

Document Information Form

Mine Number: C/007/001

File Name: Outgoing

To: DOGM

From:

Person N/A  
Company STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Date Sent: N/A

Explanation:

COAL RECLAMATION AGREEMENT.

cc:

File in: C/007, 001, Outgoing

Refer to:

- Confidential
- Shelf
- Expandable

Date \_\_\_\_\_ For additional information

Perr. Number: ACT/007/001  
Date Original Permit Issued: \_\_\_\_\_  
Effective Date of Agreement: \_\_\_\_\_

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) White Oak Mine No.1; White Oak Mine No.2

"OPERATOR": White Oak Mining and Construction Company, Inc.

"PERMITTEE": (Company or Name) White Oak Mining and Construction Company, Inc.  
(Address) Scofield Route  
Helper, Utah 84526

"PERMITTEE'S REGISTERED AGENT": (Name) Alexander H. Walker  
(Address) 51 W. 200 S., Suite 400, Salt Lake City, UT  
(Phone) (801) 521-3292 84101

"COMPANY OFFICERS": Scott Kiscaden, President  
Todd Kiscaden, Secretary

"BOND TYPE": (Form of Bond) Surety Bond

"BOND": (Bond Amount-Dollars) \$5,891,000.  
(Escalated Year-Dollars) 1995

"INSTITUTION": (Bank or Agency) National Union Fire Insurance Co. of Pittsburgh  
PA

"POLICY OR ACCOUNT NUMBER": 13-60-93

"LIABILITY INSURANCE": (Exp.) \_\_\_\_\_  
(Insurance Company) Federal Insurance Company

"STATE": Utah (Department of Natural Resources)

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR": James W. Carter

EXHIBITS:

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

File in:  
 Confidential  
 Shelf  
 Expandable  
Refer to Record No. 0082 Date N/A  
In C/007-001, 1997, Outgoing  
For additional information

## RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT, hereinafter "AGREEMENT", is entered into by the Permittee.

WHEREAS, on \_\_\_\_\_ (Date of Permit Approval), the Division of Oil, Gas and Mining approved the Permit Application Package, hereinafter "PAP", submitted by White Oak Mining and Construction Company, Inc. hereinafter "PERMITTEE"; and

WHEREAS, the PAP, as amended or revised in conjunction with the Act and the Rules, constitutes the approved plan for reclamation of the Surface Disturbance; and

WHEREAS, in the conduct of reclamation operations within the Permit Area described in the PAP, the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file and maintain 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 Permittee 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 pursuant to applicable laws & regulations relating to the reclamation within the Permit Area.

NOW, THEREFORE, the Division and the Permittee 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 supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of the PAP, the Act and the Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the cost of actual reclamation exceeds the bond amount.
3. The Permittee agrees to provide a legal description of the Permit Area including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations within the Permit Area. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Permit Area".
4. The Permittee agrees to 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.

5. The Permittee agrees to 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.
6. 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.
7. The Permittee does hereby 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 Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee 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 Permittee may request and the Division may approve, a written modification to this Agreement.
9. The Permittee 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.
10. 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" (other exhibits as appropriate).
11. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this agreement.
12. 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 Permittee's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.

13. In the event of forfeiture, the Permittee agrees to be liable for additional costs in excess of the bond amount which may be incurred by the Division in order to comply with the PAP, the Act, and the Rules. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded to the appropriate party.
14. 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 27th day of May, 19 94

**STATE OF UTAH:**

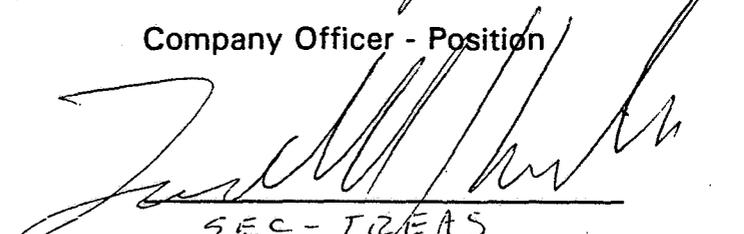
\_\_\_\_\_

  
\_\_\_\_\_  
James W. Carter, Director  
Division of Oil, Gas and Mining

**PERMITTEE:**

\_\_\_\_\_

  
\_\_\_\_\_  
Company Officer - Position

  
\_\_\_\_\_  
SEC - TREAS  
Company Officer - Position

\_\_\_\_\_

**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.

Updated April 1992

**RECLAMATION AGREEMENT**

**(C O A L)**

**CONTENTS:**

**RECLAMATION AGREEMENT**

**EXHIBIT "A"**  
**PERMIT AREA**

**EXHIBIT "B"**  
**BONDING AGREEMENT**  
**SURETY BOND**  
**COLLATERAL BOND**  
**IRREVOCABLE LETTER OF CREDIT**  
**ASSIGNMENT OF CERTIFICATE OF DEPOSIT**

**EXHIBIT "C"**  
**LIABILITY INSURANCE**

**EXHIBIT "D"**  
**STIPULATION TO REVISE RECLAMATION AGREEMENT**

**AFFIDAVITS OF QUALIFICATION**

**POWER OF ATTORNEY**

**EXHIBIT "A"**  
**PERMIT AREA**  
**LEGAL DESCRIPTION**

**EXHIBIT "A"**

**PERMIT AREA**

In accordance with the RECLAMATION AGREEMENT, the PERMITTEE intends to conduct coal mining and reclamation activities on or within the PERMIT AREA as described hereunder:

Total acres within the approved PERMIT AREA: \_\_\_\_\_

Total acres of DISTURBED AREAS within the Permit Area: 140.2 acres

Map(s) showing the approved PERMIT AREA are attached and provided as:

See MRP R645-301-100 PERMIT AREA BASE MAP Sheet 1 of 1

Map(s) showing the DISTURBED AREAS within the approved Permit Area are attached and provided as:

See PAP p.100-25 of 27, Drawing No.  
R645-301-231.300 Sheet 1 of 4 (Rev. Aug, 1993)

Legal Description of Bonded Area:

T14S R7E SLB&M, Section 7 NW $\frac{1}{4}$ , and NW $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 6 W $\frac{1}{2}$ , and W $\frac{1}{2}$  of E $\frac{1}{2}$ , T14S R6E SLB&M, Section 1 E $\frac{1}{2}$ NE $\frac{1}{4}$ , and NE $\frac{1}{4}$  of SE $\frac{1}{4}$ , T13S R7E SLB&M, Section 31 SW $\frac{1}{4}$ , and W $\frac{1}{2}$  of NW $\frac{1}{4}$ , Section 30 W $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , and NE $\frac{1}{4}$ NW $\frac{1}{4}$ , Section 21 Parts of NW $\frac{1}{4}$ NW $\frac{1}{4}$ , Section 20 Parts of NE $\frac{1}{4}$ NE $\frac{1}{4}$ , Section 19 S $\frac{1}{2}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , and parts of W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{2}$ , and NE $\frac{1}{4}$ NE $\frac{1}{4}$ , Section 17 NE $\frac{1}{4}$  excluding parts of SW $\frac{1}{4}$  NE $\frac{1}{4}$  and NE $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , Section 16 W $\frac{1}{2}$ W $\frac{1}{2}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ , Section 9 W $\frac{1}{2}$ SW $\frac{1}{4}$ , Section 8 E $\frac{1}{2}$ SE $\frac{1}{4}$ , and a Part of SW $\frac{1}{4}$ SE $\frac{1}{4}$ , T13S R6E SLB&M, Section 36 All, Section 35 Parts of E $\frac{1}{2}$ E $\frac{1}{2}$ , and SW $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 25 E $\frac{1}{2}$  and Parts of W $\frac{1}{2}$ , Section 24 SE $\frac{1}{4}$  and Parts of S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ , and E $\frac{1}{2}$ SW $\frac{1}{4}$ .

**NOTE:**

In the event that more than one bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each bond is provided.

**EXHIBIT "B"**  
**BONDING AGREEMENT**

**Surety Bond**

**Collateral Bond**

**EXHIBIT "B"**

**SURETY BOND  
(FEDERAL COAL)**

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of ~~Five Million Eight Hundred Ninety One Thousand Dollars~~ \$5,891,000.00 (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND will remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSM from any and all expenses which the DIVISION and OSM may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

The SURETY will give prompt notice to the PERMITTEE and to the DIVISION and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal  
this 31 day of March, 1994.

White Oak Mining and Construction Co., Inc.  
PERMITTEE

By: [Signature]  
Title: [Signature]

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal  
this 31 day of March, 1994.

National Union Fire Insurance Company of Pittsburgh,  
SURETY PA

By: Ava M. Walker  
Title: Ava M. Walker, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH  
this 27 day of May, 1994.

[Signature]  
James W. Carter, 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 PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

American Home Assurance Company  
National Union Fire Insurance Company of Pittsburgh, Pa.  
Principal Bond Office: 70 Pine Street, New York, N.Y. 10270

POWER OF ATTORNEY

No. 02-B-54926

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation, does each hereby appoint

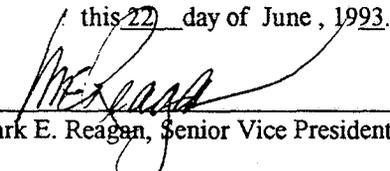
—James H. Godfrey Jr., Phillip S. McCrorie, Ava M. Walker: of Lexington Kentucky—

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. have each executed these presents



this 22 day of June, 1993.

  
Mark E. Reagan, Senior Vice President

STATE OF NEW YORK }  
COUNTY OF NEW YORK }ss.

On this 22nd day of June, 1993, before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

  
PAULETTE K. WILLIAMS  
Notary Public, State of New York  
No. 31-4972606  
Qualified in New York County  
Certificate Filed in New York County  
Commission Expires October 1, 1994

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

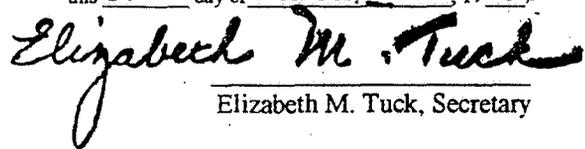
"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, Pa. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation



this 31 day of March, 19 94

  
Elizabeth M. Tuck, Secretary

**EXHIBIT "C"**  
**LIABILITY INSURANCE**