

Last Revised, July 1989
RECLAMATION AGREEMENT

11/1/90

Permit Number ACT/007/001
Date Permit Issued 8-24-84
Effective Date of Agreement 11-30-89

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

COAL RECLAMATION AGREEMENT

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For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT" (Mine Permit No.) ACT/007/001 (County) Carbon

"MINE" (Name of Mine) Belina Complex

"OPERATOR" (Company or Name) Valley Camp of Utah, Inc.
(Address) Scotfield Route
Helper, Utah 84526

"OPERATOR'S REGISTERED AGENT" (Name) W. L. Wright, President & Chief Operating Officer
(Address) Scotfield Route
Helper, Utah 84526
(Phone) (801) 448-9456

"COMPANY OFFICERS": James L. Litman, Vice President & Chief Executive Officer

"BOND TYPE" (Form of Bond) Performance

"BOND" (Bond Amount-Dollars) 2.3 Million
(Year-Dollars) 1989

INSTITUTION (Bank or Agency) FEDERAL INSURANCE COMPANY
POLICY OR ACCOUNT NUMBER 8099-56-56

"LIABILITY INSURANCE" (Exp.)
(Insurance Company) The Home Indemnity Company

"STATE": Utah (Department of Natural Resources)
"DIVISION": Division of Oil, Gas and Mining
"DIVISION DIRECTOR": Dianne R. Nielson

EXHIBITS:

		Revision Dates		
"SURFACE DISTURBANCE"	Exhibit "A"	_____	_____	_____
"BONDING AGREEMENT"	Exhibit "B"	_____	_____	_____
"LIABILITY INSURANCE"	Exhibit "C"	_____	_____	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	_____	_____	_____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereinafter referred to as "Agreement") is entered into by the Operator.

WHEREAS, on 8-24, 1984, the Division approved the Permit Application Package, hereinafter "PAP", submitted by Valley Camp of Utah, Inc., hereinafter "Operator"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Operator is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; and

WHEREAS, the Operator is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to issue the subject a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supercede conflicting provisions of this Agreement.

RECLAMATION AGREEMENT

2. The Operator shall provide a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
3. The Operator shall provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.
4. The Operator shall maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
5. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
6. The Operator does hereby jointly and severally agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Operator or Operator's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.

RECLAMATION AGREEMENT

7. The terms and conditions of this Agreement are non-cancellable until such time as the Operator has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Operator may request and the Division may approve, a modification to this Agreement.
8. The Operator may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
9. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D".
10. This Agreement shall be governed and construed in accordance with the laws of the State. The Operator shall be liable for all costs required to comply with this agreement, including any attorney fees.
11. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in an order to cease coal mining and reclamation operations, revocation of the Operator's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.

RECLAMATION AGREEMENT

12. In the event of forfeiture, the Operator shall be liable for additional costs in excess of the bond amount which are required to comply with this Agreement. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded to the appropriate party.
13. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.

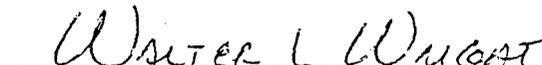
SO AGREED this 17th day of November, 19 89

STATE OF UTAH:



Dianne R. Nielson, Director
Division of Oil, Gas and Mining

OPERATOR:



Company Officer - Position
Walter L. Wright, President & COO



Company Officer - Position
J.L. Litman
Vice Chairman & CEO

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT "A"
SURFACE DISTURBANCE
LEGAL DESCRIPTION

SURFACE DISTURBANCE

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In accordance with the RECLAMATION AGREEMENT, the OPERATOR intends to conduct coal mining and reclamation activities on or within the surface DISTURBANCE as described hereunder:

Total acres of SURFACE DISTURBANCE 79

Legal Description of SURFACE DISTURBANCE:

T.13S., R.7E., SLB&M

Parts of Section 8, 9, 17, 16, 19 & 30

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Last Revised, July 1989
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

So agreed this 17th day of November, 19 89.

FOR THE OPERATOR:

Valley Camp of Utah, Inc.
Operator (Company)

WALTER L WRIGHT
Company Officer - Position
Walter L. Wright, President & COO

FOR THE SURETY COMPANY:

Federal Insurance Company
Surety (Company)

John M. ...
Company Officer - Position Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH:

James P. Nelson
Director - Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.



CHUBB GROUP of Insurance Companies

15 Mountain View Road, Warren, NJ 07060

COMPANY

RIDER to be attached to and form a part of Bond No. 8099-56-50 wherein FEDERAL INSURANCE COMPANY is named as Surety, on behalf of Valley Camp of Utah, Inc. as Principal, in favor of State of Utah, Div. of Oil, Gas and Mining, and U. S. Dept. of the Interior, Office of Surface Mining in the sum of \$1,521,000.00 dated 6/29/84 effective 6/29/84

IT IS HEREBY UNDERSTOOD AND AGREED that effective the 17th day of November, 1989 the penalty of this bond is increased from One Million, Five Hundred Twenty One Thousand and 00/100 (\$1,521,000.00) to Two Million, Three Hundred Thousand and 00/100 (\$2,300,000.00) as to losses occurring after the 17th day of November, 1989

Provided, however, that the liability of the Principal and Surety hereon shall not be cumulative or in any event exceed the larger amount referred to herein.

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

Signed, sealed and dated this 14th day of November, 19 89

Valley Camp of Utah, Inc.

By: Walter L Wright (Principal)

Federal Insurance Company:

By: Mary Elizabeth Hammock (Mary Elizabeth Hammock, Attorney-in-Fact)

ACCEPTED By: [Signature] (Obligee)

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, has constituted and appointed, and does hereby constitute and appoint John W. Hunt, Ronald W. Brown, Mary Elizabeth Hammock, Muriel L. Hoh, M. Joan Norville of Winston Salem, North Carolina and Thomas W. Burke and Teresa T. Gwyn of Charlotte, North Carolina-----

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds of any of the following classes, to-wit:

- 1. Bonds and Undertakings filed in any suit, matter or proceeding in any Court, or filed with any Sheriff or Magistrate, for the doing or not doing of anything specified in such Bond or Undertaking.
2. Surety bonds to the United States of America or any agency thereof, including those required or permitted under the laws or regulations relating to Customs or Internal Revenue; License and Permit Bonds or other indemnity bonds under the laws, ordinances or regulations of any State, City, Town, Village, Board or other body or organization, public or private; bonds to Transportation Companies, Lost Instrument bonds; Lease bonds, Workers' Compensation bonds, Miscellaneous Surety bonds and bonds on behalf of Notaries Public, Sheriffs, Deputy Sheriffs and similar public officials.
3. Bonds on behalf of contractors in connection with bids, proposals or contracts.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Assistant Vice-President and Assistant Secretary and its corporate seal to be hereto affixed this 1st day of January 19 86

Corporate Seal



Richard D. O'Connor
Assistant Secretary

FEDERAL INSURANCE COMPANY

By George McClellan
Assistant Vice-President

STATE OF NEW JERSEY
County of Somerset } ss.

On this 1st day of January 19 86, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company, and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority; and that he is acquainted with George McClellan and knows him to be the Assistant Vice-President of said Company, and that the signature of said George McClellan subscribed to said Power of Attorney is in the genuine handwriting of said George McClellan and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



Acknowledged and Sworn to before me on the date above written.

Alice Leonard
Notary Public

CERTIFICATION

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires June 28, 1988

STATE OF NEW JERSEY
County of Somerset } ss.

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 11, 1953 and most recently amended March 11, 1983 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

Section 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice-Chairman or the President or a Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice-Chairman or the President or a Vice-President or an Assistant Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed."

I further certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

Given under my hand and the seal of said Company at Warren, N.J., this 14th day of November 19 89

Corporate Seal



J. Mobley
Assistant Secretary

EXHIBIT "C"
LIABILITY INSURANCE

EXHIBIT "D"
STIPULATION TO REVISE RECLAMATION
AGREEMENT

Permit Number ACT/007/001
Expiration Date _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
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This STIPULATION TO REVISE RECLAMATION AGREEMENT entered into by and between the OPERATOR and DIVISION incorporates the following revisions or changes to the RECLAMATION AGREEMENT: (Identify and Describe Revisions Below)

The attached rider increases the existing bond amount.

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the OPERATOR and are approved by the DIVISION:

Replace the RECLAMATION AGREEMENT in its entirety.

Replace Exhibit "A" - SURFACE DISTURBANCE.

Replace Exhibit "B" - BONDING AGREEMENT.

Replace Exhibit "C" - LIABILITY INSURANCE.

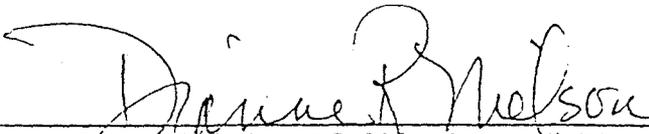
The BONDING amount is revised from (\$ 1,521,000) to (\$ 2,300,000).

The SURFACE DISTURBANCE is revised from _____ acres to _____ acres.

The EXPIRATION DATE is revised from _____ to _____.

SO AGREED THIS 17th DAY OF November, 19 89.

FOR THE STATE OF UTAH:

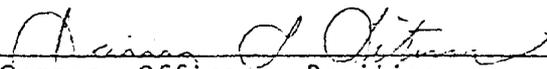


Director, Division of Oil, Gas and Mining

FOR THE OPERATOR:



Company Officer - Position
Walter L. Wright, President & COO



Company Officer - Position
J.L. Litman
Vice Chairman & CEO

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.



CHUBB GROUP of Insurance Companies

15 Mountain View Road, Warren, NJ 07060

COMPANY

RIDER to be attached to and form a part of
Bond No. 8099-56-50 wherein
FEDERAL INSURANCE COMPANY
is named as Surety, on behalf of
Valley Camp of Utah, Inc.
as Principal, in favor of State of Utah, Div. of Oil, Gas and Mining, and
U. S. Dept. of the Interior, Office of Surface Mining
in the sum of \$1,521,000.00
dated 6/29/84 effective 6/29/84

IT IS HEREBY UNDERSTOOD AND AGREED that effective the 17th day of November, 1989
the penalty of this bond is increased
from One Million, Five Hundred Twenty One Thousand and 00/100 (\$1,521,000.00)
to Two Million, Three Hundred Thousand and 00/100 (\$2,300,000.00)
as to losses occurring after the 17th day of November, 1989

Provided, however, that the liability of the Principal and Surety hereon shall not be cumulative or in any event
exceed the larger amount referred to herein.

The attached bond shall be subject to all its agreements, limitations and conditions except as herein express-
ly modified.

Signed, sealed and dated this 14th day of November, 19 89

Valley Camp of Utah, Inc.

By: Walter L. Wight (Principal)

Federal Insurance Company:

By: Mary Elizabeth Hammock
Mary Elizabeth Hammock, Attorney-in-Fact

ACCEPTED

By: Dianne P. Nelson (Obligee)

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, has constituted and appointed, and does hereby constitute and appoint John W. Hunt, Ronald W. Brown, Mary Elizabeth Hammock, Muriel L. Hoh, M. Joan Norville of Winston Salem, North Carolina and Thomas W. Burke and Teresa T. Gwyn of Charlotte, North Carolina-----

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds of any of the following classes, to-wit:

- 1. Bonds and Undertakings filed in any suit, matter or proceeding in any Court, or filed with any Sheriff or Magistrate, for the doing or not doing of anything specified in such Bond or Undertaking.
2. Surety bonds to the United States of America or any agency thereof, including those required or permitted under the laws or regulations relating to Customs or Internal Revenue; License and Permit Bonds or other indemnity bonds under the laws, ordinances or regulations of any State, City, Town, Village, Board or other body or organization, public or private; bonds to Transportation Companies, Lost Instrument bonds; Lease bonds, Workers' Compensation bonds, Miscellaneous Surety bonds and bonds on behalf of Notaries Public, Sheriffs, Deputy Sheriffs and similar public officials.
3. Bonds on behalf of contractors in connection with bids, proposals or contracts.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Assistant Vice-President and Assistant Secretary and its corporate seal to be hereto affixed this 1st day of January 19 86

Corporate Seal
Richard D. O'Connor
Assistant Secretary

FEDERAL INSURANCE COMPANY
By George McClellan
Assistant Vice-President

STATE OF NEW JERSEY
County of Somerset } ss.

On this 1st day of January 19 86, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company, and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority; and that he is acquainted with George McClellan and knows him to be the Assistant Vice-President of said Company, and that the signature of said George McClellan subscribed to said Power of Attorney is in the genuine handwriting of said George McClellan and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal
ALICE LEONARD
NOTARY PUBLIC
NEW JERSEY

Acknowledged and Sworn to before me on the date above written.
Alice Leonard
Notary Public

CERTIFICATION
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 28, 1988

STATE OF NEW JERSEY
County of Somerset } ss.

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 11, 1953 and most recently amended March 11, 1983 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

Section 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice-Chairman or the President or a Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice-Chairman or the President or a Vice-President or an Assistant Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed."

I further certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

Given under my hand and the seal of said Company at Warren, N.J., this 14th day of November 19 89

Corporate Seal
Assistant Secretary

AFFIDAVITS OF QUALIFICATION

