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Canyon Fuel Company, LLC  
Skyline Mines  
HC 35 Box 380  
Helper, UT 84526  
435 448-6463  
Facsimile 435 448-2632



24 July 2000

Utah Coal Program  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5891

*J. Taylor*  
ACT/007/005  
ACT/007/018  
ACT/007/034  
ACT/007/039  
ACT/041/002

Re: Reclamation Agreements for the Five Canyon Fuel Company Facilities

To Whom It May Concern:

Enclosed are the signed reclamation agreements for the following facilities:

1. SUFCO Mine - ACT/041/002
2. Skyline Mine - ACT/007/005
3. Soldier Canyon Mine - ACT/007/018
4. Dugout Canyon Mine - ACT/007/039
5. Banning Loadout - ACT.007/034



Call me at (435) 448-2620 if you require additional information or have questions.

Sincerely,

*Gary E. Taylor*

Gary E. Taylor  
Sr. Environmental Engineer  
Canyon Fuel Company, LLC

**RECEIVED**

**JUL 25 2000**

**DIVISION OF  
OIL, GAS AND MINING**

Enclosures

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple  
Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5289

(Federal)

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Permit Number: ACT/007/005

Date Original Permit Issued: 1 December 1984

Effective Date of Agreement: \_\_\_\_\_

## RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Canyon Fuel Company, LLC (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

**"ACT":** Title 40-10-1, et. seq., Utah Code Annotated (1953, as amended)

**"BOND":** A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.

**"BOND AMOUNT":** \$5,076,000.00

**"BOND TYPE":** Surety # 4005A1717

Bonding Company: St. Paul Fire & Marine Insurance Co.

Address: Marsh Inc.  
4700 Old Kingston Pike  
P. O. Box 19810  
Knoxville, TN 37919

Telephone Number: 1-800-443-4086

**"COMPANY OFFICERS":** Richard D. Pick, Chief Executive Officer

**"COOPERATIVE AGREEMENT":** That certain agreement codified at 40 C.F.R. 944.30.

**"DISTURBED AREA:"** This term is as defined in Utah Administrative Code R645-100-200. The Permittee and the Division contemplate that the Disturbed Area will be as approved and shown in the Permit Application Package, but the Permittee's reclamation obligation and the bond related thereto are governed by applicable law.

**"LIABILITY INSURANCE":** Public liability insurance policy submitted as part of the permit application and attached as Exhibit "C".

Insurance Company: St. Paul Fire & Marine Insurance Co.

Address: Marsh USA Inc.  
800 Market Street, Suite 2600  
Clayton, Missouri 63101-2500

Telephone Number: (314) 342-2439

Policy Number: GL01200289

Expiration Date: 7/31/00

**"MINE":** Skyline Mines

**"OSM":** United States Department of the Interior,  
Office of Surface Mining Reclamation  
and Enforcement.

**"PERMIT":** Utah Mining and Reclamation Permit No.  
ACT/007/005

**"PERMIT AREA":** The area described in the Permit, which  
includes the Mine.

**"PERMIT TRANSFER APPLICATION (PTA)":** On November 19, 1996 the Permittee  
filed an Application for Approval of the  
transfer of Permit No. ACT/007/005  
which was approved, subject to  
conditions, on December 20, 1996.

**"PERMITTEE":**

Principal Address Canyon Fuel Company, LLC  
6955 Union Park Center, Suite 540  
Midvale, Utah 84047

Telephone Number: (801) 569-4799

Utah Address: Canyon Fuel Company, LLC  
6955 Union Park Center, Suite 540  
Midvale, Utah 84047

**"PERMITTEE'S UTAH REGISTERED AGENT  
FOR SERVICE OF PROCESS":**

Address: Canyon Fuel Company, LLC  
6955 Union Park Center, Suite 540  
Midvale, Utah 84047

Telephone: (801) 569-4799

**"REGULATIONS":** The regulations promulgated by  
the Division and OSM pertaining to coal  
mining and reclamation activities.

**"SMCRA":** The Surface Mining Control and  
Reclamation Act of 1977, 30 U.S.C.  
§§ 1201, et. seq.

Exhibit "C". The Division and OSM shall be listed as an additional insured on this policy.

6. In the event that the Permit Area and/or the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.
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 Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
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 new Bond form meets the requirements of the Act., and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.
10. 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.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved permit Application package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.
12. In the event of forfeiture of the Bond, 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 Permit (which is based upon the approved permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No Delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement,

**"SURETY":**

Liberty Mutual Insurance Company

The following Exhibits are incorporated within and made a part of this Agreement.

**EXHIBITS:**

**"BONDED AREA "**

**Exhibit "A"**

**"BONDING AGREEMENT"**

**Exhibit "B"**

**"LIABILITY INSURANCE"**

**Exhibit "C"**

**WHEREAS**, on November 5, 1996 the Division issued a Permit No. ACT/007/005 to Canyon Fuel Company, LLC to engage in certain specified coal mining and reclamation operations (previously defined as the "Permit"); and

**WHEREAS**, on or about December 19, 1996 the Division approved the Permit Transfer Application (previously defined as the "PTA") submitted by "Permittee"; and

**WHEREAS**, prior to the transfer of the permit to conduct mining and reclamation operations on the property described in the Permit, the Permittee is obligated by the law, to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth by law; 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 under the Permit; and

**WHEREAS**, the Division is ready and willing to transfer the Permit to the Permittee upon acceptance and approval of the Bond.

**NOW, THEREFORE**, the Division and the Permittee agree as follows:

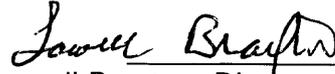
1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.
3. The Permit Application Package includes 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 during the Permit period. For convenience, a copy of the description of the Permit Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division and OSM in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, The Permit, (which is based upon the Permit Application Package), the Act and the regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached

to any circumstances is held invalid, the application of each provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.

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 thereto.

SO AGREED this 9<sup>th</sup> day of May, 2008.

STATE OF UTAH:



\_\_\_\_\_  
Lowell Braxton, Director  
Division of Oil, Gas and Mining

PERMITTEE:

By: Richard D. Pick  
Richard D. Pick  
Chief Executive Officer  
Canyon Fuel Company, LLC