

State of Utah

UTAH DEPARTMENT OF TRANSPORTATION

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H.H. Richardson, P.E.
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Secretary

0041 2-5-9-0

May 13, 1992

9-UDOT

0-9911

Mr. Kevin Yocum
Assistant Secretary
Coastal States Energy Company
175 East 400 South, Suite 800
Salt Lake City, UT 84111



Dear Mr Yocum:

Subject: License Agreement for Conveyor Belt

Attached herewith, for your information and files, are two originals of the subject License.

A copy of the License is being forwarded to your consultant engineer, Mr. C.V. Anderson, of Orem. Also, a copy is being forwarded to Mr. Archie Hamilton, our District Four Director in Price, for his information and files.

We appreciate the diligence and dispatch of your engineer in making the several changes and reviews to bring this agreement to a mutual, satisfactory conclusion.

Mr. Archie Hamilton will process the application from your contractor for the necessary permit in our Price office prior to performing any work.

It is hoped these matters have been concluded to your satisfaction.

Sincerely,

H.H. Richardson
H.H. Richardson, P.E.
Assistant Director

HHR/ra

attachments

cc: Archie Hamilton, District Four Director, w/a
C.V. Anderson, Consulting Engineer, w/a
James Nelson, Engineering Coordinator, w/a
Melodie O'Carroll, Central Files, w/a

(Other than Political Subdivisions)

LICENSE AGREEMENT

Applicant

Coastal States Energy Company
175 East 400 South, Suite 800
Salt Lake City, Utah 84111

L I C E N S E

THIS AGREEMENT, is entered into this 12th day of May, 1992, between the UTAH DEPARTMENT OF TRANSPORTATION, called DOT, and Coastal States Energy Company hereinafter called the Licensee.

WITNESSETH:

WHEREAS, the Licensee is desirous of obtaining the right to construct and thereafter maintain and operate a conveyor within the right-of-way lines of State Highway 264, in Carbon County, Utah, for the purpose of conveying coal in the location exactly described in Paragraph 1 of this agreement, and

WHEREAS, the DOT is desirous to grant the Licensee a license to so construct and maintain a conveyor, according to the conditions and terms of this agreement.

NOW THEREFORE, it is agreed by the parties as follows:

1. DESCRIPTION AND LOCATION OF CONVEYOR:

- a. Type of Line: Conveyor Belt.
- b. Construction Materials: Steel frame & supports with belting.
- c. Method of Installation: Standard construction above ground.
- d. Legal description of conveyor encroachment: See Exhibit C.
- e. Exhibit A attached to this agreement is a diagram of the highway crossing portion of the conveyor route.
- f. Licensee further agrees to the stipulations shown on Exhibit B attached.

- g. The above description of the conveyor location is subject to such minor changes or variations therefrom as may be required or approved by DOT's District Director at Price, Utah, who is responsible for the proper inspection of the Licensee's work in compliance with this agreement.

2. **RIGHT-OF-WAY MILEAGE FEE:** The Licensee agrees to pay to the Utah Department of Transportation the sum of \$10.00 for the highway right-of-way being utilized under the terms of this license agreement. The total payment of \$10.00 is to be paid upon execution of this agreement and prior to issuance of the necessary encroachments permit.

3. **INSPECTION:** The DOT shall, at DOT's option, regularly inspect the installation of the conveyor belt by Licensee or his contractor, to enforce compliance with this agreement and to insure proper compliance with State regulations. These inspections shall be made by the District Director or his authorized representative. All reasonable and actual costs of inspection shall be reimbursed by the Licensee to the DOT within thirty days of billing by the DOT. The amount of \$1,000 is deposited with the DOT's District Director's office to be applied toward said inspection costs. At the completion of the construction and installation of the conveyor any excess deposited funds will be returned to the Licensee.

4. **DATE OF COMPLETION:** The work covered by this agreement shall be completed within 240 calendar days of the date of this agreement. Failure to complete the work within this time will give the DOT the option of extending the time or revoking the permission to continue the work. Any time extension shall be in writing.

5. **COSTS:** The entire cost of the conveyor installation shall be paid for the Licensee.

6. **RELOCATION COSTS:** In the unlikely event the highway at any future date is so reconstructed as to location, grade, or width as to require the relocation of any portion of the conveyor system, the Licensee and DOT will work out a mutually acceptable arrangement for sharing all costs incident to said relocation or adjustment.

7. **APPROVAL OF CONSTRUCTION:** Excavations or other operations on property or right-of-way under the jurisdiction of the DOT shall not be commenced by the Licensee until and after notice has been given by the Licensee to said District Director of the DOT and requisite Highway Construction Permit obtained. Construction shall be carried forward to completion in the manner required by the said District Director. A certificate of compliance with the

provision of this paragraph shall be furnished to the contractor or the applicant, and must, at all times, be prominently displayed at the excavation site.

This road (SR-264) was constructed with funds provided by the Licensee in 1982 under a prepaid sales tax arrangement. UDOT previously agreed to the conveyor when the Licensee elected to change from a truck haul to a conveyor.

8. PROTECTION OF TRAFFIC DURING CONSTRUCTION: The Licensee shall so conduct his construction operation to minimize interference with or interruption of highway traffic. The Licensee shall conform to such instructions of the District Director as may be given with respect to handling of traffic, and shall at all times maintain such watchmen, barricades, lights or such other measures for the protection of traffic as may be required to warn and safeguard the public against injury or damage during the operation of the Licensee in constructing said conveyor.

9. COMPACTION OF BACKFILL: In the event that any excavation is necessary within the structural portion of the highway, replacement and compactive effort will comply with the directions of the District Director.

10. RESTORATION OF EXISTING PAVEMENT: The Licensee shall at his own expense repave any pavement removed or damaged as a result of the construction and installation of the conveyor system with the same type and depth of pavement as that which is adjoining, including gravel base material. This restoration shall be accomplished within 48 hours from the time of excavation, unless additional time is granted in writing by the District Director of the DOT. Restoration shall be substantially to the same condition as prior to the Licensee's undertaking of the work.

In the case of excavations, pavement shall be constructed in conformity with the State Standard Specifications and shall be subject to the inspection and approval of the District Director of the DOT. If weather conditions do not permit immediate placing of permanent pavement, a temporary pavement shall be placed until such time as weather conditions are favorable, at which time the temporary pavement shall be removed and replaced with a permanent pavement. If the gravel surface, gravel shoulders, or gravel surfaced approach roads become fouled with clay or other materials which is unsuitable, such entire surfacing shall be removed and replaced with new gravel surfacing material. The repairs to pavement or surface shall include pavements which have been damaged with construction equipment. The DOT shall have option of restoration of said roadbed to its original condition at the expense of the Licensee.

11. DISPOSAL OF SURPLUS MATERIAL IN CLEANING UP HIGHWAY: Upon completion of the work, all surplus material shall be removed from within

the limits of the highway. The disturbed surface shall be carefully graded to the lines and grades established. Any highway facilities such as signs, culverts, etc., disturbed or damaged during the progress of the work shall be properly restored to their original condition within a reasonable time.

12. MAINTENANCE OF CONVEYOR BY LICENSEE: The conveyor shall at all times be maintained, repaired, renewed, and operated by and at the expense of the Licensee. The DOT reserves the right, without relieving the Licensee of its obligation hereunder, to reconstruct or to make such repairs to said conveyor as it may consider necessary in the event the Licensee shall fail so to do, upon notification by the DOT, and the Licensee hereby agrees to reimburse the DOT for the actual cost of such reconstruction or repairs. It is understood that access for maintenance and servicing of the conveyor by the Licensee will not be permitted from the through-traffic lanes of S.R. 264 unless approved in advance by DOT, such approval shall not be unreasonably withheld.

13. LIABILITY: The Licensee agrees to post a bond with the DOT's District Director in the amount of Three Thousand Dollars (\$3,000.00) for a period of three years commencing upon completion of the conveyor to guarantee satisfactory performance as provided in this license agreement. The DOT may proceed against said bond to recover for all expenses incurred by the DOT, their employees, or representatives, in bringing the sections or roadway interfered with by the Licensee to the standards required by the DOT. These expenses specifically refer to all expense incurred in repairing portions of the roadway determined by DOT inspectors to be inadequately restored or maintained by the Licensee.

In addition, the Licensee shall at all times protect and indemnify and save harmless the DOT from any and all claims, demands, judgements, costs, expenses and all damage of every kind and nature made, rendered or incurred by or in behalf of any person or corporation whatsoever, in any manner due to or arising out of injury to or death of any person, or damage to property of any person or persons whomsoever, including the parties hereto and their employees, or in any manner arising from or growing out of the construction, maintenance, operation, repair, extension, existence, use or removal of said conveyor, or the failure to properly construct, operate, maintain, or remove the same, including any insecurity of the surface caused by the construction or use of said conveyor, and from all costs and expenses, including attorney's fees connected in anywise with the matter and things contained herein.

14. ANNULMENT OF LICENSE: If the Licensee shall fail to construct, repair, or remove said conveyor in accordance with the terms of this agreement and to the entire satisfaction of the DOT, or shall fail to pay to the DOT any sum of money for the reconstruction, repair, or maintenance of said conveyor, or shall in any respect fail to keep, do and perform any of the conditions, stipulations,

covenants, and provisions of this agreement to be kept, done and performed by said Licensee, this license agreement shall at the option of the DOT be cancelled; and this license shall cease and the DOT shall have the right to remove said conveyor and restore the highway at the sole expense of the Licensee. However, before the DOT shall exercise the options to cancel this agreement, it shall notify the Licensee in writing, setting forth violations complained of and shall give the Licensee a reasonable time to fully correct the same.

15. AGREEMENT NOT TO BE ASSIGNED: The Licensee shall not assign this License or any interest therein without the written consent of the DOT, which consent shall not be unreasonably withheld.

16. SUCCESSORS AND ASSIGNS: All covenants and agreements herein contained shall be binding upon the parties hereto, their successors, and assigns.

17. SPECIAL PROVISIONS: With respect to work performed by contract, Licensee shall require all contractors to comply with all applicable laws and regulations.

IN WITNESS WHEREOF, the DOT and the Licensee have caused these presents to be signed by their proper officials thereunto duly authorized.

Dated May 12, 1992

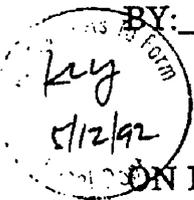
ON BEHALF OF LICENSEE:

ATTEST:

COASTAL STATES ENERGY COMPANY

BY: Kevin L. Johnson
Asst Secretary.

BY: Vernon A. Mortensen
Title SR-V-P



ON BEHALF OF THE UTAH DEPARTMENT OF TRANSPORTATION:

ATTEST:

UTAH DEPT. OF TRANSPORTATION

BY: Deborah H. Anderson

BY: D. A. [Signature]
Assistant Director

Recommended for Approval:

[Signature]
District Director 11 May 92

STIPULATIONS

EXHIBIT B

The Licensee does hereby covenant and agree with the Lessor as follows:

1. The Licensee will construct and maintain the conveyor at its own expense.
2. The Licensee will save the DOT harmless from any damage or any liability, including the payment of reasonable attorney's fees caused by its use of the granted premises.
3. The Licensee will not assign this grant without prior written permission from the DOT, which shall not be unreasonably withheld.
4. The Licensee will always keep the premises free from dirt, debris, and foreign materials originating from Licensee's conveyor facility.
5. The Licensee will neither install nor allow any signs or advertising devices on any structures that are constructed on the premises.
6. The Licensee will grant to the DOT, during normal business hours and upon notice to the Licensee, the right to enter the premises for inspection of the coal conveyor facility.
7. The Licensee further agrees that in the use of the premises to the extent possible, it will not commit any act or permit any condition which will interfere with the free flow of traffic or maintenance activities including show removal of SR-264, or will impair the full use and safety of the highway or in any way restrict the DOT's use of the underlying fee.
8. The Licensee will not store explosives or any highly inflammable materials in or near the premises.
9. If the Licensee violates any of the conditions of the grant, the DOT will give to the Licensee twenty-four (24) hours written notice to commence and diligently pursue correction of said condition, DOT retains the right to enter upon the premises and correct said condition with the understanding that the Licensee will pay to DOT the actual amount of money spent by the DOT in the correction of the violated conditions.

10. If the grant is either terminated or the Licensee fails to exercise its continuing rights, any structures remaining on the premises become the sole exclusive property of the DOT, with complete freedom to maintain or remove the structure in its entirety.
11. The Licensee's general contractor having the responsibility of building the conveyor system on the premises shall obtain an Encroachment Permit, place warning signs, and provide all necessary traffic control prior to starting work on the highway.
12. Protection of traffic from permanent objects placed within the clear zone, of the travelled way, as determined by DOT standards, shall be done by placing steel guard rail, concrete barrier, or approved impact attenuators as directed by the DOT.

DESCRIPTION OF UTILITY ENCROACHMENT

EXHIBIT C

A strip of land not to exceed 20 feet in width bordering, but not uniformly, the right-of-way line of SR-264 in Sections 17, 18, and 19, T.13S., R.7E., and Section 13, T13S., R.6E in Carbon County, Utah. Said land is for the purpose of constructing a closed coal conveyor facility along State Road 264, said conveyor will parallel SR-264 on the northerly side of the highway from the Skyline Mine portal area to the proposed crossing ending at a point 0.2 miles westerly of the junction of SR-254 and SR-96, said conveyor will encroach the 50-foot right-of-way at various locations along the route; such areas of encroachment shall be portions of the premises hereunder granted. Exhibit marked "A" attached hereto and incorporated by this reference indicates the conveyor dimensions and highway clearance at the crossing.

The premises at the crossing is situated in the SE 1/4 of Section 17, T.13S., R.7E., S.L.B.&M. in Carbon County and is more particularly described as follows:

A strip of land and air space above being 15.0 feet wide, 7.50 feet on each side of the following described center line: Beginning at a point approximately 50 feet north of the center line of highway SR-264 and crossing near highway Milepost 14.9 on a 24-degree angle southeasterly across the right-of-way of SR-264.

