

Revised February 1990
RECLAMATION AGREEMENT

Permit Number ACT 007/002
Date Permit Issued May 25, 1990
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 007/002 (County) Carbon

"MINE" (Name of Mine) Willow Creek Site

"OPERATOR" (Company or Name) Blackhawk Coal Company
(Address) P. O. Box 700
Lancaster, Ohio 43130

"OPERATOR'S REGISTERED AGENT" (Name) Alan A. Enke
(Address) 400 Deseret Building
79 South Main St.
(Phone) P. O. Box 45385
Salt Lake City, Utah 84145-0385

"COMPANY OFFICERS":
See attached list

"BOND TYPE" (Form of Bond) Surety

"BOND" (Bond Amount-Dollars) \$10,000
(Year-Dollars) _____

INSTITUTION (Bank or Agency) _____
POLICY OR ACCOUNT NUMBER _____

"LIABILITY INSURANCE" (Exp.) 7/1/90 Automatically Renewed Yearly
(Insurance Company) Acceleration National Insurance Co.

"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 May 25, 1990, the Division approved the Permit Application Package, hereinafter "PAP", submitted by Blackhawk Coal Company, 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.
2. The Operator 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 Operator agrees to 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".
4. The Operator 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.

RECLAMATION AGREEMENT

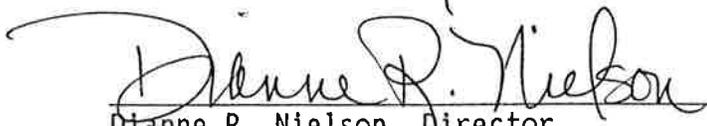
5. The Operator agrees to maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
7. The 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.
8. 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 written modification to this Agreement.
9. 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.
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 Operator shall be liable for all costs incurred by the Division to enforce this agreement, including any attorney fees.
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 Operator's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.

RECLAMATION AGREEMENT

- 13. In the event of forfeiture, the Operator 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 3rd day of July, 1990

STATE OF UTAH:



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

OPERATOR:



 Company Officer - Position
 J. E. Katlic - President and Chief
 Operating Officer

 Company Officer - Position

APPROVED
LEGAL-FSD
RC

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.

RECLAMATION AGREEMENT

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SO AGREED this 3rd day of July, 19 90

STATE OF UTAH:

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

OPERATOR:

J. E. Katlic
 Company Officer - Position
 J. E. Katlic - President and Chief
 Operating Officer

 Company Officer - Position

APPROVED
LEGAL-FSD

RC

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.

Corporate Name: BLACKHAWK COAL COMPANY
 Controlled By: Indiana Michigan Power Company
 Date of Incorporation: September 15, 1978 State: Utah
 (Company became active as of September 1, 1980)
 Annual Meeting Date: 3rd Tuesday in April At: Columbus, Ohio
 Principal (Legal) Office: Suite 400, Deseret Building
 Salt Lake City, Utah 84111 ..
 Accounting Office: One Summit Square, P.O. Box 60
 Fort Wayne, Indiana 46801
 Quorum: Majority

Directors	Date	
	Elected	Resigned
P.J. DeMaria		
R.E. Disbrow		
John E. Katlic		
G.P. Maloney		
Richard C. Menge		
W.S. White, Jr.		
<u>Officers</u>		
Chairman of the Board and Chief Executive Officer - W.S. White, Jr.		
President and Chief Operating Officer - John E. Katlic		
Vice Presidents - R.E. Disbrow		
G.P. Maloney		
Richard C. Menge		
Treasurer - P.J. DeMaria		
Secretary - John F. DiLorenzo, Jr.		
Assistant Secretary and Assistant Treasurer - Elio Bafile		
Assistant Secretaries - A. Joseph Dowd		
William E. Olson.		
Assistant Treasurers - Leonard V. Assante		
Gerald R. Knorr		

Revised February 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

Permit Number ACT/007/002
Expiration Date December 24, 1994

SURETY BOND
(NON-FEDERAL COAL)
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THIS SURETY BOND entered into and by and between the undersigned OPERATOR, and SURETY, 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) in the penal sum of (\$ 10,000.00 ^{in the} ~~Aggregate~~) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND will remain in effect until all applicable rules and the OPERATOR's reclamation obligation have been met and released by 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 from any and all expenses which the DIVISION may sustain as a result of the OPERATOR's failure to comply with the condition(s) of the obligation.

The SURETY will give prompt notice to the OPERATOR and to the DIVISION of any notice received or action alleging the insolvency or bankruptcy of the SURETY, or alleging any violations or regulatory requirements which could result in suspension or revocation of the SURETY's license.

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

Revised February 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF, the OPERATOR has hereunto set its signature and seal
this 13th day of June, 19 90.

Blackhawk Coal Company

OPERATOR

By: _____



J. E. Katlic

Title: President and Chief Operating Officer

APPROVED
LEGAL-FSD
Q

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
22nd day of June, 19 90.

SAFECO INSURANCE COMPANY OF AMERICA

SURETY

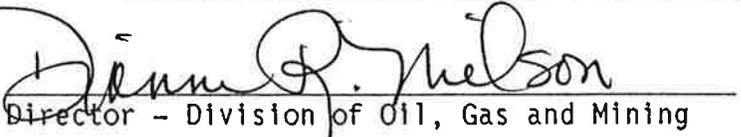
By: _____



BARBARA BACKSTROM

Title: Attorney in Fact

ACCEPTED BY THE STATE OF UTAH:


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 OPERATOR is a corporation, the Agreement shall be
executed by its duly authorized officer.

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 4.2

Legal Description of SURFACE DISTURBANCE:

Township 12 south, range 10 east, SLBM

Section 31: portions of SW $\frac{1}{4}$ SW $\frac{1}{4}$

Township 13 south, range 9 east, SLBM

Section 1: portions of E $\frac{1}{2}$ NE $\frac{1}{4}$

Township 13 south, range NE SLBM Section 6: portions of NW $\frac{1}{4}$ NW $\frac{1}{4}$

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal
this 22nd day of June, 1990.

SAFECO INSURANCY COMPANY OF AMERICA

SURETY

By: 

BARBARA BACKSTROM

Title: Attorney in Fact



POWER OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 9024

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

-----BARBARA BACKSTROM; RALPH E. HODGES; CINDA K. MAIN; JAMES E. PASSON, Columbus, Ohio-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 15th day of August, 19 88.

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
(iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

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

this 22nd day of June, 19 90.