEASE FOR UTAH STATE LEASE FOR COAL
ML 48258

This Sublease of Utah State Lease for Coal, ML-48258, ("Sublease") is dated as of October 1, 2003 and becomes effective upon receipt of written consent from the School and Institutional Trust Lands Administration. The Sublease is by and between PACIFICORP, an Oregon corporation, having an address at One Utah Center, 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111 as "Sublessor" and ANDALEX Resources, Inc., ("ANDALEX") a Delaware corporation, with offices at 45 West 10000 South, Suite 401, Sandy, Utah 84070, and Intermountain Power Agency, ("IPA"), a political subdivision of the State of Utah, with offices at 10653 South River Front Parkway, Suite 120, South Jordan, Utah 84095 (each as to an undivided fifty percent (50%) interest), with ANDALEX and IPA being collectively hereinafter referred to as "Sublessee."

RECITALS

A. Utah State Lease for Coal ML 48258 (the "Mill Fork Lease") was issued to PacifiCorp effective as of April 1, 1999 by the State of Utah acting by and through the School and Institutional Trust Land Administration. A copy of the Mill Fork Lease is attached to this Sublease as Exhibit "A".

B. The United States of America, acting through the Bureau of Land Management, issued to the Sublessee United States Coal Lease UTU-78953 effective as of August 1, 2003, on lands identified as the South Crandall Canyon Tract. A copy of Lease UTU-78953 is attached as Exhibit "B."

C. The Mill Fork Lease contains a 40 acre parcel that is surrounded on three sides by lands under lease to the Sublessee and is readily accessible for mining operations from these lands.

D. Extraction of the coal resource from this 40 acre parcel appears to be most logical from the South Crandall Canyon Tract.

E. It is in the mutual best interest of Sublessor, Sublessee, and the School and Institutional Trust Lands Administration for Sublessor to Sublease to Sublessee the 40 acre parcel as described herein and to allow it to be mined in due course through the operations of Sublessee.

AGREEMENT

In consideration of the premises and the rights and obligations and mutual covenants and conditions set forth herein and for other good and valuable consideration, Sublessor and Sublessee agree as follows:
1. **Sublease Lands.** The “Sublease Lands” consist of a 40 acre parcel located in Emery County, Utah more particularly described as follows:

   **Township 16 South, Range 7 East, SLB&M:**
   Section 8: NW1/4NW1/4
   Containing 40 acres more or less.

2. **Granting Clause.** Sublessor hereby subleases the Sublease Lands to Sublessee, subject to the terms and conditions of the Mill Fork Lease. Sublessee will have the rights hereunder to exercise all operating rights held by Sublessor as the Lessee under the Mill Fork Lease.

3. **Term.** This Sublease shall become effective upon approval by the School and Institutional Trust Lands Administration. The initial term under this Sublease shall, unless terminated earlier as provided herein, terminate at 11:59 p.m. December 31, 2013. If Sublessee has not given Sublessor not less than 6 months prior written notice of Sublessee’s intent to terminate this Sublease at the conclusion of the initial term then this Sublease shall automatically be extended for an additional term of 10 years.

4. **Bonus.** Sublessee shall pay to Sublessor as consideration for the execution of this Sublease a one time “Bonus” in the amount of [redacted], which shall be payable within 15 days following the effective date of this Sublease. Payment from Sublessee to Sublessor may be made by check or by wire transfer in accordance with instructions received by Sublessee from Sublessor.

5. **Conduct of Operations.** Sublessee shall conduct, and shall cause its operators and contractors to conduct, all operations under this Sublease in a lawful, prudent, good, efficient and workmanlike manner and in compliance with all applicable federal, state and local laws and regulations, including the Utah Coal Mining and Reclamation Act.

6. **Compliance with Mill Fork Lease.** On the Sublease Lands, Sublessee shall perform and satisfy all of the Sublessor’s obligations under the Mill Fork Lease to maintain the Mill Fork Lease in good standing and free of breaches. Sublessor agrees to make payment of all fees, rentals, and royalties becoming due under the Mill Fork Lease save and except the payment of royalties on production from the Sublease Lands which Sublessee agrees to make directly to the School and Institutional Trust Lands Administration. Upon receipt of an invoice from Sublessor, Sublessee will reimburse Sublessor for the proportionate share of any such fees and rentals attributable to the Subleased Lands.
7. Termination or Partial Surrender or Relinquishment by Sublessee. Sublessee may surrender and terminate this Sublease at any time by giving 90 days prior written notice to Sublessor. Sublessee may surrender and terminate this Sublease as to a portion of the Sublease Lands only with the prior consent of Sublessor, which shall not be unreasonably withheld.

8. Default. In the event of failure of Sublessee to make the payment of the Bonus to Sublessor, or a failure of Sublessee to make a payment of the royalty due to the School and Institutional Trust Lands Administration hereunder within the time herein fixed for such payments, Sublessor may give written notice to Sublessee of such default and Sublessee shall have a period of 10 days after its receipt of such notice of payment default to correct such payment default. In the event of failure of Sublessee to comply with provisions hereunder other than those requiring payments, Sublessor may give written notice to Sublessee of such default and Sublessee shall have a period of 30 days after its receipt of said notice to correct such default. If Sublessee does not correct such payment default within 10 days after its receipt of such notice, or such other defaults within 30 days after its receipt of such notice, Sublessor may, at its option and without waiver or limitation of any other remedies, terminate this Sublease without further notice.

9. Assignment. Sublessee shall not assign this Sublease or any interest held hereunder without the prior written consent of Sublessor, which consent shall not be unreasonably withheld. Subject to the foregoing, this Sublease shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns down the line.

10. Exchange Agreement. This Sublease is executed in accordance with the terms and conditions of that certain Exchange Agreement executed among the parties concurrently with the execution of this Sublease. In the event of conflict, the terms and conditions of the Exchange Agreement shall prevail.

IN WITNESS WHEREOF, Sublessee and Sublessor have executed this Sublease effective as of the date stated above.

SUBLESSOR:

PACIFICORP, an Oregon corporation

By: 

Title: 

SUBLESSEE:

INCORPORATED APR 15 2005
DIV OF OIL GAS & MINING
INTERMOUNTAIN POWER AGENCY

By: Reed T. Searle
Reed T. Searle
Title: General Manager

ANDALEX RESOURCES, INC.

By: Douglas H. Smith
Douglas H. Smith
Title: Douglas H. Smith, President

State of Utah ss.
County of Salt Lake

On this 17 day of February, 2004, before me personally appeared Reed T. Searle, known to me to be the General Manager of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

Krista R. Paull
Notary Public
Residing at: 6796 Manorly Cir SLC UT
My Commission Expires: 09/10/07

INcorporated
APR 15 2005
DIV OF OIL GAS & MINING
State of \underline{UTAH} \hspace{1cm} )
County of \underline{SALT LAKE} \hspace{1cm} )

On this \underline{20th} day of \underline{FEBRUARY}, 2004, before me \underline{SCOTT M. CHILD}

\underline{KNOWN TO ME TO BE THE PRES., INTERWEST MINING} of the corporation that executed the
within instrument and acknowledged to me that such corporation executed the same.

\underline{DEE W. JENSEN}

\underline{Notary Public}
Residing at: \underline{201 S. MAIN ST., SALT LAUT.}
My Commission Expires: \underline{6-3-2004}

State of \underline{UTAH} \hspace{1cm} )
County of \underline{SALT LAKE} \hspace{1cm} )

On this \underline{10th} day of \underline{FEBRUARY}, 2004, before me \underline{WAYNE L. CROUCH}

\underline{KNOWN TO ME TO BE THE PRES.} of the corporation that executed the
within instrument and acknowledged to me that such corporation executed the same.

\underline{DANIEL H. SMITH}

\underline{Notary Public}
Residing at: \underline{STATE OF UTAH}
My Commission Expires: \underline{10 JULY 2006}
APPENDIX 1-15
MODIFICATION OF FEDERAL LEASE U-68082
MODIFIED COAL LEASE

PART I.

THIS MODIFIED COAL LEASE is entered into on November 29, 2004, by and between the UNITED STATES OF AMERICA, hereinafter called the Lessor, through the Bureau of Land Management, and Intermountain Power Agency (50%) ANDALEX Resources, Inc. (50%) Los Angeles Dept. of Water and Power 111 North Hope Street, Room 1263 Los Angeles, CA 90012-2694

hereinafter called Lessee.

This modified lease shall retain the effective date of March 1, 1994, of the original COAL LEASE UTU-68082, 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 (September 1, 1976), and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of: (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-68082, issued effective March 1, 1994, 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. 15 S., R. 6 E., SLM, Utah
   Sec. 25, S4
   Sec. 26, S4
   Sec. 35, all

T. 16 S. R. 6 E., SLM, Utah
   Sec. 1, lots 1-12, SW;

Tract 2: T. 15 S., R. 7 E., SLM, Utah
   Sec. 32, W1/2NW, NW1/2SW

containing 3,099.49 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 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 $139,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease achieved diligent development August 31, 1994, and is subject to the conditions of continued operation. Continued operation may be 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.

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 an LMU or part of an LMU, subject to the provisions set forth in the regulations.
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
(Choice the appropriate space)

☐ 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. Lessor 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 insure to,
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 the 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-La Sal 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 the 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. 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, sage grouse 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 pre-mining land use.

20. 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.

21. 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.

22. 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-La Sal National Forest
589 West Price River Drive
Price, Utah 84501
Telephone No.: (435) 637-2817

who is the authorized representative of the Secretary of Agriculture.

23. The lessee/operator will be required to drill horizontally ahead of the advance of development workings to the west in the vicinity of the Joes Valley fault zone to locate any faults and determine if they contain significant amounts of water. If significant water is encountered, the operator will be required to take appropriate measures, subject to approval of the Bureau of Land Management and Forest Service, to prevent diverting this water into the mine workings.

24. Except at specifically approved locations, mining that would cause subsidence will not be permitted within a zone along the Joes Valley Fault determined by projecting a 22 degree angle-of-draw (from vertical) eastward from the surface expression of the Joes Valley Fault, down to the top of the coal seam to be mined.

ATTACHMENT
SUPPLEMENTAL FS STIPULATION
MODIFICATION OF FEDERAL COAL LEASE UTU-68082

Stipulation:
Except at locations specifically approved by the Authorized Officer, with concurrence of the surface management agency, full extraction mining will not be authorized where the fracture zone created by subsidence is projected to reach the surface, as calculated by 50 times the thickness of coal removed plus 50 feet.
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.
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
APPENDIX 1-15A

BLM/FOREST SERVICE JOINT DECISION
UTU-68082 LEASE MODIFICATION
JOINT DECISION NOTICE/FINDING OF NO SIGNIFICANT IMPACT

MODIFICATION OF FEDERAL COAL LEASE UTU-68082
CRANDALL CANYON MINE
EMERY COUNTY, UTAH

USDA FOREST SERVICE, INTERMOUNTAIN REGION
MANTI-LA SAL NATIONAL FOREST
FERRON-PRICE RANGER DISTRICT

BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE

Responsible Officials:
Alice B. Carlton
Forest Supervisor
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah  84501
435-637-2817

Sally A. Wisely
Utah State Director
Bureau of Land Management
Utah State Office
324 South State Street
P.O. Box 45155
Salt Lake City, Utah  84145-0155

Cooperating Agency:
Office of Surface Mining
1999 Broadway, suite 3320
Denver, Colorado  80202

Decision Notice/Finding of No Significant Impact, Modification of Federal Coal Lease UTU-68082
I. INTRODUCTION

Genwal Resources, Inc. (Genwal) submitted an application for modification of Federal Coal Lease UTU-68082 to the Bureau of Land Management (BLM) on February 27, 2004. The lease modification lies entirely within the boundaries of the Manti-La Sal National Forest. The proposed modification area, located immediately adjacent to the east side of UTU-68082, was originally excluded from the delineated tract due to low coal seam thickness.

The proposed lease modification involves adding 120 acres of National Forest System lands administered by the Manti-La Sal National Forest in Emery County, Utah described as follows (General Location Map, Attachment 1):

T. 15 S., R. 7 E., SLM, UT
Section 32, W1/2 NW1/4; NW1/4 SW1/4

The coal reserves in the proposed 120 acre lease modification would be approached from the south or west through existing underground mine workings in the Crandall Canyon Mine. No roads or portal facilities would be constructed for this project. The proposed lease modification area is an isolated area adjacent to the current lease. The proposed action would not lead to other future mining actions.

The Forest Service (FS) and the BLM, jointly prepared an Environmental Assessment (EA) that discusses the effects of the lease modification area. The Office of Surface Mining Reclamation and Enforcement (OSM) participated as a cooperating agency.

II. AUTHORITIES AND DECISIONS TO BE MADE

The lease modification is subject to the following authorities: Mineral Leasing Act of 1920, as amended; Federal Coal Leasing Amendments Act of 1976 (FCLAA); Multiple-Use Sustained Yield Act of 1960; National Forest Management Act of 1976 (NFMA); National Environmental Policy Act of 1969 (NEPA); and Federal Regulations 43 CFR 3400. Development of the lease modification, which is a separate permitting action, would be subject to these authorities and the following: Federal Land Policy and Management Act of 1976 (FLPMA); Surface Mining Control and Reclamation Act of 1977 (SMCRA); Federal Regulations 30 CFR 700 to End (SMCRA Regulations), and the State of Utah Coal Mining and Reclamation Regulatory Program.

The Utah State Director of BLM must decide whether or not to modify the lease and under what terms, conditions, and stipulations. The Bureau of Land Management is responsible for issuance and administration of coal leases under the Mineral Leasing Act of 1920, as amended and Federal Regulations 43 CFR 3400. The Forest Supervisor of the Manti-La Sal National Forest must decide whether or not to consent to the lease modification by BLM, and under what terms and conditions as needed to protect non-coal resources. The Federal Coal Leasing Amendments Act of 1975 that amended the Mineral Leasing Act of 1920 provides Forest Service consent authority.
The Forest Supervisor would also consent to any approval of the associated permit revision by Utah Division of Oil, Gas, and Mining, which would involve including this lease modification area in the permit area.

III. DECISION

After careful review of the proposal, public comments, and the analysis contained in the Environmental Assessment, and the project file, the responsible officials of the FS and BLM have decided on the following:

Alice B. Carlton, Forest Supervisor, Manti-La Sal National Forest has selected Alternative 3 and decided to consent to the lease modification subject to the Supplemental Coal Lease Stipulation (Attachment 3).

Sally A. Wisely, Utah State Director, BLM, has selected Alternative 3 and decided to approve the lease modification subject to terms and conditions of Federal Coal Lease UTU-68082 (Attachment 2) including Coal Lease Stipulations prescribed by the Forest Plan, as limited by the Supplemental Stipulation (Attachment 3), to mitigate effects to surface waters and riparian management units.

This alternative would make additional Federal coal reserves available, provide an opportunity to extend the life of the Crandall Canyon Mine, and would be consistent with Forest Plan management goals and prescriptions for the area. Under this alternative, full extraction mining would not be authorized where the fracture zone is projected to reach the surface.

IV. DECISION RATIONALE

These decisions provide for recovery of a coal resource needed for energy production and economic benefit. If leasing of these lands for coal mining were not allowed it would shorten the life of the Crandall Canyon Mine. This would impact existing jobs, revenue, and tax base in Emery County. By consenting to, and leasing these lands, the mine life will extend and continue to provide jobs and continued economic benefits to the Federal Government, State of Utah, and Emery County. Recoverable coal reserves are estimated to be 389,528 tons. The economic value of this coal based on a present spot price of $33 per ton is estimated at $12,854,408. The bonus and royalties are estimated to be $1,101,048. It is in the public interest to lease these lands to recover mineable coal that otherwise would never be mined. The Multiple Use Sustained Yield Act of 1960 provides for mineral activity on National Forest System Lands.

Alternative 1 (No Action) was not chosen because it would not have met the purpose and need, and would not have benefited the local economy by bypassing usable reserves.

Alternative 2 was not chosen because subsidence and cracking of the surface could cause
disruption of stream channels, ground water flow paths, and cause morphological changes where overburden is insufficient to protect surface water and riparian management units.

Alternative 3 was chosen because it offers environmental protection of National Forest System resources while providing for the maximum utilization of recoverable coal reserves and associated economic benefits.

V. ALTERNATIVES CONSIDERED

Based on analyses of issues raised during public scoping and by the interdisciplinary team, three action alternatives were developed. As a result, the no action alternative and the two action alternatives represent a reasonable range of alternatives. The alternatives are discussed below.

Alternative 1 – No Action

Alternative 1 addresses the need to provide a "No Action" alternative (40 CFR 1502.14). The Forest Service would not consent to, and the BLM would not approve the coal lease modification. Alternative 1 would not allow for mining within the modification area, and therefore not provide coal reserves for the mine.

Alternative 2 – Consent/Approval of the Lease Modification as Proposed

This alternative represents Genwal's proposal to modify Federal Coal Lease UTU-68082 to provide coal reserves for the Crandall Canyon Mine so that current production levels are maintained, and to recover Federally owned coal deposits that may otherwise be bypassed.

The 120 acre area would be added to Federal Coal Lease UTU-68082 for mining through the Crandall Canyon Mine. The modification would be subject to those lease terms and conditions (stipulations) contained in Federal Coal Lease UTU-68082. This list of stipulations is found in Appendix B of the Environmental Assessment and included as Attachment 2 of this Decision Notice.

Alternative 3 – Consent/Approval of the Proposed Lease Modification with Supplemental Forest Service Stipulations

This alternative is similar to Alternative 2 with application of additional mitigation measures designed to ensure surface water is not diverted into the mine workings and protect riparian management units.

VI. PUBLIC PARTICIPATION

Project scoping was conducted from May 4 to July 8, 2004. Comments were requested from Interdisciplinary Team (IDT) members, other Federal agencies, State, county and local agencies within Utah, Indian tribes, environmental groups, and interested individuals. Requests for
comments were published in the *Sun Advocate* and *Emery County Progress* newspapers on May 4 and June 8, 2004. The project has been listed in the Forest Service Quarterly Schedule of Proposed Actions. Letters requesting comments were sent to 77 interested parties. Four outside responses were received. From these outside responses and the internal scoping, the IDT identified potential issues.

The following is a summary of the outside responses that were received:

1) Utah Environmental Congress (UEC) requested that a cumulative effects analysis be completed for Management Indicator Species (MIS), wolverines, and Threatened, Endangered, and Protected Species (TEPS) on the Forest, and for the watersheds originating on the Wasatch Plateau. They also requested that the analysis address potential disruption to suitable habitat for migratory birds.

2) The Hopi Tribe requested a copy of the Cultural Resource Survey Report of the project to assist them in determining whether the area of potential effect contained any cultural resources significant to the Hopi Tribe.

3) The U.S. Fish and Wildlife Service was primarily concerned with the loss of perennial surface water and the disruption of springs and seeps due to mining subsidence, and the effects that the loss of water would have on wildlife habitat.

4) The Navajo Nation stated that they did not have any immediate concerns with the project and that the project area would not impact any Navajo Traditional Cultural Properties.

**VII. FINDING OF NO SIGNIFICANT IMPACT**

The need for an EIS is, in part, based on the potential for significant impacts as revealed by an analysis of impacts disclosed in an Environmental Assessment (EA). If significant impacts are not disclosed in the EA, then the EA is sufficient documentation upon which to base a finding of no significant impact and decision. Based on the following discussion and the direct, indirect, and cumulative effects disclosed in the EA, a finding regarding "significance" was made. Implementation of Alternative 3 was determined not to be a major Federal action that would significantly affect the quality of the human environment; therefore, an Environmental Impact Statement is not needed. This determination was made based on the following considerations:

Significance, as used in NEPA, defines and requires consideration of both context and intensity. Context means the significance of the action must be analyzed in several contexts such as the affected region, interests, and locality. Intensity refers to the severity of the impacts disclosed in the analysis.

**Context:**

Coal mining and related activities have been intensive and common on the Wasatch Plateau since
the late 1800's; county and city governments, and local residents are accustomed to these activities and their environmental, social, and economic effects. The potential environmental effects to affected surface resources are local in scope, that is, the effects are limited to the Huntington drainage. Social and economic effects are also local in scope, primarily involving Carbon, Emery, and Sanpete counties. Some indirect economic effects may be distributed elsewhere as a function of sale and transport of the coal, or generated power.

Individual coal leases have ranged in size from 40 to 9,905 acres. This coal lease modification, as delineated is 120 acres, making it a small tract. Additionally, this lease modification would not involve any new or unusual developments; it merely provides additional reserves for an existing mine, extending its life.

This decision is local in effect; all underground, no new surface disturbance, no subsidence in areas with insufficient overburden, short-term compared to the 100 plus year history of contemporary human activities in the area, and will not negatively affect city and county governments. Therefore, in context, this decision is not significant.

Intensity:

Intensity is evaluated by comparing and contrasting the following ten criteria (in bold) from 40 CFR 1508.27 with the issues and effects disclosed in the EA and project file.

1. "Impacts that may be both beneficial and adverse. A significant effect may exist even if the Federal agency believes that on balance the effect will be beneficial".

The action will create a beneficial impact by extending the production of coal from the Crandall Canyon Mine that provides jobs and economic health to local communities. Under the selected alternative, there will be no significant impacts to non-mineral resources. Neither the beneficial or negative impacts are extraordinary. The impacts and benefits are typical and reasonable for underground coal mining activity on the Wasatch Plateau.

2. "The degree to which the proposed action affects public health or safety".

Under the selected alternative, there would be negligible risk of effects to public health and safety. Some rocks along the Castlegate Sandstone escarpment could be dislodged by subsidence, but safety risks would be negligible due to the remoteness of the canyon.

3. "Unique characteristics of the geographic area such as proximity to historical or cultural resources, park lands, or prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas".

No significant historical or cultural resources will be affected. The entire Forest, including the lease modification area, does not contain prime farmland, rangeland and forestlands (Forest Plan page II-57). Nor does the site contain any areas eligible or designated wild or scenic rivers, or ecologically critical areas. Several springs occur within the modification area.
4. "The degree to which the effects on the quality of the human environment are likely to be highly controversial".

Information received during scoping indicated concern for the impacts to water resources due to mining, most notably for the effects to the surface water and ground water supporting the springs and seeps in Shingle Canyon drainage. As discussed in Sections 4.2.1 and 4.2.2 of the EA, impacts to water resources in the lease modification area will be mitigated by application of the FS Supplemental Stipulation preventing full extraction mining in areas with insufficient overburden. There were no other controversies identified among resource professionals addressing the anticipated direct, indirect, or cumulative effects, or the effectiveness of the proposed mitigation measures designed to address the resource issues.

5. "The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks".

Coal mining has been a common and important element of the local economy and culture since the late 1800s. The impacts of underground coal mining on the National Forest have been observed and monitored for many years, and the effects and risks are well understood. Enhanced understanding of the local ecosystems and selection of the alternative to maximize and protect the environment ensures that the human environment will not be effected by unique or unknown risks.

6. "The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration".

The Forest Plan designated the area available for further consideration for coal leasing, and made findings relative to unsuitability criteria. Leasing of specific tracts is authorized on a case-by-case basis, and environmental analyses are completed based on site-specific information. Coal leasing has been conducted in this area since 1920; therefore leasing this tract is not precedent setting. This action will not influence future considerations of coal leasing.

7. "Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming an action temporary or by breaking it down into small component parts".

The EA addressed the cumulative effects of the existing mining operation, other resource activities proposed in the vicinity of the project area, and mining of the lease modification area under each alternative in Chapter 4. The discussions of impacts in Chapter 4 consider all activities. The expected effects are consistent within the limits analyzed in the Forest Plan FEIS. Under the selected alternative, there will be minimal impacts on resources that will not lead to cumulatively significant impacts.

8. "The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historic
resources”.

No known objects on or adjacent to the lease tract are listed in or are eligible for the National Register of Historic Places. No significant heritage resources will be affected by the action. A Forest Service coal lease stipulation provides a measure to protect heritage resources in case they are unexpectedly encountered.

9. "The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973".

The Biological Evaluation/Biological Assessment completed for this project has a no effect / no impact determination.

A survey was performed for the spotted bat and Townsend’s big-eared bat (USDA-FS Sensitive Species). Suitable roosting and hibernating habitat does not exist in the lease modification area for the Townsend’s big-eared bat. Suitable habitat exists in the lease modification area for the spotted bat.

Observations made during the 1997 surveys on the National Forest indicated that Spotted bats were common enough throughout the general area (Crandall Canyon, Huntington Canyon) that current mining practices are not believed to pose a serious threat to the sustainability of viable populations of the spotted bat.

10. "Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment".

The analysis did not identify any adverse effects that threaten a violation of Federal or State laws designed to protect the environment.

VIII. IRREVERSIBLE AND IRRETRIEVABLE COMMITMENTS OF RESOURCES

Coal is not a renewable resource. Mining will be an irreversible commitment of the coal itself and other energy resources used in the mining process. Approximately 390,000 tons of recoverable coal would be left in the ground if the lease modification were not approved. Under the current economic environment and mining technologies, benefits from these reserves would be irrevocably lost by excluding the lease modification area from mining. Once the mine is shut down and reclaimed, it would not be economically feasible to re-open the mine at some future date to obtain coal from the lease modification area.

Changes in elevation due to subsidence would be irreversible.
IX. FINDINGS REQUIRED BY OTHER LAWS AND REGULATIONS

This analysis tiers to the Forest-wide direction and management area goals and standards of the Forest Plan and incorporates by reference the analysis disclosed in the FEIS and Record of Decision (1986), as amended.

The lease modification area is completely within the RNG (Range) Forest Plan Management Unit except for approximately 5.8 acres adjacent to springs/seeps that are within the RPN (Riparian) Forest Plan Management Unit as defined in the Land and Resource Management Plan on Page 111-69. The selected alternative is consistent with Forest Plan direction for these management units.

The majority of the proposed coal modification area is within the East Mountain Inventoried Roadless Area. However, no roads, surface facilities or portals would be constructed and there would be no change in undeveloped character resulting from this action.

This action is in compliance with Section 106 of the National Historic Preservation Act of 1966. The area was surveyed for potential historic or archaeological resources in June 2004. None were found and the potential effects have been determined to be negligible. No known objects on or adjacent to the lease tract are listed in or are eligible for the National Register of Historic Places. No significant heritage resources will be affected by the action. A letter received from the Utah State Historic Preservation Office states that no historic properties would be affected in the area.

The unsuitability criteria for coal mining contained in Federal Regulations 43 CFR 3461 were addressed in the Forest Plan, Forest Plan FEIS, and the Mill Fork Tract and Crandall Canyon EAs. No areas were determined to be unsuitable for mining based on the criteria.

The potential adverse effects of the proposal are effectively mitigated by the included special lease stipulations and implementation of the SMCRA Regulations (30 CFR 700 to End) and State of Utah Federal Coal Mining and Reclamation Regulatory Program.

The leasing action and anticipated lease development will have no affect to known paleontological resources, floodplains, prime or unique rangelands, farmlands, or timberlands, or alluvial valley floors.

Compliance with the terms and conditions of the lease and other administrative actions associated with the lease, in accordance with Federal Regulations 43 CFR 3400, are the responsibility of the Bureau of Land Management. The review, approval, and enforcement of mining operations within the lease are the responsibility of the Department of Interior, Office of Surface Mining Reclamation and Enforcement under Federal Regulations 30 CFR 700 to End. As required under the Federal Coal Leasing Amendments Act of 1975 and the above regulations, future actions related to the lease that could affect surface resources require consultation and consent of the Forest Service.
A Biological Assessment (BA) was prepared, addressing the potential impacts to federally listed species. The BA concluded that this project would have no effect on the listed species that could occur in the project area. The potential effects on sensitive species have been analyzed and documented in a Biological Evaluation (BE) and referenced in the EA. The BE concluded that this project would have no effect on sensitive species that may occur in the project area.

The decision is consistent with the National Forest Management Act requirements as expressed in 36 CFR 219.27. There will be no impact to Management Indicator Species or their habitat. There will be no change in population trends in the Forest Plan Monitoring Report(s) resulting from implementation of this decision.

Environmental Justice: Based on experience with similar projects on the Ferron-Price Ranger District, it is believed that this project would not have any disparate impacts on individual groups of peoples or communities. Implementation of this project will produce no adverse effects on minorities, low-income individuals, Native Americans or women. No civil liberties will be affected.

X. IMPLEMENTATION DATE

If no appeals of this decision are filed, implementation of the decision may occur on, but not before, 5 business days after the close of the appeal filing period.

XI. ADMINISTRATIVE REVIEW OR APPEAL OPPORTUNITIES

- Appeal of BLM decision:

The BLM decision is subject to appeal in part or full, to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 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 calendar days following the expiration of the compliance period. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (request) pursuant to regulation 43 CFR 4.21 (59 FR 4939, January 19, 1993) 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 the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with 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 a stay is granted or denied;
2. The likelihood of the appellant’s success on the merit;
3. The likelihood of the immediate and irreparable harm if the stay is not granted, and;
4. Whether the public interest favors granting the stay.

• Appeal of Forest Service decision:

1) This decision is subject to appeal pursuant to Forest Service regulations at 36 CFR 215.7. Any written appeal must be postmarked or received by the Appeal Deciding Officer within 45 days of the publication of this notice in The Sun Advocate, Price Utah. The Appeal Deciding Officer is: Regional Forester, Intermountain Region 324 25th Street, Ogden, UT 84401. Appeals must meet the content requirements of 36 CFR 215.14.

2) This decision is subject to appeal pursuant to 36 CFR 251.82. Notice of appeal must be postmarked or received by the Appeal Reviewing Officer within 45 days of the date of this decision. A notice of appeal, including the reasons for appeal, must be filed with the Regional Forester, Intermountain Region, Federal Building, 324 25th Street, Ogden, UT 84401. A copy of the notice of appeal must be filed simultaneously with Alice B. Carlton, Forest Supervisor, Manti-La Sal National Forest, 599 West Price River Drive, Price, Utah 84501. Appeals must meet the content requirements of 36 CFR 251.90.

3) Those who are eligible to appeal under 36 CFR 251.82 are also eligible to appeal under 36 CFR 215.7, but not under both parts.

This decision notice, FONSI, and EA are available for review at the Forest Service office in Price and the BLM, Utah State Office, in Salt Lake City, Utah. Any persons with questions related to this decision or project may contact Karl Boyer or Dale Harber at the Manti-La Sal National Forest, 599 W. Price River Drive, Price, UT 84501, 435-637-2817 or Gregg Hudson at the Bureau of Land Management, State Office, 324 South State Street, Salt Lake City, Utah, 801-539-4037.

Date: ___________________

ALICE CARLTON, Forest Supervisor
USDA Forest Service, Manti-La Sal National Forest

Date: ___________________

SALLY WISELY, Utah State Director
Bureau of Land Management

Decision Notice/Finding of No Significant Impact, Modification of Federal Coal Lease UTU-68082
General Location Map
Modification of
Federal Coal Lease UTU-68082
ATTACHMENT 2
STANDARD BLM AND SPECIAL FS
COAL LEASE STIPULATIONS
FOR FEDERAL COAL LEASE UTU-68082
March 2, 1994

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 the 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-La Sal 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 the 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. 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 pre-mining land use.

20. 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.

21. 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.

22. 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-La Sal 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.

23. The lessee/operator will be required to drill horizontally ahead of the advance of development workings to the west in the vicinity of the Joes Valley fault zone to locate any faults and determine if they contain significant amounts of water. If significant water is encountered, the operator will be required to take appropriate measures, subject to approval of the Bureau of Land Management and Forest Service, to prevent diverting this water into the mine workings.

24. Except at specifically approved locations, mining that would cause subsidence will not be permitted within a zone along the Joes Valley Fault determined by projecting a 22 degree angle-of-draw (from vertical) eastward from the surface expression of the Joes Valley Fault, down to the top of the coal seam to be mined.
ATTACHMENT 3
SUPPLEMENTAL FS STIPULATION
MODIFICATION OF FEDERAL COAL LEASE UTU-68082

Stipulation #1
Except at locations specifically approved by the Authorized Officer, with concurrence of the surface management agency, full extraction mining will not be authorized where the fracture zone created by subsidence is projected to reach the surface, as calculated by 50 times the thickness of coal removed plus 50 feet.
APPENDIX 1-16

SITLA LEASE 1708

(BURMA EVAPORATION BASIN)
SPECIAL USE LEASE AGREEMENT NO. 1708

(Industrial)

Fund: School

THI SPECIAL USE LEASE AGREEMENT (the "Lease") is made and entered into this 4th day of January 2012 by and between THE STATE OF UTAH, ACTING BY AND THROUGH THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, 675 East 500 South, Suite 500, Salt Lake City, Utah 84102 ("Lessor"), and Genwal Resources, Inc., a Utah corporation, 794 North "C" Canyon Rd., East Carbon, Utah, 84520, with a mailing address of P.O. Box 910, East Carbon, Utah, 84520 ("Lessee").

RECATALS

A. Lessor owns certain state trust lands located in Emery County, Utah, more specifically described in Exhibit A attached hereto and incorporated herein by reference.

B. Lessee desires to lease the lands described in Exhibit A, for the purpose of constructing, operating, repairing, and maintaining a coal mine discharge water evaporation basin.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

ARTICLE 1

LEASE OF PREMISES

1.1. Lease. In consideration of the covenants of Lessee contained in this Lease, Lessor leases to Lessee, effective as of the Commencement Date set forth in Section 2.1, the parcel of land situated in Emery County, State of Utah, which is described on Exhibit A to this Lease (the "Premises"), in "AS-IS" condition, subject to (a) current taxes and assessments, reservations in patents and all rights-of-way, easements, covenants, conditions, restrictions, obligations, liens, encumbrances, and liabilities of record as of the date hereof; (b) all matters which an accurate survey or physical inspection of the Premises would disclose; and (c) all applicable zoning and building requirements and other governmental laws, rules, and regulations now or hereafter in effect, including without limitation all rules and regulations enacted by Lessor with respect to use and management of state trust lands.

1.2. Execution Bonus. Not applicable.
1.3. **Permitted Uses.** Lessee may use the Premises for all purposes reasonably necessary and useful for constructing, operating, repairing and maintaining a coal mine discharge water evaporation basin (the "Facility"), subject to the terms of the Lease. The Facility shall be used to evaporate water discharged from the Crandall Canyon Coal Mine, which after the water is evaporated, shall leave a thin fine grain iron precipitate material ("Permitted Use"). Lessee agrees not to conduct or permit to be conducted any industrial or commercial activities not related to the operation of the Facility, or any public or private nuisance, on or from the Premises. Lessee agrees not to permit or commit any waste of the Premises.

1.4. **Reservations to Lessor.** Subject to the rights and privileges granted to Lessee under this Lease, Lessor hereby excepts and reserves from the operation of this Lease the following rights and privileges:

(a) **Rights-of-Way and Easements.** Lessor reserves the right, following consultation with the Lessee, to establish rights-of-way and easements upon, through or over the Premises for roads, pipelines, electric transmission lines, transportation and utility corridors, mineral access, and any other purpose deemed reasonably necessary by Lessor, if Lessor determines in good faith that such grants will not unreasonably interfere with operations under this Lease.

(b) **Minerals.** Lessor reserves all oil, natural gas, coal, geothermal resources, metalliferous minerals, sand, gravel and other common varieties, and any other minerals, and the right to lease the same to third parties, as well as the right to utilize the surface estate of the Premises for exploration, development and extraction of the same under terms and conditions that Lessor determines in good faith will not unreasonably interfere with operations under this Lease.

(c) **Use and Disposal of Surface.** Subject to the rights granted to the Lessee pursuant to this Lease, Lessor reserves the right, following consultation with the Lessee, to use, lease, sell, or otherwise dispose of the surface estate or any part thereof if Lessor determines in good faith such use or disposal will not unreasonably interfere with operations under this Lease.

(d) **Other Rights and Privileges.** Lessor reserves all other rights and privileges of any kind or nature, except as herein granted, provided that any actions under such reservation will not, in Lessor's good faith determination, unreasonably interfere with operations under this Lease.

1.5. **Lessee's Inspection of the Premises.** Lessee has inspected and investigated the Premises to Lessee's complete satisfaction, observed its physical characteristics and existing conditions, the operations thereon and on adjacent areas, and Lessee hereby waives any and all objections to, complaints about, or claims regarding (including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, and any state or local equivalent, to which the Premises is or may be subject) the Premises and its physical characteristics and existing conditions, including, without limitation, subsurface soil and...
water conditions and solid and hazardous waste and hazardous substances on, under or adjacent to the Premises. Lessee further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Premises and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of hazardous substances or other contaminants, may not have been revealed by its investigation. Lessor is hereby released from all responsibility and liability regarding the operation, condition (including the presence in the soil, air, structures, and surface and subsurface waters, of materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Premises under current or future federal, state and local laws and regulations), valuation or utility of the Premises, or its suitability for any purpose whatsoever. Lessee expressly acknowledges that Lessee has not relied on any warranties, promises, understandings or representatives, express or implied oral or written, of Lessor or of any agent of Lessor, relating to the Premises, except as specifically set forth in this Lease.

1.6. Covenant of Quiet Enjoyment. Lessor covenants that so long as Lessee shall perform the obligations of Lessee contained in this Lease and shall not be in default in the performance of any of such obligations, Lessor shall take no action or fail to take any action that would deny Lessee and its permitted sublessees, licensees, successors and assigns the right to freely, peaceably, and quietly have, hold and enjoy full use and enjoyment of the Premises for the purposes for which this Lease is granted.

1.7. Lessor's Access to Premises. Lessor and its agents, at all reasonable times and upon prior notice to Lessee, shall have free and full access to the Premises for the purpose of examining or inspecting the condition thereof, for the purpose of determining if Lessee is performing the covenants and agreements of this Lease, and for the purpose of posting such notices as Lessor may desire to protect the rights of Lessor.

ARTICLE 2
TERM

2.1. Commencement Date and Original Term. The original term of this Lease (the "Lease Term") shall be for a period of thirty (30) years, commencing November 1, 2011, (the "Commencement Date") at 12:01 a.m., and continuing to October 31, 2041, subject to the terms and conditions set forth in this Lease which may permit or provide for earlier termination of the Lease.

2.2. Options to Extend Lease Term. Not applicable.

2.3. Termination for Failure to Build. In the event that Lessee has not commenced construction of the Facility, as set forth in the Development Plan described in Section 4.1(a), within three (3) years of the Commencement Date, Lessor may terminate this Lease by giving written notice thereof to Lessee. Such termination shall be effective one year after the giving of such notice if Lessee has not commenced, and is not diligently pursuing to completion, construction of such improvements.
2.4. Holding Over. If Lessee or any successor in interest of Lessee should remain in possession of the Premises after termination of the Lease term without executing a new lease, then such holding over shall be construed as a tenancy from month-to-month, subject to all the covenants, terms, provisions and obligations of this Lease except for the provisions relating to the Minimum Rent payable hereunder, which Minimum Rent, during any holdover period shall be equal to two (2) times the amount of Minimum Rent otherwise calculated to be paid during the holdover period, together with all other sums owing to Lessor hereunder. Nothing contained herein shall be construed as Lessor's permission for Lessee to hold over or as limiting Lessor's remedies against a holdover Lessee, and if the Premises are not surrendered at the end of the Lease term, Lessee shall indemnify Lessor for, from and against any loss or liability resulting from delay by Lessee in so surrendering the Premises, including without limitation, any claims made by any succeeding Lessee based on such delay.

ARTICLE 3
RENT

3.1. Minimum Rent.

(a) Obligation to Pay Rent. Lessee shall pay to Lessor annually in advance during the Lease Term, the amount set forth in this Section 3.1, such amount, as adjusted from time to time as provided in Section 3.1(c) being referred to as the "Minimum Rent". Rent shall be paid annually on or before November 1 of each year of the Lease Term, without any deduction or offset.

(b) Initial Minimum Rent. The Minimum Rent for the first three years of the Lease Term shall be Three Thousand Dollars ($3,000.00) per annum. Lessor acknowledges the receipt of $4,202.00, from Lessee, representing payment of the Minimum Rent for the first year of the Lease Term of $3,000.00, the $250.00 application fee, the $252.00 advertising fee, and the $700.00 lease processing charge.

(c) Rental Adjustments. Lessor may, but is not obligated to, adjust the Minimum Rent every three years. In no event shall the Minimum Rent for any three (3) year period be less than the Minimum Rent for the immediately preceding three (3) year period. Lessor, in its sole discretion, may elect to utilize either of the following methods to calculate the adjusted Minimum Rent:

(i) The Minimum Rent shall multiplied by a fraction, the numerator of which is the Consumer Price Index, published by the U.S. Bureau of Labor Statistics, All Urban Consumers, Western Region Average, All Items (1982-84 = 100) (the "CPI Index") for the most recent month available as of the date of adjustment, and the denominator of which is the CPI Index for the month in which the Commencement Date occurred, or for the month that was the most recent available when the most recent adjustment was made hereunder, as applicable. If, on an adjustment date, the CPI Index does not exist in the format described above, the Lessor may substitute any official index published by a governmental agency which is then in existence and which is then most comparable to the CPI Index.
or

(ii) Lessor may obtain an independent appraisal of the Premises as of the adjustment date. The adjusted Minimum Rent shall be calculated by multiplying the appraised value of the Premises by the then current prime rate, as published by Zion's First National Bank or other statewide financial institution.

3.2. Percentage Rental. Not Applicable

3.3. Net Lease. This is a net lease and it is the intention of the parties that, except as otherwise provided or limited by the specific provisions of this Lease, Lessee shall be responsible for all costs and expenses of the ownership, maintenance, repair and operation of the Premises incurred or accrued during the Lease Term, specifically including real estate taxes payable on account of Lessee's use of the Premises. Any present or future law to the contrary notwithstanding, this Lease shall not terminate, nor shall Lessee be entitled to any abatement, reduction, set-off, counterclaim, defense or deduction with respect to any Rent or other sum payable hereunder, nor shall the obligations of Lessee hereunder be affected, by reason of any damage to or destruction of the Premises or by any taking of the Premises or any part thereof by condemnation, except as provided in this Lease.

3.4. Interest and Penalty on Past Due Obligations. Any amount due to Lessor which is not paid when due and within any applicable notice and cure period shall incur interest at a rate (the "Default Rate") equal to the lesser of: (a) one and one half per cent (1 1/2 %) per month, or (b) the maximum rate of interest permissible under Utah law from the due date until paid. Lessee is also subject to penalties as provided by Utah Administrative Code R850-5-200 (2008) or by any replacement rule that shall be then in effect.

3.5. Audit. Lessor may from time to time cause an audit of Lessee's business to be made for the purpose of verifying the accuracy of the fees paid for any period within the Lease Term. Lessee agrees to make all records available for the audit at offices located within the State of Utah, unless Lessor agrees to a different location. If the results of the audit show that Lessee's payments for any period have been understated, then, within thirty (30) days of the determination of such deficiency, Lessee shall pay any applicable deficiency to Lessor, together with interest thereon at the Default Rate from the date such payment should originally been made until the date actually paid. If the results of the audit show that Lessee's payments for any period have been understated by four percent (4%) or more, then, within thirty (30) days of the determination of such deficiency, Lessee shall also pay Lessor the cost of the audit. If the results of the audit show that Lessee's payment of royalties and all fees for any period have been overstated, then within thirty (30) days of the determination of the overstatement, Lessor shall pay any such applicable overpayment to Lessee.
ARTICLE 4
DEVELOPMENT OF THE PREMISES AND
CONSTRUCTION OF IMPROVEMENTS

4.1. Construction.

(a) Development Plan. The Facility shall be constructed and operated in accordance with the following:

i. the site plan, architectural renderings and environmental controls attached hereto as Exhibit B (collectively, the "Site Plan"); and

ii. the Crandall Canyon Mining and Reclamation Plan (MRP) C/015/032, as amended to include the Premises (the "Mining Plan"); and

iii. any approvals and/or restrictions or guidelines that may be required by the Utah Division of Oil, Gas and Mining or the Utah Department of Environmental Quality (collectively, the "UDOGM Approvals"). The Site Plan, the Mining Plan, and the UDOGM Approvals shall collectively be referred to as the "Development Plan".

Lessee shall construct and operate the Facility pursuant to the Development Plan. No material modifications shall be made to the Development Plan without the prior written consent of Lessor, such consent not to be unreasonably withheld or delayed. In the event Lessor fails to consent or object to a proposed modification(s) within thirty (30) days after receiving notice thereof, Lessor’s consent shall be deemed approved. In the event Lessee receives a notice of violation from any governmental agency or authority, including the Utah Division of Oil, Gas and Mining ("UDOGM"), Lessee shall give Lessor a copy of such notice within twenty (20) days following receipt. Failure to timely give Lessor such notice shall be default under this Lease.

(b) Construction. No construction may occur on the Premises until such time as: (1) all amendments to the Mining Plan to incorporate the Facility have been completed, and (2) all UDOGM Approvals have been issued. Prior to commencing construction of the Facility, Lessee shall provide copies of all UDOGM Approvals to Lessor. Lessee’s construction of the Facility shall be prosecuted diligently to completion and in accordance with the Development Plan. All improvements shall be constructed in a good workmanlike manner, and in accordance with the requirements of any and all laws, ordinances and regulations applicable thereto, including zoning and building code requirements of any municipal or other governmental agency having jurisdiction over the Premises at time said improvements are constructed.

(c) Construction Bonding. Not applicable.

(d) As-Built Drawings. Upon completion of the Facility, or from time to time as Lessor may reasonably request, Lessee shall provide Lessor with an as-built survey showing
the location of all physical improvements constructed on the Premises. The as-built survey shall be prepared by a licensed engineer.

4.2. Development at Lessee's Expense. Lessee shall bear all expenses in connection with the development, improvement, construction, alteration and repair of the Premises and all improvements thereon and shall indemnify, defend and hold Lessor and the Premises harmless from any and all claims arising therefrom.

4.3. Mechanics' Liens.

(a) Lessee is Not Lessor's Agent. The parties agree, and notice is hereby given, that Lessee is not the agent of Lessor for the construction, alteration or repair of any Improvements, the same being done at the sole direction and expense of Lessee. All contractors, materialmen, mechanics, and laborers are hereby charged with notice that they must look only to Lessee for the payment of any charge for work done or material furnished on the Premises during the Lease Term. Lessee shall have no right, authority or power to bind Lessor or any interest of Lessor for the payment of any claim for labor or material, or for any charge or expense, incurred by Lessee as to improvements, alterations or repairs on or to the Premises, and Lessee shall post notices on the Premises during all construction work of any nature whatsoever that Lessor is not responsible for any material and labor used on the Premises.

(b) Covenant Against Mechanic's Liens. Lessee shall not suffer or permit to be enforced against the Premises, or any part thereof, and shall indemnify and hold Lessor and the Premises harmless for, from, and against (i) any mechanic's, material men's, contractor's or subcontractor's liens arising from, and (ii) any claim for damage growing out of the work of, any construction, repair, restoration, replacement, or improvement done by or on behalf of Lessee. Lessee shall pay or cause to be paid all of such liens, claims, or demands before any action is brought to enforce the same against the Premises. If Lessee shall in good faith contest the validity of any such lien, claim, or demand, then Lessee shall, at its expense, defend itself and Lessor against the same and shall pay and satisfy any adverse judgment that may be rendered thereon prior to execution thereof and in the event of any such contest Lessee shall at the request of Lessor provide such security and take such steps as may be required by law to release the Premises from the effect of such lien.

ARTICLE 5
REGULATORY COMPLIANCE

5.1. Observance of Governmental Regulations. In Lessee's use and occupancy of the Premises and the performance by Lessee of its rights and obligations under this Lease, Lessee shall fully comply with all laws, orders, rules, regulations, directives, ordinances and requirements of all governmental authorities having jurisdiction over Premises, or any part thereof, and Lessee shall pay all costs, expenses, liabilities, losses, fines, penalties, claims and demands including, without limitation, attorney's fees as defined in Section 13.1, that may in any
way arise out of or be imposed because of the failure of Lessee to comply with such laws, orders, rules, regulations, directives, ordinances and requirements.

5.2. Right of Contest. Lessee shall have the right to contest the validity of any laws, orders, rules, regulations, directives, ordinances and requirements in the manner and under the conditions provided in this Lease with respect to contesting the validity of taxes, assessments or other liens. During such contest, Lessee may refrain from complying therewith, provided that: (a) Lessor is not subjected to criminal prosecution as a result thereof, (b) Lessor's title to the Premises is not subject to lien or forfeiture as a result thereof, and (c) neither the Premises nor any rights or interest of Lessor are otherwise prejudiced or jeopardized thereby.

5.3. Hazardous Materials.

(a) Restrictions on Hazardous Substances: Remedial Work. Lessee shall not cause or permit any Hazardous Substance (as hereinafter defined) to be brought, kept or used in or about the Premises by Lessee, its officers, directors, owners, agents, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires except in commercial quantities not in violation of Applicable Environmental Law and similar to those quantities usually kept on similar premises by others in the same business or profession. Lessee, its officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires shall store, use and dispose of such materials in compliance with all applicable federal, state and local laws, including, without limitation, Applicable Environmental Law (as hereinafter defined). If the presence of any Hazardous Substance on, in or under the Premises caused or permitted by Lessee, its officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires results in any contamination of the Premises, Lessee shall promptly take all actions, at its sole expense, as are necessary to return the affected area to the condition existing prior to the introduction of any such Hazardous Substance, including, without limitation, any investigation or monitoring of site conditions or any clean up, remediation, response, removal, encapsulation, containment or restoration work required because of the presence of any such Hazardous Substance on, in or under the Premises or any release or suspected release or threat of release of any such Hazardous Substance in the air, soil, surface water or ground water (collectively, the "Remedial Work"). Lessee shall obtain all necessary licenses, manifests, permits and approvals to perform the Remedial Work. Lessee shall promptly perform all Remedial Work and the disposal of all waste generated by the Remedial Work in accordance with all Applicable Environmental Law.

(b) Compliance with Applicable Environmental Law. Without limiting the generality of the foregoing or any other provision of this Lease, Lessee shall be solely and completely responsible for insuring that the Premises and all activities thereon (including activities of Lessee, its officers, directors, owners, employees, agents, contractors, subcontractors, sublessees, assignees, licensees, and concessionaires) comply fully with Applicable Environmental Law and for responding to, defending against and/or complying with administrative order, request or demand relating to potential or actual contamination on the Premises, or third party claims (including the claims of current or
future sublessees in the Premises, for Remedial Work or for the costs of any such Remedial Work or for the costs of any such Remedial Work which the third-party claimant has undertaken, whether such order, request, demand or claim names Lessor, Lessee or both, or refers to the Premises in any way, except where the contamination or other violation of Applicable Environmental Law occurred prior to the date of execution of the Lease or was caused solely by Lessor or any prior owner or Lessee (other than sublessees of Lessee) of the Premises. Lessee's responsibility under this Section includes but is not limited to promptly responding to such orders, requests, demands and claims on behalf of Lessor and defending against any assertion of Lessor's financial responsibility or individual duty to perform thereunder.

(c) Definitions. As used herein, the term "Hazardous Substance" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State in which the Premises are located, or the United States Government, including, without limitation, (i) any substance, chemical or waste that is or shall be listed or defined as hazardous, toxic or dangerous under Applicable Environmental Law, (ii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state or local governmental authority pursuant to any environmental, health and safety or similar law, code, ordinance, rule, regulation, order or decree and which may or could pose a hazard to the health and safety of occupants or users of the Premises or any part thereof, any adjoining property or cause damage to the environment, (iii) any petroleum products, (iv) PCB's, (v) leaded paint, and (vi) asbestos. As used in this Lease, the term "Applicable Environmental Law" shall include the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j-26, as such Acts have been or are hereafter amended from time to time; any so called Superfund or Superlien law; and any other federal, state and local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material as now or any time hereafter in effect.

(d) Environmental Indemnity. Lessee shall indemnify, save harmless and defend each of the Lessor Indemnitees (as defined in Section 6.1) for, from and against any and all Claims incurred by, sought from or asserted directly or indirectly against any Lessor Indemnitee during or after the term of this Lease as a result of the presence of any Hazardous Substance on, in or under the Premises or any release of any Hazardous Substance into the air, soil, surface water or ground water, which Hazardous Substance was brought, kept or used in or about the Premises by Lessee, its officers, directors, owners, employees, agents, contractors or subcontractors, or as a result of a breach by Lessee of its obligations under this Section 5.4. Lessee shall assume, pursuant to the foregoing indemnity, any liabilities or responsibilities which are assessed against any Lessor Indemnitee in any action described under this Section 5.4. Lessee shall promptly
provide to Lessor copies of all communications, filings or other writings, photographs or materials given to or received from any Person or Governmental Authority in connection with any cleanup or Remedial Work conducted by Lessee, and shall notify Lessor of, and permit Lessor's representative to attend any meetings or oral communications relating thereto.

5.4. Endangered Species; Migratory Birds. In its use of the Premises Lessee shall take all actions reasonably necessary for the protection of endangered, threatened and sensitive species, as the same may be defined by federal or state law; migratory birds as defined by the Migratory Bird Treaty Act, 16 U.S.C. § 703 et seq; and eagles as defined in the Bald and Golden Eagle Protection Act, 16 U.S.C. § 668a et seq.

5.5. Antiquities. All articles of antiquity, cultural resources, paleontological resources, and treasure-trove in or upon the Premises are and shall remain the property of Lessor. Prior to surface disturbance of the Premises, Lessee shall obtain cultural resources clearances from Lessor and the State Historic Preservation Officer in accordance with Utah Administrative Code R850-60 and applicable state historic preservation law. All costs associated with archaeological and paleontological investigations on the Premises will be borne by Lessee. In the event that Lessee discovers ancient human remains or a "site" or "specimen," as defined in Section 9-8-302 or 63-73-1 Utah Code Annotated (1953), as amended, on the Premises, Lessee shall cease all construction until such time as such items have been treated in accordance with state law.

5.6. Wildfire. Lessee shall at all times take reasonable precautions to prevent wildfires from starting or spreading on the Premises, and shall comply with all applicable laws, regulations and directives of any governmental agency having jurisdiction with respect to fire prevention and control. In the event that Lessee or its employees, contractors or licensees cause a wildfire that necessitates suppression action, Lessee agrees to reimburse the State of Utah and local fire authorities for the costs of any necessary fire suppression activities incurred as a result of the wildfire.

5.7. Fill Materials and Waste. Lessee shall not allow any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the Premises, except as specifically authorized by this Lease. If the Lessee fails to remove all non-approved fill material, wastes or materials described above from the Premises, Lessor may at its option remove such materials and charge the Lessee for the cost of removal and disposal.

ARTICLE 6
INSURANCE AND INDEMNITY

6.1. Indemnification of State.

(a) General Indemnity. Lessee shall indemnify, save harmless and defend Lessor, its officers, directors, trustees, employees, agents, successors, and assigns (collectively the "Lessor Indemnites") for, from and against any and all claims (including, without limitation, third party claims for death or personal injury, environmental contamination,
natural resources damages, or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, and sums paid in settlement of claims, attorney's fees, consultant fees, expert fees, and any fees and expenses incurred in enforcing this indemnity incurred by, sought from or asserted directly or indirectly against any of the Lessor Indemnitees during or after the term of this Lease arising out of or in any way related to the use of the Premises under this Lease by Lessee, its employees, contractors, licensees, successors and assigns. Lessee shall assume, pursuant to the foregoing indemnity, any liabilities or responsibilities which are assessed against any Lessor Indemnitee in any action described under this Section 6.1(a). Lessee shall promptly provide to Lessor copies of all communications, filings or materials given to or received from any person, entity or agency in connection with any such claim, and shall notify Lessee of, and permit Lessee's representative to attend any meetings or oral communications relating thereto.

(b) Breach of Lease. Lessee shall indemnify, save harmless and defend the Lessor Indemnitees for, from and against any and all claims (including, without limitation, third party claims for death or personal injury, environmental contamination, natural resources damages, or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, and sums paid in settlement of claims, attorney's fees, consultant fees, expert fees, and any fees and expenses incurred in enforcing this indemnity incurred by, sought from or asserted directly or indirectly against any of the Lessor Indemnitees during or after the term of this Lease arising out of or in any way related to any failure of Lessee to comply with any of Lessee's obligations under this Lease.

(c) Survival. The obligations of Lessee and the foregoing indemnities by Lessee set forth in Section 5.4(d) and this Section 6.1 shall survive the termination or expiration of this Lease.

(d) Provisions Relating to All Indemnities. Each provision of this Lease imposing an indemnification obligation on Lessee is in addition to all other indemnification provisions and shall not be construed in a manner that modifies or limits any other indemnification provision in this Lease. All indemnification provisions in this Lease shall survive the expiration or earlier termination of this Lease as to Claims arising or accruing prior to the expiration or earlier termination of this Lease. The indemnification provided by Lessee in this Section 6.1 and elsewhere in this Lease shall not be construed or interpreted as in any way restricting, limiting or modifying Lessee's insurance or other obligations under this Lease, and such indemnification provisions are independent of Lessee's insurance and other obligations. Lessee's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Lessee's indemnification obligations under this Lease.

6.2. Casualty Insurance. Not applicable.
6.3. **Liability Insurance.** Lessee, at the sole cost and expense of Lessee, shall at all times during the Lease Term, maintain in force an insurance policy or policies which will name Lessor and Lessee as insureds against all liability resulting from property damage, injury or death occurring to persons in or about the Premises, with limits for each occurrence of not less than $2,500,000, combined single limit, with respect to personal injury, death and property damage. The original of such policy or policies shall remain in possession of Lessee; provided, however, that Lessee shall provide Lessor, without necessity of written demand, a duplicate policy or policies of any such insurance.

6.4. **Other Insurance.** Lessee shall, at all times during the Lease Term and at the sole cost and expense of Lessee, maintain and keep in force:

(a) **Workmen's Compensation Insurance.** All workmen's compensation insurance on its employees, if any, required under the applicable workmen's compensation laws of the State of Utah;

(b) **Environmental Impairment Insurance.** Not applicable.

(c) **Other Coverages.** Such other and additional insurance policies as a prudent ground lessee in the position of Lessee would maintain or as is required from time to time by applicable law, consistent with industry standards applicable to Lessee's business. Lessor shall be an additional insured on all such policies.

6.5. **Policy Requirements.** All insurance policies required or otherwise provided and maintained under this Article 6 shall contain provisions to the effect that the insurance shall not be canceled or modified without thirty (30) day's prior written notice to Lessor and that no modification shall be effective unless approved in writing by Lessor. All such policies shall be issued by a company or companies rated "A" or better by the then most current edition of Best's Insurance Guide (or if such guide is no longer published, then having a comparable rating as specified by Lessor from time to time), responsible and authorized to do business in the state in which the Premises are located, as Lessee shall determine, and shall be approved by Lessor.

6.6. **Mutual Release of Subrogation Rights.** Without in any way limiting the applicability of Section 6.1, Lessee and Lessor each hereby release and relieve the other and the officers, directors, owners, shareholders, employees, agents and representatives of the other, and waive their entire right of recovery against the other and the officers, directors, owners, shareholders, employees, agents and representatives of the other, for loss or damage arising out of or incident to the perils insured against under this Article 6, which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessees or their agents, employees, contractors, concessionnaires and/or invitees, but only to the extent of insurance proceeds actually paid. Lessee shall, upon obtaining the policies of insurance required hereunder, give notice to and obtain waiver of subrogation agreements or endorsements from the insurance carrier or carriers concerning the foregoing mutual waiver of subrogation contained in this Lease.
ARTICLE 7
ASSIGNMENT AND SUBLETTING

7.1. Assignments.

(a) **Prohibition against Assignment.** Lessee shall not assign all or part of this Lease without Lessor's prior written consent, which consent shall not be unreasonably withheld, and any attempted assignment without such consent shall be null and void, and shall constitute a default under this Lease.

(b) **Indirect Transfers.** The sale, issuance or transfer of any voting capital stock of Lessee, if Lessee is a corporate entity, or of any ownership interests, if Lessee is a noncorporate entity, or any voting capital stock of any corporate entity which directly or indirectly controls Lessee, or any interests in any noncorporate entity with directly or indirectly controls Lessee which results in a change in the direct or indirect voting control (or a change in the identity of any person, persons, entity or entities with the power to vote or control at least fifty percent (50%) of the voting shares of any class of stock or other interests in Lessee) of Lessee or any corporate or noncorporate entity which directly or indirectly controls Lessee shall be deemed to be an assignment of this Lease within the meaning of this Section 7.1.

7.2. Subleases. Lessee shall not sublease all or any part of this Lease without Lessor's prior written consent, which consent may be withheld in Lessor's sole discretion, and any attempted sublease without such consent shall be null and void, and shall constitute a default under this Lease.

7.3. Subleases Subject to this Lease. Any approved sublease shall be subject to all of the terms and conditions of this Lease and each sublessee, by accepting any sublease and entering into possession of any portion of the Premises shall be deemed to have covenanted directly with the Lessor to observe and perform all of the provisions of this Lease as they relate to the portion of the Premises subject to the sublease.

7.4. No Release. No assignment or sublease shall release Lessee from any of Lessee's obligations under this Lease.

ARTICLE 8
LESSEE FINANCING

8.1. **Lessee's Right to Mortgage.** Not applicable.

ARTICLE 9
CONDEMNATION

9.1. **Eminent Domain; Cancellation.** If the Premises are taken by any entity with the power of eminent domain (a "Condemning Authority") or if the Premises are conveyed to a
Condemning Authority by a negotiated sale, or if part of the Premises is so taken or conveyed such that the use of the remaining Premises is materially interfered with, or such that the improvements cannot be rebuilt so that upon completion Lessee may again use the Premises without substantial interference, Lessee may terminate this Lease by giving Lessor written notice at any time after the occurrence of any of the foregoing and such termination shall be effective as of the date of the transfer to the Condemning Authority. If this Lease is terminated pursuant to this Section 9.1, Lessor shall refund to Lessee any rent prepaid beyond the effective date of termination.

9.2. Partial Taking. If part of the Premises or any of the Improvements are taken or conveyed without substantially interfering with the use of the Premises, this Lease shall not terminate and rent shall not abate. In such event, Lessor shall receive the portion of the award attributed to the value of the fee title estate taken, and Lessee shall receive all remaining awards and other compensation or sums.

9.3. Basis of Awards. All payments made for any taking or conveyance of the land as described in this Article 9 shall be paid to Lessor and Lessee hereby agrees that it shall have no claim to any such awards paid to Lessor for the taking of Lessor's fee simple estate. Damages, if any, authorized for the loss of Lessee's leasehold estate shall be determined by the laws of Utah. Lessee shall have the right to full recovery of the costs of improvements located on the Premises. Lessee shall have the right to full recovery of the costs of improvements located on the Premises.

ARTICLE 10
ADDITIONAL COVENANTS


(a) Water Rights in Name of Lessor. Any new appropriation of water rights for use in association with this lease or operations upon the Premises shall be made in the name of Lessor and shall be considered an appurtenance to the Premises. Lessee shall have the right to use such water right at no cost during the term of this Lease. Upon termination of the Lease, Lessee shall make all necessary filings to confirm Lessor's ownership of such rights.

(b) Option to Purchase. If Lessee purchases or acquires an existing water right for use in association with this lease or operations upon the Premises, Lessor shall have the option to acquire that portion of such water right as was used on the Premises upon expiration or termination of this Lease. The option price for such water right shall be the fair market value of the water right as of the date of expiration or termination of this Lease. Upon expiration or termination of this Lease, Lessee shall notify Lessor in writing of all water rights purchased or acquired by Lessee for operations on the Premises and its estimate of the fair market value of such water right. Lessor shall then have forty-five (45) days to exercise its option to acquire the water by payment to Lessee of the estimated fair market value. If Lessor disagrees with Lessee's estimate of fair market value, Lessor shall notify Lessee of its disagreement within the 45 day option exercise period. The fair market value of the water right shall then be appraised by a single
appraiser mutually acceptable to both parties, which appraisal shall be final and not subject to review or appeal. If the parties cannot agree upon the choice of an appraiser, the fair market value of the water right shall be determined by a court of competent jurisdiction. Conveyance of any water right pursuant to this paragraph shall be by quit claim deed.

(c) Proration in the Event of Unitization. Not Applicable

10.2. Intermediate Reclamation. Upon completion of construction of individual cells or other facilities on the Premises, Lessee shall reclaim disturbed areas not required for continuing operations by leveling, seeding and other reasonably necessary steps to prevent soil erosion, ensure the establishment of suitable vegetation, and control noxious weeds and pests.

10.3. Waste Certification. The Lessee shall provide upon any transfer of operation, assignment of rights, permanent cessation of operations, or lease termination, certification to the Lessor that, based upon a complete search of all the operator's records for the Lease, and upon its knowledge of past operations, there have been no reportable quantities of hazardous substances as defined in 40 Code of Federal Regulations §302.4, or used oil as defined in Utah Administrative Code R315-15, discharged (as defined at 33 U.S.C. §1321(a)(2)), deposited or released within the Premises, 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 such substances. Lessee shall additionally provide to Lessor a complete list of all hazardous substances, hazardous materials, and their respective Chemical Abstracts Service Registry Numbers, used or stored on, or delivered to, the Premises. Such disclosure will be in addition to any other disclosure required by law or agreement.

10.4. Bonding. Lessee shall comply with all bonding requirements established for the Facility by the UDOGM in conjunction with the Mine Permit. Upon notice to Lessee, the Lessor may, in its reasonable discretion, determine that any bond on file is insufficient to protect Lessor's interests. In such an event the Lessor shall enter written findings as to the basis for calculation of the perceived insufficiency and enter an order requiring Lessee to execute and file with the Lessor a good and sufficient bond or other financial guarantee acceptable to Lessor in order to guarantee Lessee's performance of all covenants and obligations under this Lease, including reclamation pursuant to Section 12.2. The bond shall remain in full force and effect until liability thereunder is released by Lessor. Lessee shall file any required additional bond with Lessor within thirty (30) days after demand by Lessor. Lessor may increase or decrease the amount of any additional bond from time to time in accordance with the same procedure.

10.5. Survey Monuments. Lessee shall take reasonable precautions to protect, in place, all public land survey monuments and private property corners.

10.6. Fencing. Lessee may fence any portion of the Premises at its own expense. In the event Lessee erects any fencing, Lessee agrees to provide gated access at reasonable locations to Lessor and to any lessees or permittees granted rights or access to or across the Subject Property, or any part thereof, by Lessor pursuant to Section 1.4. Lessee shall take appropriate steps,
including fencing, to secure such ponds, structures and facilities from unauthorized access and prevent loss of wildlife.

10.7. Prior Improvements. If existing fences, range improvement projects, or other prior improvements currently exist on the Premises by authority of the Lessor, Lessee shall allow the owner of such improvements to remove them within ninety (90) days of notice from Lessee, with a copy of such notice to Lessor.

ARTICLE XI
DEFALT

11.1. Events of Default. Any of the following occurrences or acts shall constitute an event of default ("Events of Default") under this Lease:

(a) Breach of Obligations. If Lessee shall fail to:

(i) Pay any Minimum Rent, Additional Rent or other sum, within ten (10) days of the date such payment is due; or

(ii) Provide any insurance coverage as required by this Lease, within ten (10) days of written request, or

(iii) Observe or perform any other provision hereof and such failure shall continue for thirty (30) days after notice to Lessee of such failure or such longer period as reasonably may be required to cure such default if the same cannot be cured within such 30 day period and Lessee commences to effect the cure within such 30 day period and diligently pursue such cure thereafter.

(b) Bankruptcy. If Lessee shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the adjudication of Lessee as a bankrupt or its reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law shall be filed in any court and Lessee shall consent to or acquiesce in the filing thereof or such petition or answer shall not be discharged or denied within sixty (60) days after the occurrence of any of the foregoing;

(c) Other Insolvency Events. If a receiver, trustee or liquidator of Lessee or of all or substantially all of the assets of Lessee or of the Premises or Lessee's leasehold interest therein shall be appointed in any proceeding brought by Lessee, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Lessee and shall not be discharged within sixty (60) days after the occurrence thereof, or if Lessee shall consent to or acquiesce in such appointment; or
(d) Abandonment. If, following commencement of development of the Premises and at any time thereafter during the Lease Term, Lessee shall abandon the Premises, with Lessee's cessation of operations for a period of ninety (90) consecutive days to be conclusive evidence that the Premises have been abandoned.

11.2. Remedies. If an Event of Default shall have happened and be continuing, Lessor shall have the following rights and remedies, to the maximum extent available or permitted under applicable law:

(a) Right to Terminate. Lessor shall have the right to give Lessee notice of Lessor's termination of the Lease. Upon the giving of such notice, the term of this Lease and the estate hereby granted shall expire and terminate on the date set forth in such notice as fully and completely and with the same effect as if such date were the date herein fixed for the expiration of the Lease Term, and all rights of Lessee hereunder shall expire and terminate, but Lessee shall remain liable as hereinafter provided.

(b) Right to Re-enter. Lessor shall have the immediate right, whether or not the term of this Lease shall have been terminated pursuant to Section 11.2(a), to re-enter and repossess the Premises by summary proceedings, ejectment, any other legal action or in any lawful manner Lessor determines to be necessary or desirable and to remove all persons and property therefrom. No such re-entry or repossession of the Premises shall be construed as an election by Lessor to terminate the term of this Lease unless a notice of such termination is given to Lessee pursuant to Section 11.2(a).

(c) Reletting of the Premises. At any time or from time to time after the re-entry or repossession of the Premises pursuant to Section 11.2(b), whether or not the term of this Lease shall have been terminated pursuant to Section 11.2(a), Lessor shall use reasonable efforts to relet the Premises for the account of Lessee at a rent which is reasonable in light of the then existing market conditions in the community, in the name of Lessee or Lessor or otherwise, without notice to Lessee, for such term or terms and on such other conditions and for such uses as Lessor, in its absolute discretion, may determine. Lessor may collect and receive any rents payable by reason of such reletting.

(d) No Release. No expiration or termination of the term of this Lease pursuant to Section 11.2(a), by operation of law or otherwise, and no re-entry or repossession of the Premises pursuant to Section 11.2(b) or otherwise, and no reletting of the Premises pursuant to Section 11.2(c) or otherwise, shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, re-entry, repossession or reletting.

11.3. Remedies Not Exclusive. No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing by law, in equity or by statute.
11.4. **Lessor Breach.** Should Lessor be in default of its obligations under this Lease, Lessee shall notify Lessor of such default in writing. Should such default continue for more than thirty (30) days after Lessor's receipt of such notice, or if such default cannot be cured within thirty (30) days should Lessor have failed to commence and be diligently prosecuting the cure of such default, Lessee shall have, as its sole and exclusive remedy under this Lease, the right to file suit against Lessor in a court of competent jurisdiction for specific performance or damages, as the case may be. Notwithstanding the foregoing, in no event shall Lessee be allowed to any offset or abatement of any rental amounts hereunder, nor shall Lessee be allowed to terminate this Lease, except as specifically provided herein. Notwithstanding anything contained herein to the contrary, Lessee agrees to look solely to the estate and property of the Lessor in the Premises, and subject to the prior rights of any mortgage or beneficiary of any trust deed or any security interest on the same, for the collection of any judgment (or other judicial process) requiring the payment of money by Lessor in the event of any default or breach by Lessor with respect to any of the terms, conditions and covenants of this Lease to be observed and/or performed by Lessor, and no other assets of Lessor shall be subject to levy, execution or other procedures for the satisfaction of Lessee's remedies.

11.5. **Force Majeure.** If either Party, without fault or negligence by such Party, is rendered unable by Force Majeure, as defined herein, to perform any obligation of under this Lease, other than Lessee's obligation to pay Minimum Rent, Additional Rent, or other consideration, including late fees, then upon such Party promptly giving written notice to the other Party, the performance of such obligation shall be suspended during the period of time the inability to perform continues as a result of an event of Force Majeure, and such Party shall be relieved of liability for its failure to perform during such period of time; provided that the Party asserting an inability to perform shall use its best efforts to correct such inability and to resume promptly its performance as required under the Lease. The term Force Majeure shall mean causes or events such as an act of God, act of civil or military authority, fire, epidemic, flood, earthquake, riot, war, terrorism, sabotage, or other similar cause or event not within such Party's reasonable control, but not including generalized economic conditions, recession, or depression. The written notice provided under this Paragraph shall set forth the particular nature and circumstances of the Force Majeure, the expected effect of the Force Majeure on the Party's performance under the Lease, and the expected date the Party will resume performance.

**ARTICLE 12**

**OBLIGATIONS ON LEASE TERMINATION**

12.1. **Improvements.** Upon the termination of this Lease for any cause whatsoever, Lessee shall upon request of Lessor immediately surrender peaceable possession of the Premises, including all buildings, structures, fixtures and other improvements (collectively, the "Improvements") then located thereon, but not including personal property, in a good, clean and useable condition (ordinary depreciation, reasonable wear and tear, casualty loss, and condemnation loss excepted). In the event Lessor chooses not to retain the Improvements upon the termination or early expiration of the Lease, Lessee shall remove the Improvements within ninety (90) days of notice from the Lessor requiring such, and reclaim the Premises in accordance with Section 12.2. Removal of the Improvements and restoration of the Premises shall be at Lessee's sole cost and expense. In the event that Lessee fails to remove the
Improvements upon notice from Lessor, Lessor may do so, in which case Lessee shall reimburse Lessor for all reasonable costs of removal and restoration.

12.2. Reclamation. Upon termination of this Lease, Lessee shall reclaim the Premises by properly removing structures, equipment and debris, contouring the Premises to their approximate original contour, burying the iron precipitate material under at least four feet (4') of earth and revegetating the Premises, as necessary in the reasonable judgment of Lessor to prevent soil erosion, ensure the establishment of suitable vegetation, and control noxious weeds and pests. Lessee shall further abate any hazardous condition on or associated with the Premises. Lessee's shall comply with all reclamation requirements set forth in the Mining Plan as well as any other requirements by applicable governmental authorities including UDOGM. Lessee and representatives of all governmental agencies having jurisdiction shall have the right to re-enter the Premises for reclamation purposes for a reasonable period after termination of the Lease. In the event that the leasehold in the Premises is taken by condemnation, as provided in Article 9, Lessee is relieved of its reclamation obligations under the Lease; and the costs of reclamation shall be borne by the Condemning Authority.

ARTICLE 13
GENERAL PROVISIONS

13.1. Waiver of Breach. No waiver of the breach of any provisions of this Lease shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Lease, nor shall the acceptance of rent by Lessor during any period of time in which Lessee is in default in any respect other than payment of such rent be deemed to be a waiver of such default.

13.2. Notices. Notices shall be in writing and shall be given by (a) personal delivery, (b) deposit in the United States mail, certified mail, return receipt requested (which receipt shall be preserved as evidence of delivery), postage prepaid, or (c) overnight express delivery service, addressed or transmitted to Lessor and Lessee at the following addresses, or to such other addresses as either party may designate to the other in a writing delivered in accordance with the provisions of this Section:

If to Lessor: School and Institutional Trust Lands Administration
   Attn: Assistant Director - Surface
   675 East 500 South, Suite 500
   Salt Lake City, Utah 84102

If to Lessee: Genval Resources, Inc.
   P.O. Box 910
   East Carbon, Utah 84520

All notices shall be deemed to have been delivered and shall be effective upon the date on which the notice is actually received, if notice is given by personal delivery or by overnight express delivery service, or on the third day after mailing if notice is sent through the United States mail.
13.3. **Attorney's Fees.** If any action is brought by any party to this Lease in respect of its rights under this Lease, the prevailing party shall be entitled to reasonable attorney's fees and court costs as determined by the court. In the event that any person who shall not be a party to this Lease shall institute an action against a party to this Lease in which the other party to this Lease shall be involuntarily and without cause joined as a party, the party against whom said action is instituted shall reimburse the other party to this Lease for all attorney's fees incurred by such party in connection therewith.

13.4. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

13.5. **Recording.** A Memorandum of this Lease may be recorded after execution of this Lease.

13.6. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies hereunder or at law or in equity.

13.7. **Construction.** The titles which are used following the number of each Section are so used only for convenience in locating various provisions of this Lease and shall not be deemed to affect the interpretation or construction of such provisions. The parties acknowledge that each party and its counsel have reviewed and revised this Lease. This Lease shall not be construed for or against Lessor or Lessee. References in this Lease to "Sections" and "Articles" refer to the Sections and Articles of this Lease unless otherwise noted.

13.8. **Lessor's Consent.** Whenever this Lease provides for or requires the consent or approval of Lessor, such consent or approval may be given or withheld in the sole and absolute discretion of Lessor, unless a standard of reasonableness is expressly stated.

13.9. **Successors.** Subject to the restrictions contained in Article 7, this Lease and all of provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of Lessor and Lessee.

13.10. **Governing Law; Venue.** The terms, conditions, covenants, and agreements herein contained shall be governed, construed, and controlled according to the laws of the state of Utah. Any action brought in connection with this Lease shall be brought in the Third District Court for Salt Lake County, Utah, subject, however, to any legal requirement for prior exhaustion of administrative remedies.

13.11. **Broker's Commission.** Lessee and Lessor represent and warrant to each other that there are no claims for brokerage commissions or finder's fees in connection with this Lease and each agrees to indemnify the other for, from and against all liabilities arising from any claims, including any attorney's fees connected therewith, relating to claims arising out of the other's actions.

13.12. **Time is of the Essence.** Time is of the essence of this Lease and in the performance of all of the covenants and conditions hereof.
13.13. Relationship of the Parties. The relationship of the parties hereto is that of Lessor and Lessee, and it is expressly understood and agreed that Lessor does not in any way, nor for any purpose, become a partner of Lessee or a joint venturer with Lessee in the conduct of Lessee's business, or otherwise, and that the provisions of any agreement between Lessor and Lessee relating to rent are made solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

13.14. Time Periods. In the event the time for the performance of any obligation or the taking of any action hereunder expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

13.15. Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to Lessor, within five (5) days after written demand, from Lessor to Lessee, any quitclaim deed or other document deemed necessary or desirable by Lessor's counsel to remove the cloud of this Lease and the limited right of first refusal granted hereunder from the real property subject to this Lease.

13.16. Tax and Zoning Immunity. Nothing contained in this Lease shall be deemed to constitute a waiver of applicable laws providing tax and zoning immunity to state property or any interest therein or income therefrom.

13.17. No Waiver of Sovereign Immunity. By this Lease, Lessor does not waive, limit, or modify any sovereign immunity from suit except as specifically provided herein.

13.18. Entire Agreement. This Lease sets forth all the promises, inducements, agreements, conditions, and understandings between Lessor and Lessee relative to the Premises, and there are no promises, agreements, conditions, or understandings, either oral or written, express or implied, between them other than are set forth therein. No subsequent alteration, amendment, change, or addition to this Lease shall be binding upon Lessor or Lessee unless in writing and signed by each of them.
IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year first written above.

LESSOR:

STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION

By: __________________________
    Kevin S. Carter, Director

LESSEE:

GENWAL RESOURCES, INC.

By: __________________________
    Its:  President

APPROVED AS TO FORM:
MARK L. SHURTLEFF
ATTORNEY GENERAL

By: __________________________
    Special Assistant Attorney General

INCORPORATED
NOV 0 9 2012
Div. of Oil, Gas & Mining
STATE OF UTAH
COUNTY OF SALT LAKE

On the 4th day of January, 2014, appeared before me Kevin S. Carter, the Director of the School and Institutional Trust Lands Administration of the State of Utah (SITLA), who, his identity and position having been satisfactorily established to me, affirmed to me upon oath that the governing body of SITLA, has authorized him to execute the foregoing Special Use Lease Agreement No. 1708, and did duly acknowledged in my presence having executed the same for the purpose stated therein.

Seal:

LINDA BIANCHI
Notary Public

STATE OF Utah
COUNTY OF Carbon

On this 31st day of December, 2011, appeared before me David W. Hopps, the President of Genwal Resources, Inc., a Utah corporation, who, his/her identity and position having been satisfactorily established to me, affirmed to me upon oath that the governing body of Genwal Resources, Inc. has authorized him/her to execute the foregoing Special Use Lease Agreement No. 1708, and did duly acknowledged in my presence having executed the same for the purpose stated therein.

Seal:

JANET ALRED
Notary Public

INCORPORATED
NOV 09 2012
Div. of Oil, Gas & Mining
Township 17 South, Range 8 East, SLB&M
Section 5: Lot 6 (within)

Beginning at a point located S89°55'W a distance of 348.68 feet from the northeast corner of Lot 6 within Section 5, Township 17 South, Range 8 East, of the SLB&M to the east edge of the Old Construction Road; thence S61°55'04"E a distance of 24.47 feet; thence S72°25'21"E a distance of 23.90 feet; thence S64°24'35"E a distance of 21.03 feet; thence S50°52'27"E a distance of 20.76 feet; thence S35°44'44"E a distance of 55.91 feet; thence S02°28'53"W a distance of 44.51 feet; thence S73°13'55"E a distance of 89.66 feet; thence S66°15'20"E a distance of 43.41 feet; thence S41°13'26"E a distance of 32.53 feet; thence S31°03'49"E a distance of 59.87 feet; thence S10°41'32"E a distance 66.67 feet; thence S01°55'27"E a distance of 79.97 feet; thence S11°15'16"E a distance of 60.90 feet; thence S18°48'58"W a distance of 28.67 feet; thence S41°35'52"W a distance of 29.99 feet; thence S53°54'34"W a distance of 28.12 feet; thence S47°10'44"W a distance of 6.91 feet; thence West a distance of 601.02 feet; thence N52°12'01"W a distance of 270.05 feet; thence N49°44'24"E a distance of 101.47 feet; thence N50°04'42"E a distance of 95.86 feet; thence N49°46'07"E a distance of 88.53 feet; thence N52°15'08"E a distance of 91.68 feet; thence N53°24'39"E a distance of 73.72 feet; thence N53°38'00"E a distance of 134.79 feet; thence East a distance of 99.89 feet to the point of beginning. Containing 7.32 acres, more or less.
NOTES:
1. ALL DIMENSIONS ARE APPROXIMATE. FINAL LOCATIONS AND CONFIGURATIONS OF THE FACILITY STRUCTURES MAY VARY DEPENDING UPON CONDITIONS ENCOUNTERED DURING CONSTRUCTION.
2. ALL INTERIOR EVAPORATION BASIN SLOPES SHALL BE A MAXIMUM OF 3:1. ALL OTHER CUT/FILL SLOPES SHALL BE A MAXIMUM OF 2:1 UNLESS OTHERWISE NOTED.
3. MINIMUM INTERIOR RADIUS OF PERIMETER ACCESS ROAD SHALL BE 40'.
4. BOTTOM OF EVAPORATION BASIN ELEVATION = 6514.5'

KEY
EXISTING MAJOR CONTOURS (10' INTERVALS)
EXISTING MINOR CONTOURS (2' INTERVALS)
EXISTING DISTURBED MAJOR CONTOURS (10' INTERVALS)
EXISTING DISTURBED MINOR CONTOURS (2' INTERVALS)
NEW MAJOR CONSTRUCTION CONTOURS (5' INTERVALS)
NEW MINOR CONSTRUCTION CONTOURS (1' INTERVALS)

CUT/FILL VOLUME: APPROX. 3,500 c.y.
Genwal Mines
Appendix 1-17

U.S. Forest Service Special Use Permit for
Crandall Canyon Surface Facilities

INCORPORATED
OCT 19 2016
Div. of Oil, Gas & Mining
Proposed U.S. Forest Service Special Use Permit
for the Crandall Canyon Mines’ Surface Facilities

Introduction
UtahAmerican Energy, Inc. is requesting a Special Use Permit for the northern portion of the surface facilities at the Crandall Canyon Mines (UDOOGM Permit Number C/015/032), located within the Manti-La Sal National Forest. The mine site is positioned in northwest Emery County, Utah. After recent federal lease relinquishments, UtahAmerican Energy has learned that we no longer have the legal right to enter the northern portion of our surface facilities at the Crandall Canyon mine complex. These facilities are currently maintained by UtahAmerican Energy and used for operations to dewater the Crandall Canyon Mine. After discussions with the Bureau of Land Management (BLM) and the Utah Department of Oil, Gas and Mining (UDOOGM), it was determined that a special use permit from the U.S. Forest Service is needed by UtahAmerican Energy to continue use of the northern portion of the existing facilities.

History
Coal mining has been conducted in Crandall Canyon since 1939, with a lull from 1955 to 1983. In 1997, a major expansion of the surface facilities was performed in order to accommodate longwall mining at the Crandall Canyon #1 Mine by Genwal Resources, Inc. A second mine, the South Crandall Canyon Mine, commenced mining operations shortly thereafter in the southern slope of Crandall Canyon. The Crandall Canyon #1 and South Crandall Canyon Mines utilized the same surface facilities for their respective operations. Due to economic conditions, the South Crandall Canyon mine was idled in 2006, while the Crandall Canyon Mine continued mining operations.

In 2006, UtahAmerican Energy, Inc. acquired several local mines, including the Crandall Canyon Mines. UtahAmerican Energy continued mining operations at the Crandall Canyon site until August 2007, when an accident forced the closure of the Crandall Canyon #1 Mine.

In 2013, UtahAmerican Energy, Inc. relinquished all of the federal and state coal leases related to the Crandall Canyon #1 Mine, while retaining the coal leases for the South Crandall Mine, which has been renamed the Princess Mine. When the federal coal leases for the Crandall Canyon #1 Mine were relinquished by the Bureau of Land Management (BLM), the surface rights to the northern portion of the surface facilities and disturbance reverted back to the U.S. Forest Service. Due to circumstances beyond our control, the legal right to access the north portion of the surface facilities was included in the relinquishment, and UtahAmerican Energy’s right to access and maintain the north portion of the Crandall Canyon Mines’ surface facilities was removed. All entities involved with the lease relinquishments believed the surface facilities were excluded from the relinquishment, and UtahAmerican Energy would maintain the legal right to access and utilize the existing facilities. In reality, UtahAmerican Energy lost the legal right to enter our facilities due to these relinquishments.

Summary and Conclusion
Coal mining operations in Crandall Canyon, Utah have been occurring since 1939, with a major expansion of the surface facilities in 1997. The existing surface facilities utilized by two separate mines have been in existence for nearly twenty years. Recently, UtahAmerican Energy,

INCORPORATED

OCT 19 2016
Div. of Oil, Gas & Mining
Inc. has learned that we no longer have the legal right to enter the northern portion of these facilities due to an oversight when federal coal leases were relinquished.

The existing Crandall Canyon surface facilities are currently used to dewater the sealed Crandall Canyon #1 Mine. The northern portion of the complex contains the portals and water treatment facility for the Crandall Canyon #1 Mine. Furthermore, several buildings and support facilities are located in the northern portion of the site. This is the portion where we have lost our legal access.

In addition, UtahAmerican Energy, Inc. plans to resume mining in the Princess Mine (formerly the South Crandall Mine) when economic and market conditions become more favorable. At that time, the existing surface facilities will become vital to the coal production at the Princess Mine. However, without the legal right to enter our facilities, UtahAmerican Energy cannot utilize this existing complex for its intended purpose, to support the mining operations. Thus, the need for a special use permit. Additionally, as the northern facilities are currently used by UtahAmerican Energy to dewater the Crandall Canyon #1 Mine, an expedited review for the permit is requested as continued operations are required.
Proposed U.S. Forest Service Special Use Permit for the Crandall Canyon Mines Surface Facilities

Proposed Legal Description:

Beginning at a point located 310.0 feet N87°57’09”E from the quarter corner and along the south border of Lot 6 in Section 5, Township 16 South, Range 7 East, SLBM; thence N02°02’51”W 300.0 feet; thence N87°57’09”E 1015.48 feet to the border between Lots 6 and 9; thence N87°57’09”E 89.45' to the western boundary of an existing U.S. Forest Service Special Use Permit; thence S02°38’W 303.29 feet to the south border of Lot 9; thence S89°44’40”W 73.02 feet to the southwest corner of Lot 9; thence S87°57’09”W 1007.20 feet to the point of beginning.

Proposed permit area is 7.53 acres.
SECTION 5, T 16 S, R 7 E S.L.B. & M.

PROPOSED U.S. FOREST SERVICE SPECIAL USE PERMIT BOUNDARY

SOURCE:
ONLINE PLAT MAPS FROM EMERY COUNTY, UTAH (www.emerycounty.com/maps/index.htm)
Proposed U.S. Forest Service Special Use Permit for the Crandall Canyon Mines Surface Facilities

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History
Coal mining has been conducted in Crandall Canyon since 1939, with a lull from 1955 to 1983. In 1997, a major expansion of the surface facilities was performed in order to accommodate longwall mining at the Crandall Canyon #1 Mine by Genwal Resources, Inc. A second mine, the South Crandall Canyon Mine, commenced mining operations shortly thereafter in the southern slope of Crandall Canyon. The Crandall Canyon #1 and South Crandall Canyon Mines utilized the same surface facilities for their respective operations. Due to economic conditions, the South Crandall Canyon mine was idled in 2006, while the Crandall Canyon Mine continued mining operations.

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Summary and Conclusion
Coal mining operations in Crandall Canyon, Utah have been occurring since 1939, with a major expansion of the surface facilities in 1997. The existing surface facilities utilized by two separate mines have been in existence for nearly twenty years. Recently, UtahAmerican Energy,
Inc. has learned that we no longer have the legal right to enter the northern portion of these facilities due to an oversight when federal coal leases were relinquished.

The existing Crandall Canyon surface facilities are currently used to dewater the sealed Crandall Canyon #1 Mine. The northern portion of the complex contains the portals and water treatment facility for the Crandall Canyon #1 Mine. Furthermore, several buildings and support facilities are located in the northern portion of the site. This is the portion where we have lost our legal access.

In addition, UtahAmerican Energy, Inc. plans to resume mining in the Princess Mine (formerly the South Crandall Mine) when economic and market conditions become more favorable. At that time, the existing surface facilities will become vital to the coal production at the Princess Mine. However, without the legal right to enter our facilities, UtahAmerican Energy cannot utilize this existing complex for its intended purpose, to support the mining operations. Thus, the need for a special use permit. Additionally, as the northern facilities are currently used by UtahAmerican Energy to dewater the Crandall Canyon #1 Mine, an expedited review for the permit is requested as continued operations are required.
U.S. DEPARTMENT OF AGRICULTURE
FOREST SERVICE

SPECIAL USE PERMIT

Authority: ORGANIC ADMINISTRATION ACT June 4, 1897

Genwal Resources, Inc., a subsidiary of UtahAmerican Energy, Inc., of PO Box 910, East Carbon, Utah 84520 (hereinafter "the holder") is authorized to use and occupy National Forest System lands in the Manti-La Sal National Forest, Ferron-Price Ranger District unit of the National Forest System, subject to the terms and conditions of this special use permit (the permit).

This permit covers 7.53 acres, more or less, and is located in Lots 6 and 9 (SW<sup>1/4</sup>NW<sup>1/4</sup>) of Section 5, Township 16 South, Range 7 East, Salt Lake Base Meridian, Emery County, Utah ("the permit area"), as shown on the attached vicinity map and facilities diagram, Appendix A and B.

This permit is issued to provide right-of-entry for the Crandall Canyon Mine Surface Facilities currently existing on Forest Service property with operations under UDOGM Permit #C/015/032. The facilities are located on a relinquished federal coal lease area (UTSL-062648) and include the following: shop, ventilation fan, rock-dust silo, power center, two power poles, offices and bathhouse (underground), intake portal, belt portal, fan portal, portal access road, mine belt, visual disconnect, warehouse and office building, 4500-gallon culinary water tank, shotcrete, parts shed, mag tank, concrete barricade, concrete dumpster pad, iron treatment shed, water treatment basin, sediment pond, culvert, and energy dissipater for Crandall Creek.

The holder will notify the District Ranger of any changes occurring to the facilities or the reclamation plans.

TERMS AND CONDITIONS

1. GENERAL TERMS

A. AUTHORITY. This permit is issued pursuant to the Organic Administration Act of June 4, 1897 and 36 CFR Part 251, Subpart B, as amended, and is subject to their provisions.

B. AUTHORIZED OFFICER. The authorized officer is the Forest Supervisor or a subordinate officer with delegated authority.

C. TERM. This permit shall expire at midnight on 12/31/2022.

D. RENEWAL. This permit is not renewable. Prior to expiration of this permit, the holder may apply for a new permit that would renew the use and occupancy authorized by this permit. Applications for a new permit must be submitted at least 6 months prior to expiration of this permit. Renewal of the use and occupancy authorized by this permit shall be at the sole discretion of the authorized officer. At a minimum, before renewing the use and occupancy authorized by this permit, the authorized officer shall require that (1) the use and occupancy to be authorized by the new permit is consistent with the standards and guidelines in the
applicable land management plan; (2) the type of use and occupancy to be authorized by the new permit is the same as the type of use and occupancy authorized by this permit; and (3) the holder is in compliance with all the terms of this permit. The authorized officer may prescribe new terms and conditions when a new permit is issued.

E. AMENDMENT. This permit may be amended in whole or in part by the Forest Service when, at the discretion of the authorized officer, such action is deemed necessary or desirable to incorporate new terms that may be required by law, regulation, directive, the applicable forest land and resource management plan, or projects and activities implementing a land management plan pursuant to 36 CFR Part 215.

F. COMPLIANCE WITH LAWS, REGULATIONS, AND OTHER LEGAL REQUIREMENTS. In exercising the rights and privileges granted by this permit, the holder shall comply with all present and future federal laws and regulations and all present and future state, county, and municipal laws, regulations, and other legal requirements that apply to the permit area, to the extent they do not conflict with federal law, regulation, or policy. The Forest Service assumes no responsibility for enforcing laws, regulations, and other legal requirements that fall under the jurisdiction of other governmental entities.

G. NON-EXCLUSIVE USE. The use or occupancy authorized by this permit is not exclusive. The Forest Service reserves the right of access to the permit area, including a continuing right of physical entry to the permit area for inspection, monitoring, or any other purpose consistent with any right or obligation of the United States under any law or regulation. The Forest Service reserves the right to allow others to use the permit area in any way that is not inconsistent with the holder's rights and privileges under this permit, after consultation with all parties involved. Except for any restrictions that the holder and the authorized officer agree are necessary to protect the installation and operation of authorized temporary improvements, the lands and waters covered by this permit shall remain open to the public for all lawful purposes.

H. ASSIGNABILITY. This permit is not assignable or transferable.

I. TRANSFER OF TITLE TO THE IMPROVEMENTS.

1. Notification of Transfer. The holder shall notify the authorized officer when a transfer of title to all or part of the authorized improvements is contemplated.

2. Transfer of Title. Any transfer of title to the improvements covered by this permit shall result in termination of the permit. The party who acquires title to the improvements must submit an application for a new permit. The Forest Service is not obligated to issue a new permit to the party who acquires title to the improvements. The authorized officer shall determine that the applicant meets requirements under applicable federal regulations.

J. CHANGE IN CONTROL OF THE BUSINESS ENTITY.

1. Notification of Change in Control. The holder shall notify the authorized officer when a change in control of the business entity that holds this permit is contemplated.
   a. In the case of a corporation, control is an interest, beneficial or otherwise, of sufficient outstanding voting securities or capital of the business so as to permit the exercise of managerial authority over the actions and operations of the corporation or election of a majority of the board of directors of the corporation.
   b. In the case of a partnership, limited partnership, joint venture, or individual entrepreneurship, control is a beneficial ownership of or interest in the entity or its capital so as to permit the exercise of managerial authority over the actions and operations of the entity.
c. In other circumstances, control is any arrangement under which a third party has the ability to exercise management authority over the actions or operations of the business.

2. Effect of Change in Control. Any change in control of the business entity as defined in paragraph 1 of this clause shall result in termination of this permit. The party acquiring control must submit an application for a special use permit. The Forest Service is not obligated to issue a new permit to the party who acquires control. The authorized officer shall determine whether the applicant meets the requirements established by applicable federal regulations.

II. IMPROVEMENTS

A. LIMITATIONS ON USE. Nothing in this permit gives or implies permission to build or maintain any structure or facility or to conduct any activity, unless specifically authorized by this permit. Any use not specifically authorized by this permit must be proposed in accordance with 36 CFR 251.54. Approval of such a proposal through issuance of a new permit or permit amendment is at the sole discretion of the authorized officer.

B. PLANS. All plans for development, layout, construction, reconstruction, or alteration of improvements in the permit area, as well as revisions to those plans must be prepared by a professional engineer, architect, landscape architect, or other qualified professional based on federal employment standards acceptable to the authorized officer. These plans and plan revisions must have written approval from the authorized officer before they are implemented. The authorized officer may require the holder to furnish as-built plans, maps, or surveys upon completion of the work.

C. CONSTRUCTION. Any construction authorized by this permit shall commence by n/a and shall be completed by n/a.

III. OPERATIONS

A. PERIOD OF USE. Use or occupancy of the permit area shall be exercised at least 365 days each year.

B. CONDITION OF OPERATIONS. The holder shall maintain the authorized improvements and permit area to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the authorized officer and consistent with other provisions of this permit. Standards are subject to periodic change by the authorized officer when deemed necessary to meet statutory, regulatory, or policy requirements or to protect national forest resources. The holder shall comply with inspection requirements deemed appropriate by the authorized officer.

C. OPERATING PLAN. The holder shall prepare and annually revise by 12/31/2016 an operating plan. The operating plan shall be prepared in consultation with the authorized officer or the authorized officer's designated representative and shall cover all operations authorized by this permit. The operating plan shall outline steps the holder will take to protect public health and safety and the environment and shall include sufficient detail and standards to enable the Forest Service to monitor the holder's operations for compliance with the terms and conditions of this permit. The operating plan shall be submitted by the holder and approved by the authorized officer or the authorized officer's designated representative prior to commencement of operations and shall be attached to this permit as an appendix. The authorized officer may require an annual meeting with the holder to discuss the terms and conditions of the permit or operating plan, annual use reports, or other concerns either party may have.
D. INSPECTION BY THE FOREST SERVICE. The Forest Service shall monitor the holder's operations and reserves the right to inspect the permit area and transmission facilities at any time for compliance with the terms of this permit. The holder's obligations under this permit are not contingent upon any duty of the Forest Service to inspect the permit area or transmission facilities. A failure by the Forest Service or other governmental officials to inspect is not a justification for noncompliance with any of the terms and conditions of this permit.

IV. RIGHTS AND LIABILITIES

A. LEGAL EFFECT OF THE PERMIT. This permit, which is revocable and terminable, is not a contract or a lease, but rather a federal license. The benefits and requirements conferred by this authorization are reviewable solely under the procedures set forth in 36 CFR 251, Subpart C and 5 U.S.C. 704. This permit does not constitute a contract for purposes of the Contract Disputes Act, 41 U.S.C. 601. The permit is not real property, does not convey any interest in real property, and may not be used as collateral for a loan.

B. VALID OUTSTANDING RIGHTS. This permit is subject to all valid outstanding rights. Valid outstanding rights include those derived under mining and mineral leasing laws of the United States. The United States is not liable to the holder for the exercise of any such right.

C. ABSENCE OF THIRD-PARTY BENEFICIARY RIGHTS. The parties to this permit do not intend to confer any rights on any third party as a beneficiary under this permit.

D. SERVICES NOT PROVIDED. This permit does not provide for the furnishing of road or trail maintenance, water, fire protection, search and rescue, or any other such service by a government agency, utility, association, or individual.

E. RISK OF LOSS. The holder assumes all risk of loss associated with use or occupancy of the permit area, including but not limited to theft, vandalism, fire and any fire-fighting activities (including prescribed burns), avalanches, rising waters, winds, falling limbs or trees, and other forces of nature. If authorized temporary improvements in the permit area are destroyed or substantially damaged, the authorized officer shall conduct an analysis to determine whether the improvements can be safely occupied in the future and whether rebuilding should be allowed. If rebuilding is not allowed, the permit shall terminate.

F. DAMAGE TO UNITED STATES PROPERTY. The holder has an affirmative duty to protect from damage the land, property, and other interests of the United States. Damage includes but is not limited to fire suppression costs, damage to government-owned improvements covered by this permit, and all costs and damages associated with or resulting from the release or threatened release of a hazardous material occurring during or as a result of activities of the holder or the holder's heirs, assigns, agents, employees, contractors, or lessees on, related to, the lands, property, and other interests covered by this permit. For purposes of clause IV.F and section V, "hazardous material" shall mean (a) any hazardous substance under section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. § 9601(14); (b) any pollutant or contaminant under section 101(33) of CERCLA, 42 U.S.C. § 9601(33); (c) any petroleum product or its derivative, including fuel oil, and waste oils; and (d) any hazardous substance, toxic substance, hazardous waste, ignitable, reactive or corrosive materials, pollutant, contaminant, element, compound, mixture, solution or substance that may pose a present or potential hazard to human health or the environment under any applicable environmental laws.

1. The holder shall avoid damaging or contaminating the environment, including but not limited to the soil, vegetation (such as trees, shrubs, and grass), surface water, and groundwater, during the holder's use or occupancy of the permit area. If the environment or any government property covered by this
permit becomes damaged during the holder's use or occupancy of the permit area, the holder shall immediately repair the damage or replace the damaged items to the satisfaction of the authorized officer and at no expense to the United States.

2. The holder shall be liable for all injury, loss, or damage, including fire suppression, prevention and control of the spread of invasive species, or other costs in connection with rehabilitation or restoration of natural resources associated with the use or occupancy authorized by this permit. Compensation shall include but not be limited to the value of resources damaged or destroyed, the costs of restoration, cleanup, or other mitigation, fire suppression or other types of abatement costs, and all administrative, legal (including attorney's fees), and other costs. Such costs may be deducted from a performance bond required under clause IV.I.

3. The holder shall be liable for damage caused by use of the holder's heirs, assigns, agents, employees, contractors, or lessees to all roads and trails of the United States to the same extent as provided under clause IV.F.1, except that liability shall not include reasonable and ordinary wear and tear.

G. HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION. The holder shall promptly abate as completely as possible and in compliance with all applicable laws and regulations any activity or condition arising out of or relating to the authorized use or occupancy that causes or threatens to cause a hazard to public health or the safety of the holder's employees or agents or harm to the environment (including areas of vegetation or timber, fish or other wildlife populations, their habitats, or any other natural resources). The holder shall implement and maintain in the operating plan to prevent establishment and spread of invasive species. The holder shall immediately notify the authorized officer of all serious accidents that occur in connection with such activities. The responsibility to protect the health and safety of all persons affected by the use or occupancy authorized by this permit is solely that of the holder. The Forest Service has no duty under the terms of this permit to inspect the permit area or operations and activities of the holder for hazardous conditions or compliance with health and safety standards.

H. INDEMNIFICATION OF THE UNITED STATES. The holder shall indemnify, defend, and hold harmless the United States for any costs, damages, claims, liabilities, and judgments arising from past, present, and future acts or omissions of the holder in connection with the use or occupancy authorized by this permit. This indemnification provision includes but is not limited to acts and omissions of the holder or the holder's heirs, assigns, agents, employees, contractors, or lessees in connection with the use or occupancy authorized by this permit which result in (1) violations of any laws and regulations which are now or which may in the future become applicable, and including but not limited to those environmental laws listed in clause V.A of this permit; (2) judgments, claims, demands, penalties, or fees assessed against the United States; (3) costs, expenses, and damages incurred by the United States; or (4) the release or threatened release of any solid waste, hazardous waste, hazardous materials, pollutant, contaminant, oil in any form, or petroleum product into the environment. The authorized officer may prescribe terms that allow the holder to replace, repair, restore, or otherwise undertake necessary curative actions to mitigate damages in addition to or as an alternative to monetary indemnification.

I. BONDING. The authorized officer may require the holder to furnish a surety bond or other security for any of the obligations imposed by the terms and conditions of this permit or any applicable law, regulation, or order. (The State of Utah holds the bond.)

J. STRICT LIABILITY. The holder shall be strictly liable (liable without proof of negligence) to the United States for $ amount up to $1 million per occurrence for any injury, loss, or damage arising in tort under this
permit. Liability in tort for injury, loss, or damage to the United States exceeding the prescribed amount of strict liability in tort shall be determined under the law of negligence.

K. INSURANCE. The holder shall furnish proof of insurance, such as a certificate of insurance, to the authorized officer prior to issuance of this permit and each year thereafter that this permit is in effect. The Forest Service reserves the right to review and approve the insurance policy prior to issuance. The holder shall send an authenticated copy of any insurance policy obtained pursuant to this clause to the authorized officer immediately upon issuance of the policy. Any insurance policies obtained by the holder pursuant to this clause shall name the United States as an additional insured, and the additional insured provision shall provide for insurance coverage for the United States as required under this clause. Such policies also shall specify that the insurance company shall give 30 days prior written notice to the authorized officer of cancellation of or any modification to the policies. The certificate of insurance, the authenticated copy of the insurance policy, and written notice of cancellation or modification of insurance policies should be sent to Manti-La Sal National Forest, Supervisor's Office, 599-A West Price River Drive, Price, UT 84501. Minimum amounts of coverage and other insurance requirements are subject to change at the sole discretion of the authorized officer on the anniversary date of this permit.

1. The holder shall have in force liability insurance covering losses associated with the use or occupancy authorized by this permit arising from personal injury or death and third-party property damage in the minimum amount of $1,000,000 as a combined single limit per occurrence.

2. Depending on the holder's operations, the Forest Service may require the holder to demonstrate the availability of funds to address any release or threatened release of hazardous materials that may occur in connection with the holder's use or occupancy. Any requirements imposed would be established on a case-by-case basis by the authorized officer based on the degree of environmental risk from the holder's operations. The storage and use of normal maintenance supplies in nominal amounts generally would not trigger financial assurance requirements.

V. RESOURCE PROTECTION


B. VANDALISM. The holder shall take reasonable measures to prevent and discourage vandalism and disorderly conduct and when necessary shall contact the appropriate law enforcement officer.

C. PESTICIDE USE. Pesticides may not be used outside of buildings to control undesirable woody and herbaceous vegetation (including aquatic plants), insects, rodents, fish, and other pests and weeds without prior written approval from the authorized officer. A request for approval of planned uses of pesticides shall be submitted annually by the holder on the due date established by the authorized officer. The report shall cover a 12-month period of planned use beginning 3 months after the reporting date. Information essential for review shall be provided in the form specified. Exceptions to this schedule may be allowed, subject to emergency request and approval, only when unexpected outbreaks of pests or weeds require control measures that were not anticipated at the time an annual report was submitted. Only those materials registered by the
U.S. Environmental Protection Agency for the specific purpose planned shall be considered for use on National Forest System lands. Label instructions and all applicable laws and regulations shall be strictly followed in the application of pesticides and disposal of excess materials and containers.

D. ARCHAEOLOGICAL-PALEONTOLOGICAL DISCOVERIES. The holder shall immediately notify the authorized officer of all antiquities or other objects of historic or scientific interest, including but not limited to historic or prehistoric ruins, fossils, or artifacts discovered in connection with the use and occupancy authorized by this permit. The holder shall leave these discoveries intact and in place until directed otherwise by the authorized officer. Protective and mitigative measures specified by the authorized officer shall be the responsibility of the holder.

E. NATIVE AMERICAN GRAVES PROTECTION AND REPATRIATION. In accordance with 25 U.S.C. 3002(d) and 43 CFR 10.4, if the holder inadvertently discovers human remains, funerary objects, sacred objects, or objects of cultural patrimony on National Forest System lands, the holder shall immediately cease work in the area of the discovery and shall make a reasonable effort to protect and secure the items. The holder shall immediately notify the authorized officer by telephone of the discovery and shall follow up with written confirmation of the discovery. The activity that resulted in the inadvertent discovery may not resume until 30 days after the authorized officer certifies receipt of the written confirmation, if resumption of the activity is otherwise lawful, or at any time if a binding written agreement has been executed between the Forest Service and the affiliated Indian tribe that adopts a recovery plan for the human remains and objects.

F. PROTECTION OF HABITAT OF THREATENED, ENDANGERED, AND SENSITIVE SPECIES. The location of sites within the permit area needing special measures for protection of plants or animals listed as threatened or endangered under the Endangered Species Act (ESA) of 1973, 16 U.S.C. 1531 et seq., as amended, or identified as sensitive or otherwise requiring special protection by the Regional Forester under Forest Service Manual (FSM) 2670, pursuant to consultation conducted under section 7 of the ESA, may be shown on the ground or on a separate map. The map shall be attached to this permit as an appendix. The holder shall take any protective and mitigative measures specified by the authorized officer. If protective and mitigative measures prove inadequate, if other sites within the permit area containing threatened, endangered, or sensitive species or species otherwise requiring special protection are discovered, or if new species are listed as threatened or endangered under the ESA or identified as sensitive or otherwise requiring special protection by the Regional Forester under the FSM, the authorized officer may specify additional protective and mitigative measures. Discovery of these sites by the holder or the Forest Service shall be promptly reported to the other party.

G. CONSENT TO STORE HAZARDOUS MATERIALS. The holder shall not store any hazardous materials at the site without prior written approval from the authorized officer. This approval shall not be unreasonably withheld. If the authorized officer provides approval, this permit shall include, or in the case of approval provided after this permit is issued, shall be amended to include specific terms addressing the storage of hazardous materials, including the specific type of materials to be stored, the volume, the type of storage, and a spill plan. Such terms shall be proposed by the holder and are subject to approval by the authorized officer.

1. If the holder receives consent to store hazardous material, the holder shall identify to the Forest Service any hazardous material to be stored at the site. Such identification information shall be consistent with column (1) of the table of hazardous materials and special provisions enumerated at 49 CFR 172.101 whenever the hazardous material appears in that table. For hazard communication purposes, the holder shall maintain Material Safety Data Sheets for any stored hazardous chemicals, consistent with 29 CFR 1910.1200(c) and (g). In addition, all hazardous materials stored by the holder...
shall be used, labeled, stored, transported, and disposed of in accordance with all applicable federal, state, and local laws and regulations.

2. The holder shall not release any hazardous material as defined in clause IV.F. onto land or into rivers, streams, impoundments, or natural or man-made channels leading to them. All prudent and safe attempts must be made to contain any release of these materials. The authorized officer in charge may specify specific conditions that must be met, including conditions more stringent than federal, state, and local regulations, to prevent releases and protect natural resources.

II. CLEANUP AND REMEDIATION

1. The holder shall immediately notify all appropriate response authorities, including the National Response Center and the authorized officer or the authorized officer's designated representative, of any oil discharge or of the release of a hazardous material in the permit area in an amount greater than or equal to its reportable quantity, in accordance with 33 CFR Part 153, Subpart B, and 40 CFR Part 302. For the purposes of this requirement, "oil" is as defined by section 311(n)(1) of the Clean Water Act, 33 U.S.C. 1321(n)(1). The holder shall immediately notify the authorized officer or the authorized officer's designated representative of any release or threatened release of any hazardous material in or near the permit area which may be harmful to public health or welfare or which may adversely affect natural resources on federal lands.

2. Except with respect to any federally permitted release as that term is defined under Section 101(10) of CERCLA, 42 U.S.C. 9601(10), the holder shall clean up or otherwise remediate any release, threat of release, or discharge of hazardous materials that occurs either in the permit area or in connection with the holder's activities in the permit area, regardless of whether those activities are authorized under this permit. The holder shall perform cleanup or remediation immediately upon discovery of the release, threat of release, or discharge of hazardous materials. The holder shall perform the cleanup or remediation to the satisfaction of the authorized officer and at no expense to the United States. Upon revocation or termination of this permit, the holder shall deliver the site to the Forest Service free and clear of contamination.

III. CERTIFICATION UPON REVOCATION OR TERMINATION. If the holder uses or stores hazardous materials at the site, upon revocation or termination of this permit the holder shall provide the Forest Service with a report certified by a professional or professionals acceptable to the Forest Service that the permit area is uncontaminated by the presence of hazardous materials and that there has not been a release or discharge of hazardous materials upon the permit area, into surface water at or near the permit area, or into groundwater below the permit area during the term of the permit. This certification requirement may be waived by the authorized officer when the Forest Service determines that the risks posed by the hazardous material are minimal. If a release or discharge has occurred, the professional or professionals shall document and certify that the release or discharge has been fully remediated and that the permit area is in compliance with all federal, state, and local laws and regulations.

VI. LAND USE FEE AND ACCOUNTING ISSUES

A. LAND USE FEES. The holder shall pay an initial annual land use fee of $1,236.32 for the period from 01/01/2017 through 12/31/2017, and thereafter on or before January 1st, shall pay an annual land use fee.

B. MODIFICATION OF THE LAND USE FEE. The land use fee may be revised whenever necessary to reflect the market value of the authorized use or occupancy or when the fee system used to calculate the land use fee is modified or replaced.
C. FEE PAYMENT ISSUES

1. Crediting of Payments. Payments shall be credited on the date received by the deposit facility, except that if a payment is received on a non-workday, the payment shall not be credited until the next workday.

2. Disputed Fees. Fees are due and payable by the due date. Disputed fees must be paid in full. Adjustments will be made if dictated by an administrative appeal decision, a court decision, or settlement terms.

3. Late Payments

(a) Interest. Pursuant to 31 U.S.C. 3717 et seq., interest shall be charged on any fee amount not paid within 30 days from the date it became due. The rate of interest assessed shall be the higher of the Prompt Payment Act rate or the rate of the current value of funds to the Treasury (i.e., the Treasury tax and loan account rate), as prescribed and published annually or quarterly by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins. Interest on the principal shall accrue from the date the fee amount is due.

(b) Administrative Costs. If the account becomes delinquent, administrative costs to cover processing and handling the delinquency shall be assessed.

(c) Penalties. A penalty of 6% per annum shall be assessed on the total amount that is more than 90 days delinquent and shall accrue from the same date on which interest charges begin to accrue.

(d) Termination for Nonpayment. This permit shall terminate without the necessity of prior notice and opportunity to comply when any permit fee payment is 90 calendar days from the due date in arrears. The holder shall remain responsible for the delinquent fees.

4. Administrative Offset and Credit Reporting. Delinquent fees and other charges associated with the permit shall be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. and common law. Delinquencies are subject to any or all of the following:

(a) Administrative offset of payments due the holder from the Forest Service.

(b) If in excess of 60 days, referral to the Department of the Treasury for appropriate collection action as provided by 31 U.S.C. 3711(g)(1).

(c) Offset by the Secretary of the Treasury of any amount due the holder, as provided by 31 U.S.C. 3720 et seq.

(d) Disclosure to consumer or commercial credit reporting agencies.

VII. REVOCATION, SUSPENSION, AND TERMINATION

A. REVOCATION AND SUSPENSION. The authorized officer may revoke or suspend this permit in whole or in part:

1. For noncompliance with federal, state, or local law.
2. For noncompliance with the terms of this permit.
3. For abandonment or other failure of the holder to exercise the privileges granted.
4. With the consent of the holder.
5. For specific and compelling reasons in the public interest.
Prior to revocation or suspension, other than immediate suspension under clause VI.B, the authorized officer shall give the holder written notice of the grounds for revocation or suspension. In the case of revocation or suspension based on clause VII.A.1, 2, or 3, the authorized officer shall give the holder a reasonable time, typically not to exceed 90 days, to cure any noncompliance.

B. IMMEDIATE SUSPENSION. The authorized officer may immediately suspend this permit in whole or in part when necessary to protect public health or safety or the environment. The suspension decision shall be in writing. The holder may request an on-site review with the authorized officer’s supervisor of the adverse conditions prompting the suspension. The authorized officer’s supervisor shall grant this request within 48 hours. Following the on-site review, the authorized officer’s supervisor shall promptly affirm, modify, or cancel the suspension.

C. APPEALS AND REMEDIES. Written decisions by the authorized officer relating to administration of this permit are subject to administrative appeal pursuant to 36 CFR Part 214 as amended. Revocation or suspension of this permit shall not give rise to any claim for damages by the holder against the Forest Service.

D. TERMINATION. This permit shall terminate when by its terms a fixed or agreed upon condition, event, or time occurs without any action by the authorized officer. Examples include but are not limited to expiration of the permit by its terms on a specified date and termination upon change of control of the business entity. Termination of this permit shall not require notice, a decision document, or any environmental analysis or other documentation. Termination of this permit is not subject to administrative appeal and shall not give rise to any claim for damages by the holder against the Forest Service.

E. RIGHTS AND RESPONSIBILITIES UPON REVOCATION OR TERMINATION WITHOUT RENEWAL. Upon revocation or termination of this permit without renewal of the authorized use, the holder shall remove all structures and improvements, except those owned by the United States, within a reasonable period prescribed by the authorized officer and shall restore the site to the satisfaction of the authorized officer. If the holder fails to remove all structures and improvements within the prescribed period, they shall become the property of the United States and may be sold, destroyed, or otherwise disposed of without any liability to the United States. However, the holder shall remain liable for all costs associated with their removal, including costs of sale and impoundment, cleanup, and restoration of the site.

VIII. MISCELLANEOUS PROVISIONS

A. MEMBERS OF CONGRESS. No member of or delegate to Congress or resident commissioner shall benefit from this permit either directly or indirectly, except to the extent the authorized use provides a general benefit to a corporation.

B. CURRENT ADDRESSES. The holder and the Forest Service shall keep each other informed of current mailing addresses, including those necessary for billing and payment of land use fees.

C. SUPERSEDED PERMIT. This permit supersedes a special use permit designated #PRI43 under Genwal Resources, dated 2003.

D. SUPERIOR CLAUSES. If there is a conflict between any of the preceding printed clauses and any of the following clauses, the preceding printed clauses shall control.

E. Noxious Weed/Exotic Plant Prevention and Control (R4-D3). The holder shall be responsible for the prevention and control of noxious weeds and/or exotic plants of concern on the area authorized by this authorization and shall provide prevention and control measures prescribed by the Forest Service.
weeds/exotic plants of concern are defined as those species recognized by Federal, State, or local agency in which the authorized use is located. The holder shall also be responsible for prevention and control of noxious weed/exotic plant infestations which are not within the authorized area, but which are determined by the Forest Service to have originated within the authorized area. When determined to be necessary by the authorized officer, the holder shall develop a site-specific plan for noxious weed/exotic plant prevention and control. Such plan shall be subject to Forest Service approval. Upon Forest Service approval, the noxious weed/exotic plant prevention and control plan shall become a part of this authorization, and its provisions shall be enforceable under the terms of this authorization.

F. **Ground Surface Protection and Restoration** (D-9). The holder shall prevent and control soil erosion and gullying on National Forest System lands in and adjacent to the permit area resulting from construction, operation, maintenance, and termination of the authorized use. The holder shall construct authorized improvements so as to avoid accumulation of excessive amounts of water in the permit area and encroachments on streams. The holder shall revegetate or otherwise stabilize (for example, by constructing a retaining wall) all ground where the soil has been exposed as a result of the holder's construction, maintenance, operation, or termination of the authorized use.

G. **Fire Equipment** (F-7). The holder shall install fire extinguishers and firefighting apparatus of types, of capacities, in numbers, and at locations approved by the Authorized Officer. This equipment shall be in readiness at all times for immediate use, and shall be tested each year, at such times as may be required by the Authorized Officer.

H. **Fire-Control Plan** (F-20). The holder shall prepare a fire plan for approval by the Authorized Officer which shall set forth in detail the plan for prevention, reporting, control, and extinguishing of fires on the authorized areas and within the holder's area of responsibility defined on an attached map. Such plans shall be reviewed and revised at intervals of not more than three (3) years.

I. **Signs** (X-29). Signs or advertising devices erected on National Forest System lands shall have prior approval by the Forest Service as to location, design, size, color, and message. Erected signs shall be maintained or renewed as necessary to meet and presentable standards, as determined by the Forest Service.

J. **Improvement Relocation** (X-33). This authorization is granted with the express understanding that should future location of United States Government-owned improvements or road rights-of-way require the relocation of the holder's improvements, such relocation will be done by, and at the expense of, the holder within a reasonable time as specified by the Authorized Officer.
THIS PERMIT #PRI-1608 IS ACCEPTED SUBJECT TO ALL ITS TERMS AND CONDITIONS.

BEFORE ANY PERMIT IS ISSUED TO AN ENTITY, DOCUMENTATION MUST BE PROVIDED TO THE AUTHORIZED OFFICER OF THE AUTHORITY OF THE SIGNATORY FOR THE ENTITY TO BIND IT TO THE TERMS AND CONDITIONS OF THE PERMIT.

ACCEPTED:

[Signature]

HOLDER NAME, PRECEDED BY NAME AND TITLE OF PERSON SIGNING ON BEHALF OF HOLDER, IF HOLDER IS AN ENTITY

APPROVED:

[Signature]

NAME AND TITLE OF AUTHORIZED OFFICER

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082. The time required to complete this information collection is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 975-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service.
Appendix A: Vicinity Map

Crandall Canyon Mine Surface Facilities

PRI-1608 Appendix A
Vicinity Map
September 2016

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Appendix B: Diagram of Facilities
APPENDIX 1-18
NIELSON FEE COAL LEASE
UNDERGROUND COAL LEASE

THIS UNDERGROUND COAL LEASE ("Lease") entered into effective as of the 1st day of August, 2004, among DICK N. NIELSON and QUINEVERE A. NIELSON, husband and wife, whose address for purposes of this Lease is c/o Kris Ligon, 4819 Mandell Street, Houston, Texas 77006 hereinafter referred to as "Lessor;" and ANDALEX Resources, Inc., ("ANDALEX") a Delaware corporation, with offices at 45 West and 10000 South, Suite 401, Sandy, Utah 84070, and Intermountain Power Agency, ("IPA"), a political subdivision of the State of Utah, with offices at 10653 South River Front Parkway, Suite 120, South Jordan, Utah 84095 (each as to an undivided fifty percent (50%) interest), with ANDALEX and IPA being collectively hereinafter referred to as "Lessee."

WITNESSETH:

SECTION 1. Agreement to Lease

Lessor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lessor, and in further consideration of the mutual covenants and agreements hereinafter set forth, does hereby demise, lease, grant and let exclusively unto Lessee for the term of this Lease all of the coal and any substance mixed with or encountered when mining coal (all hereinafter referred to as "coal") in, on and underlying the following described real estate, located in Emery County, State of Utah, more particularly described as follows, to-wit:

Township 16 South, Range 7 East, SLB&M

Section 8: SW1/4

containing for the purposes of this Lease 160.0 acres, more or less. The term "leased premises" as used in this Lease shall refer to the above-described real estate and the coal.

SECTION 2. Interest Leased

This Lease covers and includes the interest now owned by the Lessor in the leased premises, and also conveys unto the Lessee any reversionary, contingent or future interest now owned by Lessor or hereinafter acquired by Lessor together with all of the mining rights and privileges appurtenant to the aforesaid coal and incident to the ownership thereof, and (by way of enlargements, and not by way of restriction) the following rights and privileges:

INCORPORATED

OCT 19 2016

Div. of Oil, Gas & Mining
(a) The exclusive right and privilege to explore for, mine (by any method other than surface strip mining), remove, extract, store, prepare, ship and dispose of the coal and gas occurring in coal seams, beds or deposits when vented as a non-commercial substance in conjunction with coal development or extraction operations.

(b) The right to enter into and through the leased premises, at such points and in such manner as may be necessary or convenient for the purpose of mining all coal by any underground mining method.

(c) The right to have and use the free and uninterrupted right-of-way into and under the leased premises, at such points and in such manner as may be necessary or convenient to the mining, removal, processing and marketing of the coal.

(d) The right to transport under and through the leased premises any coal now or hereafter owned, leased or otherwise acquired by Lessee and located within the general mining area as hereinafter defined in Section 5.

(e) Subject to the limitations contained in this Lease, the right to use so much of the surface as may be necessary or convenient in conjunction with Lessee’s operations hereunder, as long as Lessee does not unreasonably interfere with prior rights and the use of the surface by Lessor.

(f) The right to include the leased premises or any portion thereof with the general mining area in any plan of unitization for coal or a Federal logical mining unit pursuant to any such unitization, so that operations or mining in any portion of the leased premises shall be deemed operations or mining on the logical mining unit for Federal diligent development and continued operations requirements.

(g) The right to subside, collapse, sink, lower, and alter the surface, subsurface, and super adjacent strata of the leased premises as a result of Lessee’s permitted operations hereunder, including the right, but not the obligation, to enter upon the leased premises to repair any subsidence damage that may occur to the surface of the leased premises. In addition, Lessee may, but shall not be obligated to, establish subsidence monitoring monuments within the boundaries of the leased premises.

(h) The right to commingle coal from the leased premises with coal mined elsewhere in the general mining area; provided however, that Lessee shall thereafter take such measurements and collect such data as are necessary to ensure fair and accurate determination of the amount of coal originating from the leased premises. At the request of Lessor during periods while production is occurring from the leased premises, Lessee will provide, no more frequently than monthly, a map prepared by a certified engineer showing the monthly volumes produced from the leased premises. Lessor shall also have access to Lessee’s records as provided at Section 13.
The rent, royalty and other payment provisions contained in this Lease fully compensate Lessor for all the rights and privileges granted Lessee under this or any other provision of this Lease; except, however, Lessee shall be fully responsible for any loss to growing crops or forage caused by Lessee in the exercise of any of the rights granted to the Lessee by the terms of this Lease.

SECTION 3. Rights Surviving

All rights (except the actual right to mine and remove coal) and easements hereinabove granted to Lessee shall survive the surrender or termination of this Lease, provided that Lessee is then conducting mining operations or reclamation is not final and complete at all locations within the general mining area as hereinafter defined in Section 5, and for as long thereafter as Lessee conducts mining operations or reclamation is not final and complete at all locations within said general mining area.

SECTION 4. Lease Term

Unless voluntarily surrendered by Lessee at an earlier date as provided in Section 21, the primary term of this Lease shall run for a period of ten (10) years from and after the date hereof and as long thereafter as mining operations are being conducted by Lessee on the leased premises or in the general mining area as hereinafter defined in Section 5; provided, however, if at the expiration of the primary term hereof mining operations are not being conducted on the leased premises or in the general mining area, and if all rental payments are being made in accordance with Section 9, then, and in such event, this Lease may be extended for ten (10) additional periods of one (1) year each upon the same terms and conditions as herein set forth and so long thereafter as mining operations are being conducted by Lessee on the leased premises or in the general mining area.

SECTION 5. General Mining Area

The term “general mining area” as used in this Lease shall refer to the area included within Lessee’s mining operations in the Crandall Canyon Mine complex, both now and in the future, and shall include, but not be limited to, all fee lands and all fee, county, state, and federal leases whether now owned or hereafter acquired.

SECTION 6. Compliance with Laws

Lessee agrees to conduct all mining operations on the leased premises in a good and workmanlike manner and shall materially comply with and abide by all applicable Federal, state and local laws, rules, regulations and orders whether now existing or hereafter enacted or imposed.

SECTION 7. Reserved Minerals

The rights hereby granted to Lessee shall not include mining rights with respect to oils, gases or other minerals other than coal and substances (including but not limited to gas or
coalbed methane gas) mixed with or encountered when mining coal. Notwithstanding the foregoing, Lessee shall have the right to vent any gases or coalbed methane gases which are encountered in Lessee’s mining operations as a safety measure without any liability or accountability of any nature whatsoever to Lessor, but Lessee shall not have the right to commercially exploit any such gases or coalbed methane gases. The leasing, exploration for, or development of other minerals or substances other than coal and substances mixed with coal shall not interfere in any way with the coal mining operations of the Lessee during the term of this Lease. Leases related to other minerals issued by Lessor after the date of this Lease shall be specifically made subject to the priority of the coal mining operations.

Upon completion of its extraction operations on the leased premises, Lessee shall provide written notice of that completion to Lessor together with a map showing any portion of the leased premises that Lessee will need to continue to utilize for access or other mining related purposes. Lessor shall then be free to allow development of other minerals or substances other than coal in those areas shown as no longer needed by Lessee so long as such development does not interfere with the uses identified by Lessee in the notice.

SECTION 8. Lease Bonus Payment

To compensate Lessor for the fair market value of the interest herein leased, Lessee shall pay to Lessor a lease bonus payment at the time coal is mined, removed and sold, which payment shall be in addition to the royalties hereinafter provided. The lease bonus payment shall be in the amount of thirty-five cents ($0.35) per ton (2,000 pounds) actually mined, removed and sold from the leased premises and shall, subject to the following provisions, be payable at the same time, on the same tonnage, and in the same manner as production royalties.

Upon execution of this Lease, Lessee shall pay Lessor as an advance payment of said lease bonus for the lease year beginning August 1, 2004 the amount of $25,000.00. Annually, thereafter prior to the beginning of each subsequent Lease Year for a period of three additional years (i.e., August 1, 2005, August 1, 2006 and August 1, 2007), Lessee shall pay Lessor an additional $25,000.00 per year (without interest) as an advance of said lease bonus until a total of $100,000.00 in advance lease bonus has been paid. Termination of this Lease prior to August 1, 2007 shall not excuse Lessee from making the payments specified in this paragraph of Section 8.

All advance lease bonus payments shall be credited against the actual lease bonus payments provided for in this Section 8. Said advance lease bonus payments are intended to pre-pay the lease bonus payment on the first 285,714 tons of production from the leased premises. After 285,714 tons have been produced from the leased premises the lease bonus payment will be payable as additional coal is produced.

SECTION 9. Rent

Lessee shall pay to the Lessor annually on or before the anniversary date of this Lease as rent, the sum of Three and no/100 Dollars ($3.00) per acre for the number of acres then subject to this Lease. Rental shall not be recoupable from production royalties. Notwithstanding anything to the contrary contained herein, if the Lessee shall default in making any payment
under the terms of this Lease when due and if such default shall continue for a period of ninety (90) days after written notice of such default to Lessee, then Lessor shall have the right to terminate this Lease and retain all sums theretofore paid Lessor by Lessee.

SECTION 10. Production Royalty

Lessee shall pay to Lessor as a production royalty for all coal actually mined, removed and sold from the leased premises, the sum of five percent (5%) of Gross Proceeds (as hereinafter defined in Section 11.)

For purposes of determining the weight of the coal produced from the leased premises, Lessee shall complete volumetric surveys on a monthly basis as of the last day of each calendar month of all active mining areas contributing to the commingled coal produced from the general mining area and any other areas as to which coal is commingled prior to being weighed at the mine belt scale by Lessee.

A preliminary calculation of the weight of the coal produced from the various separately owned properties shall be made by multiplying the total cubic feet of mined area during the month by 80 pounds per cubic foot and dividing by 2,000 pounds per ton to determine the preliminary tons of coal produced from the leased premises and all other premises contributing to the commingled coal. Based upon the preliminary calculation, the portion of the coal produced during the month from the leased premises and each of the other properties shall be calculated as a percentage of total production stated to three places past the decimal. The percentage so determined shall then be used to determine the tonnage actually produced from each individual lease or area based upon the mine belt scale weights. It is the expressed intent of the parties that all weights be determined and allocated among the various properties as accurately as possible under the circumstances of Lessee’s operations.

Production royalty will be paid on coal sold. Lessee shall maintain a schedule on a monthly basis showing the total coal inventory available for sale broken down by the leases or property from which the coal was mined. Sales will be allocated by lease or property in proportion to the coal inventoried from each lease or property. The FIFO (first in-first out) accounting method will be used to allocate coal sales.

Production royalty due and payable for coal actually mined, removed and sold from the leased premises during any calendar month shall be paid on or before the last day of the next succeeding calendar month, and all production royalty due and unpaid for sixty (60) days shall be a lien on Lessee’s equipment on the leased premises. Interest shall accrue at the rate of 8% per annum on production royalty not paid when due.
SECTION 11. Gross Proceeds

Gross Proceeds shall have the same meaning as the term “gross proceeds” as defined from time to time in 30 C.F.R. Part 206, Subpart F, with respect to federal coal leases within the general mining area. The value and time of payment for royalty purposes with respect to coal from the leased premises shall be determined under the provisions of such Subpart applicable to federal ad valorem coal leases, including amendments thereto and administrative and judicial interpretations thereof, which shall include, without limitation, any deductions, adjustments or allowances now existing or hereafter permitted in calculating royalty due under federal coal leases. Deductions include, but are not limited to, trucking and loading expenses.

SECTION 12. Depository for Payments

Lessee may make all payments required to be made herein to the Lessor by wire transfer and for such purpose Lessor hereby designates the _Wells Fargo Bank_ of _28665_ Account Number _201100-5817_, or its successors, as the depository to receive such payments which may hereinafter be made by Lessee to Lessor. Said bank and its successors shall be Lessor’s agent and shall continue as the depository for all payments payable thereafter regardless of any change in ownership of the leased premises or the production payments royalty. All such payments shall be considered tendered when made by wire transfer, check or draft of Lessee or of any assignee of Lessee and mailed or delivered to Lessor or to the depository bank as herein above set forth. Lessor may, by 30 days prior written notice to Lessee, change the above designated depository to another single depository bank.

SECTION 13. Records and Accounts

Lessee shall keep a true and correct record of all coal mined, removed and sold from the leased premises and all royalty calculations applicable thereto and shall permit Lessor or Lessor’s agents at all reasonable times and at Lessor’s expense to examine such records. On or before the last day of each calendar month following the date on which Lessee shall commence actual mining operations on the leased premises, Lessee shall furnish Lessor a true and correct statement showing the gross proceeds accrued during the preceding calendar month and the tons of coal actually mined, removed, and sold during the preceding calendar month from the leased premises, the general mining area, and all other areas whose production is commingled with coal produced from the leased premises prior to the first certified weighing of coal being produced by Lessee. Lessor, or audit representatives, at Lessor’s expense, shall have the right at any reasonable time or times to examine, audit and reproduce the records, vouchers and their source documents which serve as the basis for royalty payments. All such records of Lessee kept in the ordinary course of its business, and all payments made in accordance therewith, shall be presumed to be accurate after a period of three (3) years.

SECTION 14. Warranty of Title

Lessor warrants and covenants that collectively they have full marketable record title to the coal estate in the leased premises and will defend the same and that Lessee shall have quiet enjoyment of the coal estate in the leased premises throughout the term of this Lease and any
extension or renewal hereof. Lessor covenants that there are no liens or encumbrances of any kind whatsoever on the coal estate in the leased premises.

SECTION 15. **Title to Leased Premises**

(a) Lessee, at its sole expense, shall have the right at any time during the term of this Lease to examine title to the leased premises, and Lessor shall furnish to Lessee all abstracts and other title information covering the leased premises over which Lessor has possession or control. If objections to Lessor's title to the coal estate be found, Lessee shall specify such objections in writing and deliver the same to Lessor. Lessor shall have all reasonable title objections, so specified by Lessee, corrected to the reasonable satisfaction of Lessee within ninety (90) days after the date of delivery of said written objections. Default on the part of Lessor to cure any objections to title as to the coal estate, as herein provided, shall give to Lessee the option of terminating this Lease on notice to Lessor, or of curing and correcting said objections and deducting the cost thereof from rental or production royalty payments as the same become due and payable under this Lease.

(b) In the event Lessor is the owner of an interest in the coal that is less than the entire fee interest therein, Lessor will, upon written demand by Lessee and to the extent possible under state law, commence appropriate action in a court of competent jurisdiction against the owners of the undivided interest in the coal to compel partition of said coal. Lessor will cooperate with Lessee in such action as to selection of counsel and will be available at reasonable times for consultations, appearance for depositions, appearance in court and such other activities as may be necessary or convenient for the furtherance of said action. Lessee agrees to pay the costs of said action, including attorney fees, court costs, abstracting and other expenses associated therewith.

Lessor shall fully indemnify and hold harmless Lessee against all claims or demands of any kind or nature which may be made upon Lessee or against Lessee's interest in the leased premises for, or on account of such title objections. Lessor shall also take action in accordance with Section 15(a) and (b) to correct or otherwise cure such title objections at the written request of Lessee.

SECTION 16. **Breach of Lease Obligations**

Breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this Lease or cause a termination or reversion of the rights hereby created, nor be grounds for cancellation hereof in whole or in part, except as herein expressly provided. In the event that Lessor considers that Lessee's mining operations are not at any time being conducted in compliance with this Lease, Lessor shall notify Lessee in writing of the fact relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety (90) days after receipt of such notice in which to comply with the obligations imposed by virtue of this instrument. Neither notice nor attempted compliance shall be evidence that a breach has in fact occurred.
SECTION 17. No Implied Obligations of Lessee

It is understood and agreed that the mining of coal from the leased premises is highly speculative because of, among other things, the possible existence of faults, dykes, wants, rolls and seam thinning, the location of the leased premises and foreseeable and unforeseeable geologic circumstances that exist on the leased premises. Lessee shall be under no obligation, express or implied, to explore, develop, mine, remine or otherwise rework the leased premises, for coal or any other mineral or substance which may be covered hereby, it being expressly agreed that the good faith judgment of the Lessee in carrying out the purposes of this Lease shall be conclusive. Suspension of mining operations by the Lessee shall be without prejudice to its rights to resume operations. Lessor specifically acknowledges and agrees that this Lease shall not be forfeited for any failure to prosecute mining operations on the leased premises, nor shall any forfeiture be claimed or enforced for the breach of any implied covenant, and the rights herein granted and conveyed shall not be canceled or revert to Lessor or his assigns so long as all payments herein stipulated to be paid by Lessee are paid to Lessor. The fact that Lessee may fulfill some or all of its obligations under a coal sales contract with production from the leased premises, is not intended to or shall it give Lessor any rights in or to said coal sales contract. Lessee shall not be required to mine, remove or pay any production royalty on poor quality coal or waste material, unless Lessee actually sells the same. Any amounts received by Lessee for a buyout, buydown or amendment to a coal sales contract shall not be deemed gross proceeds subject to royalty.

SECTION 18. Lesser Interest

In the event Lessor owns less than the entire fee simple estate in and to the leased premises, whether or not such lesser interest is specified herein, all payments to Lessor as provided for herein shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the leased premises.

SECTION 19. Taxes

Lessor covenants to pay promptly all property taxes and assessments levied against the leased premises or any part thereof during the entire term of this Lease, and any renewal or extension hereof. If Lessor fails to do so, or if there shall be any unpaid tax encumbrance now on the leased premises or any part thereof, Lessee may, without being obligated so to do, pay such taxes or encumbrance and any penalties thereon or redeem said leased premises from tax sale. Any payments so made may be considered as an advance against rentals and production royalties and may be credited on or deducted from rent or production royalty payments as the same become due and payable under this Lease. Lessee shall pay all validly assessed and levied property taxes on its improvements and property and shall pay all of the taxes, if any, validly assessed and levied against its rights in the coal covered by this Lease. For avoidance of doubt, the parties agree that Lessor shall be responsible only for ordinary property taxes of the kind and magnitude that were assessed against leased premises prior to the execution of this Lease, and Lessee shall be responsible for all other taxes and assessments.
SECTION 20. Removal of Equipment

At the termination of this Lease, either at the end of the term or prior thereto by cancellation or surrender, Lessee shall have a reasonable time, not to exceed one year, in which to remove all of Lessee’s machinery, equipment and other property from any part of the leased premises. During that period, Lessee shall have a continuing right of access to the leased premises as may be necessary for Lessee to fulfill its reclamation and other cleanup or rehabilitation obligations related to the lease premises.

SECTION 21. Right of Surrender or Termination

Lessee may at any time and from time to time, in its sole discretion, upon 30 days advance written notice to Lessor, surrender this Lease in whole or in part by executing and recording with the Emery County Recorder a release or releases covering all or the relevant portion of the leased premises, and thereby terminate from and after the date of such surrender all future obligations as to the acreage surrendered. Lessor shall not have any obligation to reimburse Lessee for any payments or assessments paid in advance to Lessee.

SECTION 22. Energy Policy Act

Lessor specifically acknowledges that prior to the execution of this Lease, he has been made aware of the provisions of § 2504(a)(1) of the Energy Policy Act of 1992, Public Law 102-486, 106 Stat. 3104 (enacted October 24, 1992) (codified at 30 U.S.C. § 1309a), and he also hereby acknowledges that the consideration provided for herein is intended to fully compensate Lessor for any and all damages and liability of Lessee to Lessor under § 2504(a)(1) of the Energy Policy Act for subsidence caused by underground mining operations (to the extent they are owned by the Lessor) to any occupied residential dwelling and structures related thereto or to any non-commercial building, or for the effects of any underground coal mining operations on any state appropriated water supply in existence prior to Lessee’s application for a coal mining and reclamation permit. Lessor specifically waives any and all other rights they might have under § 2504(a)(1) of the Energy Policy Act and any regulations or State legislation implementing such Section, with regard to such damages or compensation or insurance therefor. Lessor agrees to execute an express waiver of the rights described above with respect to those portions of the leased premises, if any, in which he owns the surface estate, if requested to do so by any regulatory agency. Notwithstanding the foregoing waiver of Lessor’s rights under § 2504(a)(1) of the Energy Policy Act, Lessee’s indemnification under Section 30 shall include any alleged noncompliance with § 2504(a)(1) or implementing statutes or regulations and any contamination arising from Lessee’s use of the leased premises that is asserted by any party other than Lessor.

SECTION 23. Ownership Disputes

In case of any dispute or question regarding ownership of the coal estate in the leased premises or of any amounts payable hereunder, Lessee shall be entitled to withhold, without interest, the disputed payments otherwise due to Lessor and instead deposit the same into an escrow account until Lessee receives reasonable documentation that the dispute or question has been resolved.
been resolved. All such escrowed payments shall be kept in a separate escrow account and shall not be mixed with Lessee's other funds. If Lessee is required to pay any third-party as the result of any such claim, the third-party payment shall be credited against all payments thereafter due to Lessor.

**SECTION 24. Force Majeure**

Lessee shall not be deemed in default for failure to perform any of its obligations during periods in which performance is prevented by any cause reasonably beyond Lessee's cause or control (any such cause being herein called "Force Majeure") such as, for example and not by way of limitation, fire, cave-in, floods, windstorms, other damage from the elements, strikes, riots, unavailability of transportation or necessary equipment, lack of satisfactory market for coal from the leased premises, action of governmental authority, litigation, acts of God and acts of the public enemy. The duration of this Lease shall be extended, unless sooner terminated by Lessee by release as herein above provided, for a period equal to the period for which performance is suspended due to Force Majeure. All periods of Force Majeure shall be deemed to begin only at such time as Lessor has received written notice thereof. Lessee shall also notify Lessor of the ending date of each such period of Force Majeure. This Section shall not apply in any way to monetary payments required or permitted of Lessee under the terms of this Agreement, which payments shall not be excused or delayed by any Force Majeure.

**SECTION 25. Successors and Assigns**

This Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.

**SECTION 26. Assignment or Sublease**

The estate of either party to this Lease may be subleased, assigned or transferred in whole or in part. Assignments of this Lease shall be subject to the approval of the non-assigning party which approval shall not be unreasonably withheld or unduly delayed. No change or division of ownership in the leased premises or in the royalties payable under this Lease shall (except at Lessee's option in any particular case) be binding upon Lessee until thirty (30) days after Lessee shall have been furnished, at its address shown above, with the original recorded instruments, or duly certified copies thereof, properly evidencing the same. No such change or division of ownership shall operate to enlarge the obligations or diminish the rights of Lessee.

**SECTION 27. Notices**

All notices may be served in person, or may be given by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the individual party concerned at the respective addresses first above written. Notices shall be effective upon receipt. Any party may change its address by notice to the other parties.
SECTION 28. Homestead and Dower

Lessor, hereby releases and waives all rights of homestead and dower insofar as such rights may in any way affect the purpose for which this Lease is made.

SECTION 29. Genders

Wherever used herein, the plural shall include the singular and vice versa, and each gender shall include the other as the text and tenor of this Lease shall indicate.

SECTION 30. Indemnification

(a) Lessee shall hold harmless and fully indemnify Lessor against all claims or demands of any kind or nature which may be made upon Lessor or against Lessor's interest in the leased premises for, or on account of, any debt or expense contracted or incurred by Lessee in conducting its activities, as well as against any and all acts, transactions and omissions of Lessee, its employees, agents, contractors, subcontractors, lessees, partners or coventurers, licensees and suppliers in conducting such activities, and Lessee shall defend and save Lessor harmless and fully indemnify Lessor as to liability or asserted liability, for, or on account of, injury to, or death of, any person or damage to any property sustained during the term of this Lease, alleged to have resulted from any such act or omission of Lessee, its employees, agents, contractors, subcontractors, lessees, partners, or coventurers, licensees and suppliers, or any unsafe condition of the leased premises created by Lessee or Lessee's operations. In addition, Lessee shall waive, hold harmless and fully indemnify Lessor against any and all penalties or charges imposed upon Lessor by federal, state, or local authorities on account of Lessee's failure to comply with all laws, rules, regulations or orders of such authorities.

(b) Further, Lessee agrees to indemnify and hold harmless Lessor from all claims of environmental damages and demands arising directly out of or in connection with the Lessee's operations that may be asserted by third parties, including but not limited to claims by individuals or groups, whether public or private, by federal, state, or local agencies and/or by any other party bringing said claims against Lessor, unless Lessor, or any person or instrumentality acting in Lessor's behalf shall have been a contributing cause to the event giving rise to such claim or demand, in which case Lessee's indemnification obligation shall be limited to the scope of Lessee's culpability. Lessor agrees to cooperate with Lessee in the conduct of any suits arising from claims and demands under this subsection.

(c) If any third party asserts, through a judicial proceeding, any claim to or against the coal estate in the leased premises for any minerals, concentrates or mineral products contained within the coal estate in the leased premises, or to any amounts payable to Lessor, Lessee may deposit any amounts otherwise due to Lessor in escrow until the controversy is finally determined. If Lessee is required to deposit any amounts in escrow or pay any third party as the result of any such claim, payment and all costs incurred by Lessee, including reasonable attorney's fees, shall be credited against all payments thereafter due to Lessor.

(d) Lessor will hold harmless and fully indemnify Lessee against all claims or
demands of any kind or nature which may be made upon Lessee or against Lessee’s interest in
the coal estate in the leased premises for, or on account of, any debt or expense contracted or
incurred by Lessor in conducting his activities, as well as against any and all acts, transactions
and omissions of Lessor, his employees, agents, contractors, subcontractors, lessees, partners or
coventurers, licensees and suppliers in conducting such activities, and Lessor will defend and
save Lessee harmless and fully indemnify Lessee as to liability or asserted liability, for, or on
account of, injury to, or death of, any person or damage to any property sustained during the term
of this Lease, alleged to have resulted from any such act or omission of Lessor, his employees,
agents, contractors, subcontractors, lessees, partners, or coventurers, licensees and suppliers, or
any unsafe condition of the leased premises created by Lessor or Lessor’s operations.

(e) Without limiting survival of any other provisions of this Lease that may be
deemed to survive termination, the provisions of this Section 30 shall survive any termination of
this Lease.

SECTION 31. Lessor’s Cooperation

Lessor shall further cooperate with Lessee in any manner as may be reasonably necessary
to assure the complete and full development of the coal pursuant to this Lease, and Lessor shall
execute and deliver to Lessee any and all documents, waivers, releases or covenants which may
reasonably be needed pursuant to the terms of this Lease, including, but not limited to any
consent to mining which may be required under any current or future laws, rules or regulations
of any federal, state, or local government but in doing so Lessor shall not be required to incur
any out of pocket costs or expenses.

SECTION 32. Recording

The parties agree that they will execute a Memorandum of Underground Coal Lease in a
form substantially similar to that attached as Exhibit A, and that the executed Memorandum will
be placed of record in the Emery County. This Lease will not be placed of record.

SECTION 33. Obligations of Lessee

(a) Protection from Liens. Lessee shall allow no liens, claims or
encumbrances arising from its operations hereunder to remain upon the interest of the Lessor in
and to the leased premises, provided, however, that if Lessee, in good faith, disputes the validity
or amount of any claim, lien or liability asserted against it with respect to the leased premises, it
shall not be required to pay or discharge the same until the amount and validity thereof have
been fully determined. Notwithstanding the foregoing, Lessee shall not permit any part of the
leased premises to be conveyed and title lost as the result of nonpayment of such liens.

(b) Insurance. Lessee shall carry general liability insurance providing
coverage in reasonable and customary amounts for Lessee’s operations on the leased premises.
Lessor shall be named as an additional insured under the policy of insurance, and the policy shall
include a provision to the effect that Lessor shall be given not less than 30 days prior written
notice by certified mail of any cancellation of or changes to the policy. Lessee also agrees to

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carry such insurance, or to require independent contractors to carry such insurance, covering all persons working on or allowed to enter upon the leased premises, as will fully comply with the requirements of the State of Utah pertaining to workmen’ compensation and occupational disease and disabilities, as now in force or as may be hereafter amended or enacted. All such insurance shall be maintained by Lessee at its own expense throughout the duration of this Lease.

(c) Inspection of Leased Premises. Lessee shall allow Lessor and its representatives reasonable access to the leased premises, and to those portions of the general mining area related to the production, measurement and commingling of coal, for the purpose of inspecting Lessee’s operations, at the times which, in Lessee’s reasonable discretion, do not unreasonably interfere with Lessee’s operations. Lessor agrees to indemnify and hold harmless Lessee from and against any and all losses, costs, damages, claims and liabilities that may be imposed upon or incurred by Lessee on account of Lessor’s exercise of said inspection rights, except to the extent that such losses, costs, damages, claims and liabilities are attributable to the negligence or willful misconduct of Lessee, its contractors or agents.

(d) Notice of Agency Filings. Lessee shall timely provide Lessor with copies of all notices or applications filed with any state, local or federal agency with respect to proposed exploration or mining operations on the leased premises.

(e) Delivery of Data upon Termination. Upon termination of this Lease, either at the end of the term or prior thereto by cancellation or surrender, Lessee shall at the written request of Lessor given within 60 days of such termination furnish Lessor with one set of copies of all available geologic data pertaining to the leased premises and developed or prepared by or for Lessee during the term of this Lease, and shall authorize and permit Lessor to take possession of any available drill core derived from the leased premises during the term of this Lease, whether such data or core is stored on the leased premises or elsewhere; provided, however, that Lessee shall in no event be liable to Lessor for the accuracy of any such data or core.

SECTION 34. Miscellaneous

(a) Time of the Essence. Time is of the essence of this Lease and each and every term and provision hereof.

(b) Modification. No modification or alteration of this Lease shall be effective unless made in writing and executed by all parties with the same formality as this Lease.

(c) No Waiver. Failure of Lessor at any time or from time to time to enforce or to require strict observance of any of the terms of this Lease shall not constitute a waiver thereof, nor limit or impair such terms in any respect. In addition, any such failure shall not affect Lessor’s right to avail itself at any time of such remedies as it may have for any default hereunder.

(d) Survival. All payment, reclamation, indemnification and other provisions of this Lease containing obligations that are intended to continue beyond the termination of this Lease.

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shall survive such termination and remain in effect until their existence is of no benefit to any party.

(e) Governing Law. This Lease shall be construed in accordance with and governed by the laws of the State of Utah.

(f) Attorney Fees. In any action arising out of this Lease, the prevailing party shall be entitled to its reasonable attorney fees and related court costs.

(g) Multiple Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this instrument is executed as of the day and year first above written.

SOCIAL SECURITY NUMBER OR EMPLOYER IDENTIFICATION NO.:  

LESSOR:  

[Signature]

DICK N. NIELSON  

[Signature]

QUINEVERE A. NIELSON  

LESSEE:  

ANDALEX RESOURCES, INC.,  
a Delaware corporation  

[Signature]

By:  
Name: Douglas H. Smith, President  
Title:  

INTERMOUNTAIN POWER AGENCY,  
a political subdivision of the State of Utah  

[Signature]

By:  
Name: Reed T. Searle  
Title: Gen. Manager  

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Div. of Oil, Gas & Mining
STATE OF UTAH

COUNTY OF SALT LAKE

The foregoing instrument was acknowledged before me this 16th day of August, 2004, by DICK N. NIELSON.

Notary Public for Utah
Residing at: 3665 S 2300 East
My commission expires: Jun 30 2007

BRANDON K PLANT
Notary Public
State of Utah
My Commission Expires June 30, 2007
3865 So 2300 East, Salt Lake City UT 84109

STATE OF UTAH

COUNTY OF SALT LAKE

The foregoing instrument was acknowledged before me this 16th day of August, 2004, by QUINEVERE A. NIELSON.

Notary Public for Utah
Residing at: 3665 S 2300 East
My commission expires: Jun 30 2007

BRANDON K PLANT
Notary Public
State of Utah
My Commission Expires June 30, 2007
3865 So 2300 East, Salt Lake City UT 84109

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Div. of Oil, Gas & Mining
STATE OF UTAH
COUNTY OF SALT LAKE

On the 23 day of August, 2004, personally appeared before me Douglas H. Smith, the President of ANDALEX Resources, Inc., who executed the foregoing instrument on behalf of said corporation.

My commission expires:

10 July 2006

STATE OF UTAH
COUNTY OF SALT LAKE

On the 24 day of August, 2004, personally appeared before me Reed T. Searle, the General Manager of INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah, who executed the foregoing instrument on behalf of said entity.

My commission expires:

9/1/07

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Div. of Oil, Gas & Mining
Samuel Quigley being first duly sworn on oath, deposes and says:

1. Affiant is a resident of Carbon County, Utah.
2. Affiant is the Vice President/Operations of ANDALEX Resources, Inc.
3. ANDALEX Resources, Inc. is a Lessee of the attached coal lease issued by the State of Utah, identified as Lease No ML 49287-0BA.
4. The attached document is a true and correct copy of the original lease as contained in the files of ANDALEX.

Further Affiant sayeth not.

STATE OF UTAH )
COUNTY OF EMERY ) ss.

The foregoing instrument was acknowledged, subscribed and sworn before me this 15th day of July, 2004.

[Signature]

STATE OF UTAH )
COUNTY OF EMERY ) ss.

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