

Cyprus Plateau Mining Corporation
P O Drawer PMC
Price, Utah 84501
(801) 637-2875

#2

September 18, 1995

Keith H Sieber
Vice President and General Manager

Mr. William J. Malencik
Reclamation Specialist
Division of Oil, Gas and Mining
451 East 400 North, Rm 115
Price, Utah 84501

*This submitted
9/22/95
NOT APPROVED*

Re: Application for Permit Change, Proposed New Surface Facilities and Updating of Surface Facilities Maps, Star Point Mines, ACT/007/006, Carbon County

Dear Mr. Malencik:

Cyprus Plateau Mining Company (CPMC) intends to construct several new facilities at its Star Point Mine. The proposed facilities are: one 15 foot by 100 foot by 10 foot carport, one 40 foot by 60 foot by 10 foot carport, one 15 foot by 80 foot by 10 foot carport, and one 25 foot by 22 foot by 14 foot washbay.

The carports will provide cover for mine vehicles and expedite starting-up of vehicles during the winter months. These carports will keep the snow off the vehicles and have electricity ran to them so that the mine vehicles can be plugged-in when not in use. This will minimize the amount of snow accumulating on the vehicles and reduce the time spent by our employees removing the snow and starting the vehicles.

The washbay will provide better control and a more centralized location for washing of mine vehicles. In addition, the washbay waters will flow through the mine shop's oil/water separator before being discharged.

These facilities will be located within the disturbed area with runoff reporting to sedimentation ponds. Map 521.121a shows the proposed locations and are identified as No. 85 and 83 for the carports and washbay respectively.

Bond calculations are included for the proposed facilities. The reclamation costs for these structures is \$11,249.06. After reviewing the existing reclamation bond, with respect to indirect costs, Star Point is overbonded by \$538,583.88 when using OSM's Bond Calculation Handbook. The existing indirect costs are \$1,305,657.89, but if OSM's Bond Calculation Handbook is used they should be \$767,074.01. With the existing overage, it does not appear that the Star Point Mine needs to increase its bond amount.

In addition to obtaining the Division's approval to construct the proposed facilities, an Application

Mr. William J Malencik
page 2

for Building Permit was requested from Carbon County and approved (attached), thereby satisfying the County's requirements.

The washbay and carport Nos 1 and 3 are located on State Land, Township 15 South, Range 8 East, Section 16, SLB&M and authorized under Section 1 (Purpose of Lease) of the Special Use Lease, Agreement No 963 (formerly No 288) A copy of the Lease is included Carport No. 2 is located entirely on CPMC land

In addition to the proposed facilities, CPMC is updating its Surface Facility Maps 521 121a,b, and c to show the existing material/equipment storage yards (No 58), fan building/emergency escapeway (No 84), and motor control center (No 86). The storage area and fan building were inadvertently omitted from their respective maps and the motor control center is shown only because it was installed to shield the controls for the noncoal waste collector install at the 1906 and 1907 interchange of the clean coal conveyor. .

Bonding for the these facilities is already included within the existing bond calculations The fan building/emergency escapeway is part of the reclaim tunnel, page 500-41, and included within the bonding costs associated with Area 1. The motor control center is an appendage to the conveyor system in Area 14 and bonded accordingly.

Enclosed are 14 copies of this submittal and I trust that you will find everything complete for Division approval. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Johnny Pappas
Environmental Engineer

Enclosures

cc J. Borla

File 2.5.2.1.1.2
Chrono: JP950901.ltr

APPLICATION FOR PERMIT CHANGE

Title of Change: Addition to Surface Facilities - 3 carports and a washbay, and update facility maps to show fan building/emergency escapeway, material/equipment storage yards, and motor control center.

Permit Number: ACT/007/006

Mine: STAR POINT MINE

Permittee: CYPRUS PLATEAU MINING

Description, include reason for change and timing required to implement: To provide: cover for mine vehicles; facility for washing mine vehicles; and housing for electrical controls along a section of beltline.

- Yes No 1. Change in the size of the Permit Area? _____ acres increase decrease.
- Yes No 2. Change in the size of the Disturbed Area? _____ acres increase decrease.
- Yes No 3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
- Yes No 4. Will permit change include operations in hydrologic basins other than currently approved?
- Yes No 5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does permit change require or include public notice publication?
- Yes No 7. Permit change as a result of a Violation? Violation # _____
- Yes No 8. Permit change as a result of a Division Order? D.O.# _____
- Yes No 9. Permit change as a result of other laws or regulations? Explain: _____
- Yes No 10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
- Yes No 11. Does the permit change affect the surface landowner or change the post mining land use?
- Yes No 12. Does permit change require or include collection and reporting of any baseline information?
- Yes No 13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 14. Does permit change require or include soil removal, storage or placement?
- Yes No 15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
- Yes No 16. Does permit change require or include construction, modification, or removal of surface facilities?
- Yes No 17. Does permit change require or include water monitoring, sediment or drainage control measures?
- Yes No 18. Does permit change require or include certified designs, maps, or calculations?
- Yes No 19. Does permit change require or include underground design or mine sequence and timing?
- Yes No 20. Does permit change require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
- Yes No 22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
- Yes No 23. Is this permit change coal exploration activity inside outside of the permit area?

Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Johnny Pappas - Environmental Engineer 9/19/95
Signed - Name - Position - Date

Received by Oil, Gas & Mining

Subscribed and sworn to before me this 19 day of SEPT., 19 95.

Notary Public

My Commission Expires: 3-7, 19 98
Attest: STATE OF UTAH
COUNTY OF CARBON



JOHN C. PAPPAS
NOTARY PUBLIC - STATE OF UTAH
1046 EAST CASTLE CIRCLE
PRICE, UTAH 84501
COMM. EXP. 3-7-98

ASSIGNED PERMIT CHANGE NUMBER

STRUCTURE NO.	DESCRIPTION	COMPOSITION	DATE BUILT
29	Stoker Coal Radial Stacker Conveyor	Steel	1986
30	Shop Building	Concrete/Steel	1930s
31	Warehouse Building	Concrete/Steel	1930s
32	Sediment Pond No. 4	Earth	1981
33	Mine Access Road	Asphalt	1920-1986
34	Reservoir-350,000 gallons	Concrete	1930s
35	Gasoline Storage/Dispensing	Concrete/Steel	1983
36	Diesel Fuel Storage/Dispensing	Concrete/Steel	1984
37	Power Lines	Wire/Wood	1930s-1986
38	Stoker Coal Bin	Steel	1982
39	Conveyor Belt No. 1	Steel	1978-1980
40	Raw Coal Stacking Tube	Steel	1978-1980
41	Conveyor Belt No. 2	Steel	1978-1980
42	Sediment Pond No. 2	Earth	1986
43	Crusher Building	Steel	1978-1979
44	Conveyor Belt No. 3	Steel	1978-1980
45	Mine Access Road	Asphalt	1977-1980
46	Mine Access Road	Earth	1966-1980
47	Sediment Pond No. 3	Earth	1981
48	Substation (Removed)		1989
49	Mine Ventilation Fan (Removed)		1989
50	Mine Portal	Steel	1969
51	Mine Access Road	Earth	1968
52	Bathhouse/Office Building	Concrete	1978-1979
53	Warehouse Office	Concrete/Wood	1978
54	Underground Warehouse	Block/Steel	1978
55	Oil Storage Shed	Steel	1983
56	Substation	Steel	1978
57	Rock Dust Bin	Steel	1982
58	Material/Equipment Storage Yard		1977
59	Gravel Bin	Concrete	1984
60	Non-Coal Waste Bin	Concrete	1981-1983

STRUCTURE NO.	DESCRIPTION	COMPOSITION	DATE BUILT
61	Mine Portal	Concrete	1917
62	Explosives Magazine	Steel	1967
63	Explosives Magazine	Steel	1967
64	Access Road	Earth	1977
65	Water Treatment Facility No. 1	Earth	1980
66	Mine Mouth Coal Storage Facility	Steel	1979
67	Topsoil Stockpile	Earth	1979-1985
68	Subsoil Stockpile	Soil	1982
69	Wildlife Mitigation Area		1982-1984
70	Mud Water Canyon Fan	Steel	1978
71	Corner Canyon Fan	Steel	1984-1985
72	Mine Shop	Concrete/Steel	1982
73	Motor Control Building	Block	1985
74	Corral and Shed	Wood	1985
75	Shop Building	Concrete/Steel	1990
76	Anti-Freeze Tanks	Concrete/Steel	1991
77	Lump Coal Bin	Concrete	1991
78	Anti-Freeze Tank	Concrete/Steel	1986
79	Spoil Disposal Area (Typical)	Earth	On Going
80	Sediment Pond No. 9	Earth	1988
81	Old Tipple Foundation	Concrete	On Going
82	Gentry Mountain Air Shaft	Steel Pipe	1992
83	Wash Bay	Steel	1995
84	Fan Building/Emergency Escapeway	Block	1992
85	Carport	Steel	1995
86	Motor Control Center	Metal	1995

* - Map shows maximum horizontal extent of the refuse pile. See Section 528.300 for more details.

526.112. PLANS OR PHOTOGRAPHS.

Pictures of the structures are in Exhibit 525.100a which show their current condition.

526.113. DATES OF CONSTRUCTION OF EXISTING STRUCTURES.

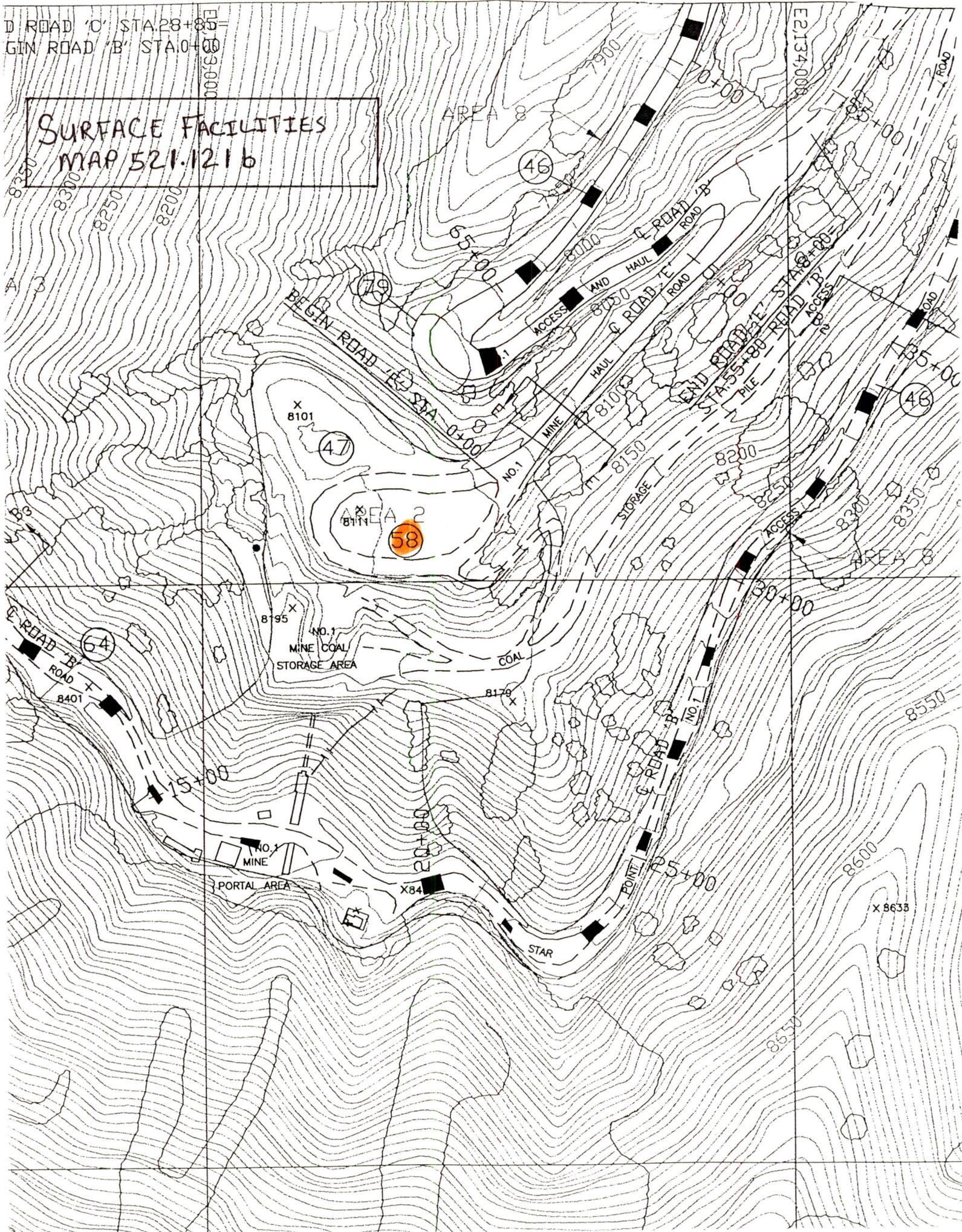
Dates of construction are in Table 526.111a.

SURFACE FACILITIES MAP 521.121 a



D ROAD 'C' STA 28+80
GIN ROAD 'B' STA 10+00

SURFACE FACILITIES MAP 521.1216



SURFACE FACILITIES MAP 521.121c



SURFACE FACILITIES
MAP 521.1216



Proposed Facilities
Bond Estimates
Star Point Mines



22-141 50 SHEETS
22-142 100 SHEETS
22-144 200 SHEETS

Description	Quantity	Unit	Material Cost		Equipment Cost		Labor Cost		Project Cost	
			Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total
CARPORT (100'x 15'x 10') Metal roof and supports with metal enclosure on three sides. Includes offsite disposal. Paved Flooring included in existing Reclamation costs (020-604-0700)	15,000	CF			0.11	1650.00	0.07	1050.00	0.18	2700.00
CARPORT (40'x 60'x 10') Metal Roof and Supports. No enclosed sides. Includes offsite disposal. Paved Flooring included in existing Reclamation costs. (020-604-0700)	24,000	CF			0.11	2650.00	0.07	1680.00	0.18	4320.00
CARPORT (15'x 80'x 10') Metal Roof and Supports. No enclosed sides except for existing bathhouse wall. Paved Flooring already included in existing Reclamation Plan. Includes off site disposal.	12,000	CF			0.11	1320.00	0.07	840.00	0.18	2160.00
WASHBAY BUILDING (25'x 22'x 14') Metal Building (020-604-0012)	7700	CF			0.11	847.00	0.07	539.00	0.18	1386.00
8" Concrete Floor w/mesh (30'x 23'), 460 CF (Hyd. Excavator w/2 CY bucket) (016-408-0300)	0.5	DAY			929	464.50	261	130.50	1190	595.00
Onsite Disposal of Concrete (loose) (020-754-4200)	17	CY			3.64	61.88	1.54	26.18	5.18	88.06
DEMOLITION TOTAL										11,249.06

Reference: RS Means, 1995. Means Heavy Construction Cost DATA.

Star Point's existing reclamation bond is \$5,180,000.00

of that total, \$1,305,657.89 is associated with indirect costs:

20% Contractor Overhead and Profit	-	\$652,828.95
10% Maintenance and Monitoring Costs	-	\$326,414.47
10% Contingency and Engineering Costs	-	\$326,414.47

By using OSM's Bond Calculation Handbook
Based on Direct Costs of \$3,264,144.74

Mobilization/Demobilization (1%)	-	\$32,641.45
Contingencies (7%)		\$228,490.13
Engineering Redesign Fee (4.7%)		\$153,414.80
Contractor Profit and Overhead (7.1%)		\$231,754.37
Reclamation Management Fee (3.7%)		\$120,773.36
Total		\$767,074.01

Therefore, based on OSM's Bond Calculation Handbook

the Star Point Mine is \$538,583.88 over bonded
with respect to its Indirect Costs.

The reclamation costs for the proposed facilities
is \$11,249.06. With the apparent overage, \$538,583.88,
Star Point is sufficiently bonded for these proposed
facilities; thereby, not requiring any bond adjustment at
this time.

Star Point's MRP is up for renewal in September 1996,
at which time, bond costs will be reevaluated and
any adjustments, up or down, will be addressed at
that time.



APPLICATION FOR BUILDING PERMIT
 CARBON COUNTY, UTAH
 (801) 637-4700, Ext. 260
 BUILDING, PLUMBING, MECHANICAL, ELECTRICAL PERMIT

No.
Date Issued

Zoning <u>MdG 1</u> Approved <u>R</u>	LOCATION	Job Address: <u>Plateau Mine</u>
		LOT _____ TRACT _____ ASSESSOR NO. _____
Water Right or Connection: <u>NA</u>	OWNER	Name: <u>Cyprus Plateau (PAA) Mining Co.</u>
		Mailing Address: <u>P.O. Drawer PMC Price UT. 84501</u> <u>Alt. Sidney Pappas</u>
Septic or Sewer Connection: <u>NA</u>	CONTRACTOR	Name: <u>Lee Minskey (Price Steel Fab)</u>
		License No.: _____
Occupancy: A <input checked="" type="radio"/> B <input type="radio"/> E <input type="radio"/> H <input type="radio"/> I <input type="radio"/> M <input type="radio"/> R Div _____ Type of Construction: I <input type="radio"/> II <input type="radio"/> III <input type="radio"/> IV <input checked="" type="radio"/> V <input checked="" type="radio"/> N _____ hour	ELECTRICAL	Name: _____
		License No.: _____
Comments: <u>Plan check for parking structures has been waived</u> <u>Make check payable to Carbon County</u>	PLUMBING	Name: _____
		License No.: _____
Special Conditions of Permit: _____	MECHANICAL	Name: _____
		License No.: _____
_____ _____ _____	PROPOSED WORK	<input checked="" type="checkbox"/> New <input type="checkbox"/> Alter <input checked="" type="checkbox"/> Move <input checked="" type="checkbox"/> Add <input type="checkbox"/> Repair <input type="checkbox"/> Demolish
		Describe: <u>550 sqft washdown metal building</u> <u>3 canopy parking structures steel</u>

Based on Valuation of: \$ 49,050

Size of Building: 550 x 510 sq. feet

Permit Fee: 414.50

1% Utah Surcharge: 4.14

65% Plan Check Fee: 65.00

Special Investigation Fee: _____

TOTAL: 483.64

Approved: [Signature]

The valuation used to calculate this permit fee is different than the appraised value used by assessor for taxable value.

NOTICE

This permit becomes null and void if work or construction authorized is not commenced within 180 days, or if construction or work is suspended or abandoned for a period of 180 days at any time after work is commenced.

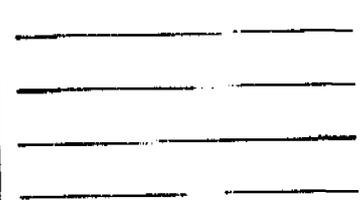
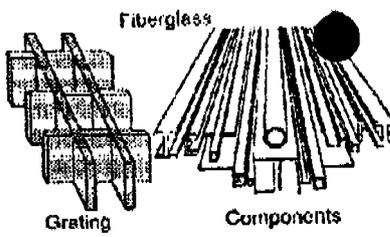
I hereby certify that I have read and examined this application and know the same to be true and correct. All provisions of laws and ordinances governing this type of work will be complied with whether specified herein or not. The granting of a permit does not presume to give authority to violate or cancel the provisions of any other state or local law regulating construction or the performance of construction.

[Signature] 9/8/95
 Signature of Contractor or Authorized Agent (Date)

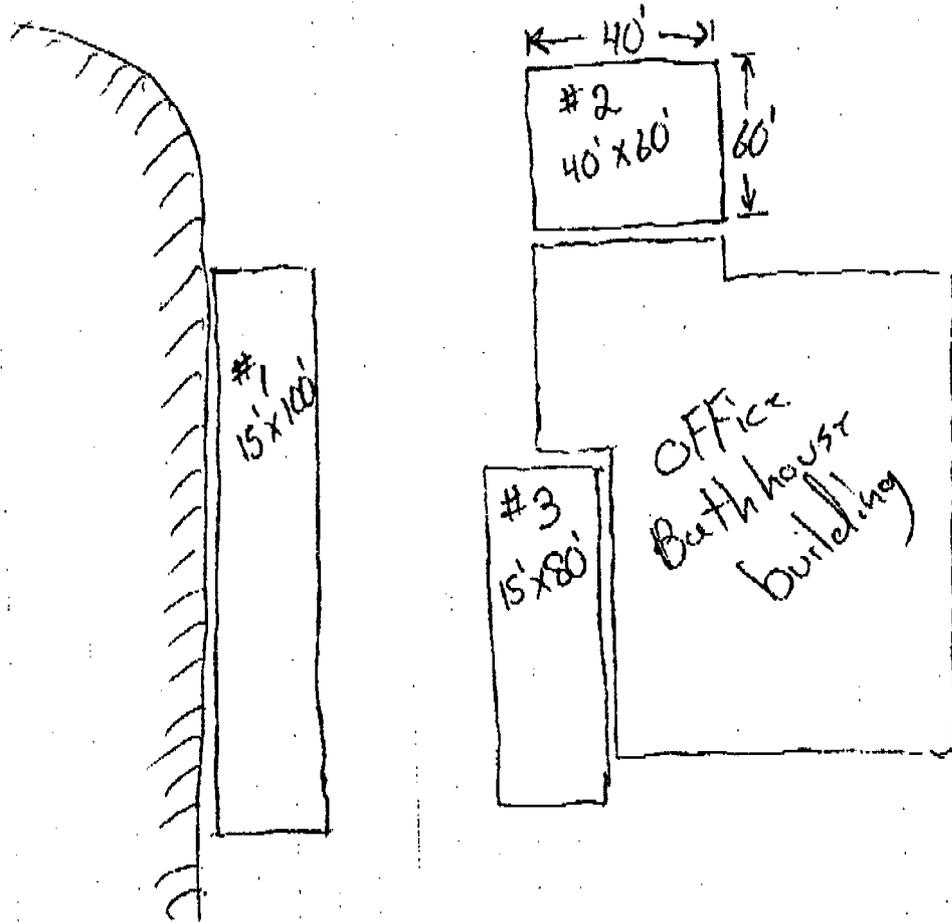
 Signature of Owner (If Owner Builder) (Date)



P.O. Box 990 19th W. 20th Street Ogden, Utah 84402
Ogden (801) 621-4243 S.L.C. (801) 384-0102
FAX (801) 621-7311 Toll Free 1-800-388-4243



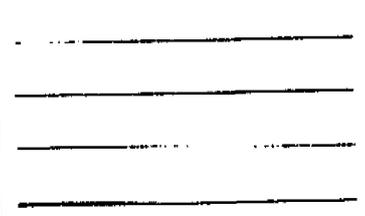
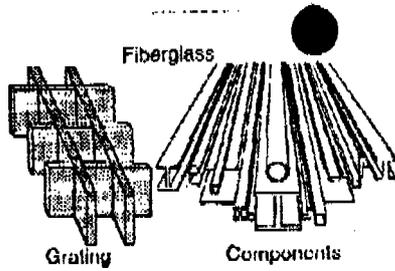
Parking structure locations



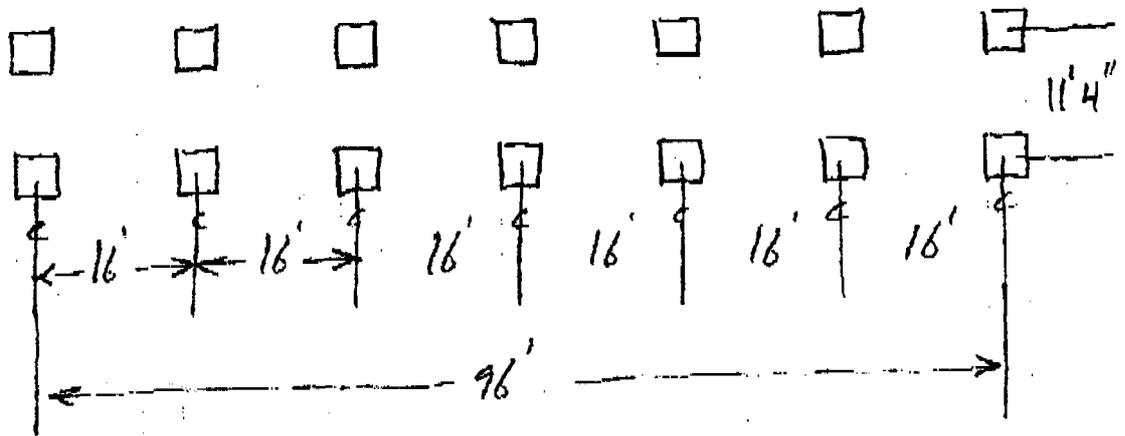
"A Decade of Service - A Century of Experience"



P.O. Box 390 192 W. 20th Street Ogden, Utah 84402
 Ogden (801) 621-4243 S.L.C. (801) 364-0102
 FAX (801) 621-7311 Toll Free 1-800-368-4243



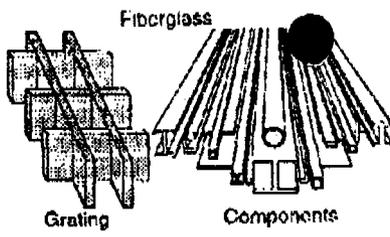
Parking structure #1 concrete layout
 Footers — 2' x 2' x 1'
 columns — 1' x 1' with ~~10"~~ weld plate (8" x 8" x 1/2")



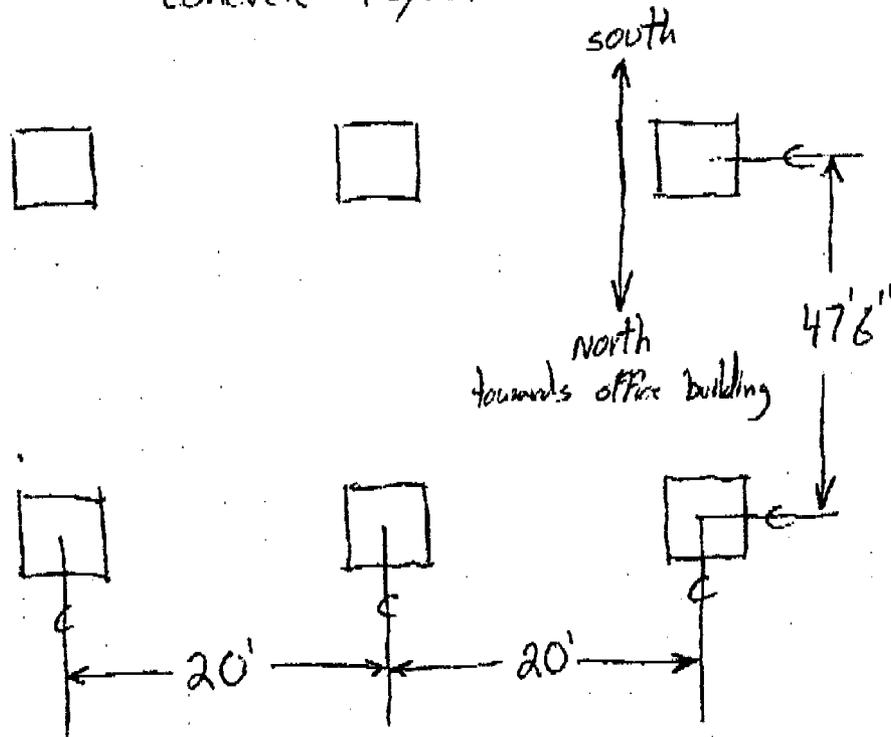
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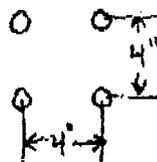
P.O. Box 390 192 W. 20th Street Ogden, Utah 84402
 Ogden (801) 621-4243 S.L.C. (801) 304-0102
 FAX (801) 621-7311 Toll Free 1-800-368-4243



Parking structure #2
 concrete layout

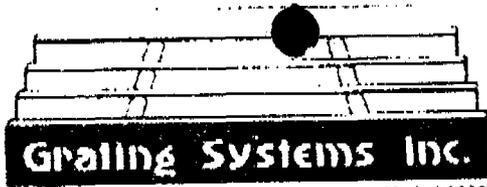


anchor bolt layout
 $\frac{3}{4}$ bolts

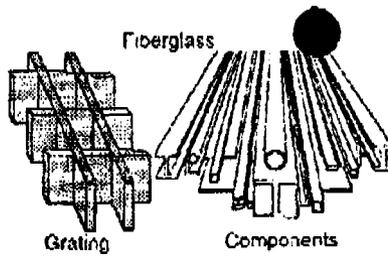


or weld plates
 $8" \times 8" \times \frac{3}{4}$ pl

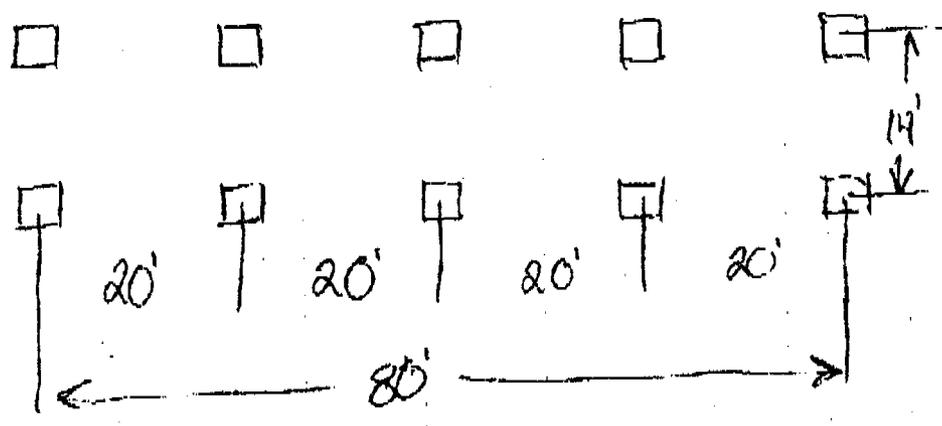
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Grating Systems Inc.
P.O. Box 390 192 W. 20th Street Ogden, Utah 84402
Ogden (801) 821-4243 S.I.C. (801) 364-0102
FAX (801) 821-7311 Toll Free 1-800-368 4243



Parking structure #3 concrete layout
with weld-plates 8' x 8' x 1/2"



"A Decade of Service - A Century of Experience"

Revised 1/4/93

SPECIAL USE LEASE AGREEMENT NO. 963**Fund: SCHOOL**

The STATE OF UTAH, acting by and through the DIVISION OF STATE LANDS & FORESTRY, LESSOR, hereby leases to Cyprus Western Coal Company LESSEE, 9100 East Mineral Circle, PO Box 3299, Englewood, Colorado 80155 the following described tract of State land in Carbon County, Utah to-wit:

Township 15 South, Range 8 East, SLB&M
Section 16: All

TO HAVE AND TO HOLD for a term of 20 years, beginning as of January 1, 1993, subject to any and all existing valid rights in said land and subject also to the following terms and conditions. LESSOR and LESSEE enter into this Special Use Lease Agreement for the purpose that LESSEE develop the land in the manner hereinafter described and consistent with the principles and objectives of land development expressed and implicit in the Enabling Act of Utah (Act of July 16, 1894, Ch. 138, 28 Stat. 107) and Article X of the Constitution of the State of Utah. The LESSEE takes this lease subject to the continued regulation of the Division of State Lands and Forestry pursuant to the rules of the Division as they may be adopted hereafter.

1. **Purpose of Lease.** The subject tract shall be used by LESSEE for the purpose of continued use as an operations area for their existing coal mining operation including the following described purposes:

The right to the use of the surface Section 16, T15S, R8E, SLB&M, containing 640.00 acres, more or less, and improvements, if any, and all portals, shafts, tunnels adits, underground openings, haulage ways and other openings in or on said land for

- (a) the purpose of handling, transporting, hoisting, treating, crushing and storing of coal;
- (b) pipelines;
- (c) conveyor belts;
- (d) water storage and water tanks;
- (e) utility lines and appurtenant facilities;
- (f) roads;

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CYPRUS WESTERN COAL CO.
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- (g) storage of materials and equipment; and
- (h) for such other related uses and purposes as may be necessary or convenient in conducting the coal mining operations of Cyprus Western Coal Company or its wholly owned subsidiary, Cyprus Plateau Mining Corporation.

All improvements constructed on the subject tract shall comply with the applicable provisions of the Uniform Building Code, Current Edition and the International Conference of Building Officials.

2. Rental. LESSEE shall pay to the LESSOR as rental for the subject tract the sum of \$6,720.00 per annum for the first 5 year period of this lease. LESSOR acknowledges the receipt of \$6,820.00 which is payment of this rental for the year January 1, 1993, through December 31, 1993, and which includes the \$100.00 application fee. Failure to pay the rental for a period of one month from the date such rent is due, and upon expiration of a written notice from LESSOR to LESSEE requiring performance within thirty (30) days, shall constitute a default and entitle the LESSOR to forfeit the LESSEE's interest in the lease and all improvements or to take other legal remedies available at law.

3. Due Diligence. LESSEE agrees that at the end of [five (5) years] from the date of this lease, and, if necessary, for each [two (2)] year period thereafter, if LESSEE has not developed the land as proposed in Paragraph (1), LESSEE shall then be required to show that it has exercised due diligence toward development of the land. If LESSEE fails to satisfy LESSOR that it has acted diligently, then LESSEE agrees that LESSOR may at its option, terminate this lease agreement as to any or all the land leased hereunder. In the event LESSOR so terminates, LESSEE's interest in the land shall revert to the State.

4. Rental Adjustments. LESSEE agrees that LESSOR shall have the right to adjust the annual rentals provided for in Paragraph 2, at the end of the first 5 year period, and every 5 years thereafter, as LESSOR shall deem to be reasonably necessary in the best interest of the State. Said adjustment shall be calculated by one of the following methods as determined by the LESSOR:

a. At the end of any 5 year period, the increase shall be tied to the annual percentage of increase index established by the Board of State Lands and Forestry pursuant to Division rule R640-30-400(4), or by any replacement rule that shall be then in effect. The base rental to be adjusted shall be multiplied by the sum of the indices established for the years in the review period.

b. At the end of any 5 year period, the division may make a preliminary appraisal of the subject property. The value of the subject property as determined by this 3

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CYPRUS WESTERN COAL CO.
PAGE 3**

appraisal, multiplied by the current prime rate, as published by Zion's First National Bank, will be the adjusted annual rental.

5. Compliance. LESSEE, in exercising the privileges granted by this lease, shall comply with the provisions of all valid Federal, State, County, and Municipal laws, ordinances, and regulations which are applicable to the subject tract and operations covered by this lease.

6. Survey Monuments. LESSEE shall take reasonable precautions to protect, in place, all public land survey monuments and private property corners.

7. Access. LESSEE agrees to permit LESSOR free and unrestricted access to and upon the subject tract at all reasonable times for all lawful and proper purposes not inconsistent with the intent of this lease or with the reasonable exercise and enjoyment by the LESSEE of the rights and privileges granted herein.

8. Antiquities. It is hereby understood and agreed that all treasure-trove and all articles of antiquity in or upon the subject lands are and shall remain the property of the State of Utah. LESSEE shall report any discovery of a "site" or "Specimen" to the Division of State History in compliance with the provisions of Section 63-18-27, Utah Code Annotated (1953), as amended and take such action as may be required for the protection of said site or specimen.

9. New and Additional Surface disturbance. Prior to any new and additional surface disturbance, the LESSEE shall have a survey conducted for cultural resources by a state licensed archaeologist and shall report the results as outlined in paragraph #8, Antiquities.

10. Default. In the event of a default or breach by LESSEE and LESSEE's failure to cure such default or breach, LESSOR may at any time and with or without notice do any one or more of the following:

a. Re-enter the Lease Premises, remove all persons and property, and repossess and enjoy such premises.

b. Terminate this Lease and LESSEE's right of possession of the Lease Premises. Such termination shall be effective upon LESSOR's giving written notice and upon receipt of such notice LESSEE shall immediately surrender possession of the Lease Premises to LESSOR. Upon such termination, all improvements on the premises shall, at

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CYPRUS WESTERN COAL CO.
PAGE 4

LESSOR's discretion, be forfeited and become the property of the LESSOR subject only to any previously approved waiver of interest or security interest.

c. Maintain this Lease in full force and effect and recover any rental, royalty, or other consideration as it becomes due without terminating LESSEE's right of possession regardless of whether LESSEE shall have abandoned the Lease Premises.

d. The LESSOR may seek damages for any and all violations or defaults with or without canceling this lease. In the event LESSOR deems the breach or default to constitute a threat to safety, life, or property it may elect to intervene immediately, without notice, to remedy the breach or default and LESSEE hereby agrees to repay LESSOR for all costs in remedying the breach or default upon demand, together with interest thereon from the date of expenditure at the rate set forth in this Lease. Alternatively, LESSOR may require LESSEE itself to act immediately to remedy the breach or default, should LESSOR deem it a threat to safety, life, or property.

e. Exercise any other right or remedy which LESSOR may have at law or equity.

11. Survival. LESSEE agrees that all obligations of LESSEE to be performed prior to the expiration or earlier termination shall not cease upon the termination or expiration of this lease, and shall continue as obligations until fully performed. All clauses of this lease which require performance beyond the termination or expiration date shall survive the termination or expiration date of this lease. However, upon expiration or earlier termination of this Lease, the rights of LESSEE and of all persons, firms, corporations, and entities claiming under LESSEE in and to the premises and all improvements hereon, unless specified otherwise in this Lease, shall cease.

12. Lessor's Right to Cure Defaults. If LESSEE fails to perform and is in default of any undertaking or promise contained herein, including those set forth in any plan of development, the LESSOR shall have the option, but is not obligated, to make such performance after giving 10 days written notice to the LESSEE. The LESSOR's costs and expense to correct LESSEE's failure to perform shall be reimbursed by LESSEE and shall be immediately due and payable, together with interest accruing from the date such cost or expense is incurred.

13. Remedies Cumulative. The specified remedies to which the LESSOR may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which LESSOR may lawfully be entitled in case of any breach or threatened breach by LESSEE of any provision of this lease.

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14. Force Majeure. The LESSEE's failure to comply with any of the obligations under this lease shall be excused only if due to causes beyond LESSEE's control and without the fault or negligence of the LESSEE, including acts of God, acts of the public enemy, acts of any government, fires, floods, epidemics and strikes.

15. Bond. LESSEE agrees to furnish LESSOR a performance and reclamation bond in such type and amount and by such date as LESSOR may request. Further, it is expressly agreed that LESSOR may at any time, upon 30 days notice by certified mail, require LESSEE to furnish LESSOR such additional performance and reclamation bond as LESSOR may deem to be in the best interest of the State of Utah.

16. Removal of Improvements. LESSEE shall have the right to remove any improvements and any personal property placed on the lands by LESSEE, provided that the same shall be removed within ninety (90) days after the expiration of the term of this lease, provided that the LESSEE shall properly restore any damage caused thereby to the subject tract or any improvements remaining thereon; provided further, that LESSOR shall also have the right to retain without compensation to LESSEE, but with costs of removal and disposal chargeable to LESSEE, those improvements and items of personal property left upon the leased premises beyond ninety (90) days after the expiration of this lease.

17. Liability. LESSEE agrees to protect, indemnify and save harmless the LESSOR, its agents and employees, from and against all claims, demands, damages, and causes of action of every kind or character on account of bodily injuries, death, or damage to property arising because of, for, out of, or in any way connected with the performance of this agreement, except where such injury, death, or damage has resulted from the sole negligence of the LESSOR, without negligence or willful act on the part of the LESSEE, its agents, employees, or subcontractors, it being the intent of this provision that the LESSEE indemnify the LESSOR and its agents and employees regardless of whether or not such injury, death, or damage is caused in part by the LESSOR, its agents and employees. LESSEE shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto, but the LESSOR shall have the right, at its option, to participate in the defense of any such suit without relieving the LESSEE of any obligation hereunder.

~~18. Liability Insurance. LESSEE agrees to provide and maintain during the performance of the contract, at its sole expense, a policy of liability insurance naming the LESSEE and the LESSOR as insured parties under the policy. The policy shall fully insure against any and all loss, damage, liability, and injury incurred by any person, firm, corporation, or government entity arising out of the performance of this contract, regardless of the fault of the LESSEE, its agents and employees, regardless of the fault of the LESSOR, its agents and employees, and regardless of the fault of third persons not parties to this contract. The limits of the policy shall be no less than \$250,000 for each claim of an~~

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~~individual and \$500,000 for each occurrence. LESSEE shall provide a copy of said policy to the LESSOR. [These amounts can be adjusted upward according to the size of the project or undertaking contemplated by the contract.]~~

19. Insurance.

a. Casualty Insurance. Throughout the entire term, LESSEE, at its sole cost and expense, shall cause the premises, improvements, and equipment to be insured against fire, windstorm, or other casualty or hazard with extended coverage in such amounts and with such deductibles as may reasonably be required. This insurance coverage shall not be less than the estimated replacement cost of the improvements.

b. Bodily Injury, Property Damage and Other Insurance. In addition to the insurance required in A. above, LESSEE, at its sole cost and expense, shall purchase and maintain during the entire term the following insurance, subject to the terms and conditions set forth in C. below:

(i) Comprehensive bodily injury and property damage liability insurance against claims for bodily injury, death, or property damage, occurring in, on, or about the premises (including any injury, death, or property damage arising from a hazardous activity permitted under the lease), such insurance to afford minimum protection during the entire term of not less than One Million Dollars (\$1,000,000.00) in respect of bodily injury or death to any one person or in respect of any one accident, and of not less than One Million Dollars (\$1,000,000.00) for property damage, the foregoing dollar amounts being subject to increase by the percentage increase in the CPI not more frequently than every five (5) lease years, provided that LESSEE shall not carry less than the amount or scope of coverage customary in the coal mining industry from time to time; and,

(ii) During any period of building construction, including the construction of the initial improvements, and all alterations and restorations:

(a) Builder's Risk Insurance written on the Completed Value Form or on the Monthly Reporting form;

(b) Workmen's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE, or the premises; and

(c) General liability insurance with limits in accordance with applicable law and then-current coal mining industry standards shall be maintained by LESSEE at LESSEE's sole cost and expense at all times when any work is in progress.

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c. Conditions and Requirements of Insurance. All insurance required by this Article and any additional insurance maintained by LESSEE with respect to the premises and improvements shall:

- (i) Name LESSOR as loss payee or additional insured as its interest may appear;
- (ii) Be effected under valid and enforceable policies issued by insurers of recognized responsibility that are licensed to do business in the State of Utah, including insurance pools or risk management arrangements which may generally provide such insurance coverage in the coal mining industry from time to time;
- (iii) To the extent reasonably obtainable, expressly waive any right of subrogation against LESSOR; and,
- (iv) To the extent reasonably obtainable, have attached thereto:
 - (a) An endorsement that such policy shall not be canceled without at least thirty (30) days' prior written notice to LESSOR; and,
 - (b) An endorsement to the effect that no act or omission of LESSEE shall invalidate the interest of LESSOR therein.

d. Copies of Policies to Lessor. Upon the commencement date, and thereafter not less than thirty (30) days prior to the expiration dates of the policies furnished pursuant to this Article, LESSEE shall deliver to LESSOR policy copies of certificates thereof, in the case of bodily injury and property damage liability insurance, bearing notations evidencing the payment of premiums or accompanied by other evidence of such payment.

e. Adjustments. LESSOR and each mortgagee shall have the right to participate in the adjustment of any insurance claim filed by LESSEE relating to any insurance required by this Article to the extent necessary to protect their respective interests in the premises and the improvements.

20. Condemnation.

a. Total taking.

(i) Termination and distribution. If at any time during the term of this lease, the whole or the premises is taken by condemnation or other act of eminent domain (a "Taking" or "Taken"):

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(a) this lease shall terminate and expire on the date of such Taking and LESSEE shall pay within thirty (30) days after the date of Taking all lease rentals accrued to the date of Taking;

(b) LESSEE shall comply with all of its other obligations under this lease up to the date of Taking; and

(c) LESSEE's share of any condemnation award shall be disbursed to LESSEE.

b. Partial taking.

(i) Continuation of Lease. If at any time during the term of this lease title to less than the whole of the premises has been Taken, LESSEE shall have the right but not the obligation to continue this lease. LESSEE may, within thirty (30) days after receiving its share of the condemnation award, give notice of its election to terminate this lease, provided that each mortgagee consents in writing to such termination.

(ii) Proceedings. LESSOR, LESSEE, and any mortgagee shall have the right to participate in respect of their respective interests in any proceeding of purchase negotiations relating to any Taking. In case of any Taking, LESSEE shall bear its proportionate share of all reasonable costs and fees, including reasonable counsel fees and expenses incurred in the determination and collection on any condemnation award. LESSOR shall bear only such costs, expenses, and fees as it may authorize in writing.

21. Assignment and Sublease. LESSEE shall not assign this lease, in whole or in part, nor sublease the leased premises, nor allow unauthorized or commercial use of the premises without obtaining the prior written consent of LESSOR.

a. In granting such approval, LESSOR reserves the right to change the terms and conditions of this lease as it may affect the sublessee/assignee. The LESSOR shall be entitled to consider, among other items, the proposed sublessee's/assignee's financial condition, managerial capability, business reputation, nature of the proposed sublessee's/assignee's business, the then current fair market rental value of the premises, and such other factors as may reasonably bear upon the suitability of the sublessee/assignee or transferee as a tenant of the premises or the holder of this Lease.

b. Approval may also be conditioned on, among other items, additional payment to reimburse the LESSOR for any additional costs of management or losses of payments resulting from the assignment.

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c. Consent of the LESSOR to an assignment or transfer shall not constitute a waiver of the LESSOR's right to approve subsequent assignments or transfers. The acceptance by LESSOR of payment or performance following an assignment or transfer shall not constitute consent to any assignment or transfer, and LESSOR's consent shall be evidenced only in writing.

d. As partial consideration for the processing of the request for approval of the assignment or subleasing, the assignee or sublessee shall pay to the LESSOR at the time the assignor, the sublettor, the assignee or the sublessee requests approval of the assignment or subleasing, an assignment fee of 10% of the value of all consideration tendered for the assignment or subleasing. Divulgence in affidavit form of the value of such consideration is mandatory from both the assignor or sublettor and the assignee or sublessee, which affidavits shall be presented to the LESSOR along with the other assignments or subleasing instruments in order to request the LESSOR's approval of the assignment or subleasing. In addition, there shall be tendered to the LESSOR the required processing fee at the time application is made for the approval of the assignment or subleasing. Payment of the 10% assignment fee shall not entitle an unqualified assignee or sublessee to approval of the assignment or subleasing. Any attempt to withhold required information from the LESSOR shall be construed as an attempt to defraud the LESSOR and the State of Utah and shall, at the option of the LESSOR, render the lease null and void, and all monies paid by the LESSEE to the LESSOR shall be forfeited to the LESSOR.

e. In the event the requested assignment or subleasing is not approved by the LESSOR, the assignment fee shall be returned to the payor thereof. The processing fee is not refundable.

f. An assignment does not constitute a new lease but is continuation of the existing lease.

22. Mineral Exploration. LESSOR expressly reserves the right to lease said lands to third parties for mineral exploration and/or development purposes together with the right to grant the mineral LESSEE reasonable access by ingress and egress to and from the mineral estate through the surface estate in connection with mineral exploration and/or development, but without damage to improvements made by LESSEE.

23. Title. LESSOR claims title in fee simple, but does not warrant to LESSEE the validity of title to the leased premises. LESSEE shall have no claim from damages or refund against the LESSOR for any claimed failure or deficiency of LESSOR's title to said lands or for interference by any third party. LESSEE takes possession subject to all existing

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encumbrances, rights-of-way, or encroachments as may exist or be of record. Possession is subject to a reservation of rights-of-way as may be necessary to access other state land.

24. Water Rights. If LESSEE shall initiate or establish any water right on the leased premises, such right shall become an appurtenance of the leased premises. LESSEE agrees that any existing application to appropriate water on said State land shall be transferred to the Division of State Lands after the application has been completed, without any cost to the State. It is expressly understood and agreed that this lease does not confer any rights upon LESSEE to use any water presently developed on the subject lands.

25. Fire. LESSEE shall at all times observe reasonable precautions to prevent fire on the leased premises and shall comply with all applicable laws and regulations of any governmental agency having jurisdiction. In the event of a fire on the leased premises proximately caused by LESSEE, its servants, employees, agents, sublessees, assignees or licensees which necessitates suppression action by the State Forester, LESSEE agrees to reimburse LESSOR for the cost of such fire suppression action.

26. Fencing. LESSEE may fence the leased premises at his own expense, but if there is no fence erected, LESSEE shall have no right of action against any other State grazing permittee by reason of a trespass upon the leased premises. The right of LESSEE to fence the leased premises shall be subject to the LESSOR's rights of access across state lands to other state lands.

27. Insolvency of Lessee. If the LESSEE becomes insolvent, bankrupt, or has a receiver appointed, the LESSOR may terminate this lease. Insolvency as used herein will mean the inability of the LESSEE to meet obligations as they come due.

28. Sanitation and Pollution. LESSEE shall comply with any and all valid sanitation and pollution regulations prescribed by any governmental agency having jurisdiction; and the LESSEE agrees to indemnify LESSOR for any damage which LESSOR may suffer which arises out of the improper or unlawful disposal of refuse associated with said land.

29. Waste. LESSEE shall neither commit nor permit any waste on the said leased lands. LESSEE shall maintain said lands in good condition and at its own expense, free from any nuisance. Surface areas will be cleaned of all trash and debris to the satisfaction of the LESSOR. LESSEE shall maintain the leased premises to standards of repair, orderliness, neatness, sanitation, and safety as required by law and applicable regulations.

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30. Pollution. LESSEE shall be bound by all of the environmental regulatory programs, including air quality, water pollution and water quality, solid and hazardous waste management and underground storage tanks, and other conditions as contained in the provisions, conditions, and rules and regulations developed under authority of Title 19, Utah Code Annotated (1953) as amended.

31. Hazardous, Toxic, or Harmful Substances.

a. LESSEE shall not make, or suffer to be made, any filling in of the premises or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the premises, except as approved in writing by the LESSOR. If the LESSEE fails to remove all non-approved fill material, refuse, garbage, wastes or any other of the above materials from the premises, the LESSEE agrees that the LESSOR may, but is not obligated to, remove such materials and charge the LESSEE for the cost of removal and disposal.

b. LESSEE shall not keep on or about the premises any substances now or hereinafter designated as or containing components now or hereinafter designated as hazardous, toxic, dangerous, or harmful, and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance (hereinafter collectively referred to as "Hazardous Substances") unless such are necessary to carry out LESSEE's permitted use under paragraph 1 and unless LESSEE fully complies with all federal, state and local laws, regulations, statutes, and ordinances, now in existence or as subsequently enacted or amended and unless LESSEE has notified LESSOR of all Hazardous Substances necessary to carry out such purposes which will be kept or used on the property.

c. LESSEE shall:

(1) Immediately notify the LESSOR of (i) all spills or releases of any Hazardous Substance affecting the premises, (ii) all failures to comply with any federal, state or local law, regulation or ordinance, as now enacted or as subsequently enacted or amended, (iii) all inspections of the premises by, or any correspondence, orders, citations, or notifications from any regulatory entity concerning Hazardous Substances affecting the premises, (iv) all regulatory orders or fines or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning the premises; and

(2) On request, provide copies to the LESSOR of any and all correspondence, pleading, and/or reports received by or required of LESSEE or issued or written by LESSEE or on LESSEE's behalf with respect to the use, presence, transportation or generation of Hazardous Substances related to the premises.

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d. LESSEE shall be fully and completely liable to the LESSOR, and shall indemnify, defend, and save harmless LESSOR and its agencies, employees, officers, and agents with respect to any and all damages, costs, fees (including attorneys' fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of LESSEE's use, disposal, transportation, generation and/or sale of Hazardous Substances or that of LESSEE's employees, agents, assigns, sublessees, contractors, subcontractors, licensees or invitees, and for any breach of this subsection.

32. No Partnership. The LESSOR is not a partner nor a joint venturer with the LESSEE in connection with the activities conducted and business carried on under this lease and the LESSOR shall have no obligation with respect to the LESSEE's debts or other liabilities.

33. Time of Essence. Time is expressly declared to be of the essence of this lease and each and every covenant of LESSEE hereunder.

34. Amendments. Any amendments, revisions, supplements, or additions to this Lease or the attached exhibits shall be made in writing executed by the parties hereto, and neither LESSOR nor LESSEE shall be bound by verbal or implied agreements.

35. Entire Agreement. This written lease or its successor or replacement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

36. Invalidity. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent prove to be invalid, unenforceable, void, or illegal, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall be not affected thereby, and each term and provision of this Lease shall be valid and be enforced as written to the fullest extent permitted by law.

37. Lease Subject to Law. This lease is issued pursuant to and subject to the terms and provisions of the Utah Trust Land Management Act of 1988, as amended. This lease is subject to the rules of the Board of State Lands and Forestry now or hereafter in force and to the orders of the Director of the Division of State Lands and Forestry now or hereafter in force, when not inconsistent with the express and specific provisions herein.

38. Consent to Suit. The LESSEE consents to suit in the courts of the LESSOR in any dispute arising under the terms of this lease or as a result of operations carried on

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under this lease. Service of process in any such action is hereby agreed to be sufficient if sent by certified mail to the LESSEE at the last known address of LESSEE appearing on the LESSOR's records.

39. Venue. The LESSEE agrees for itself, its heirs, successors and assigns that any suit brought by the LESSEE, its heirs, successor or assigns concerning this lease may be maintained only in the Utah State District Court of Salt Lake County.

40. Controlling Law. This lease shall be governed by and construed according to the laws of the State of Utah.

41. No Waiver of Conditions. Waiver by the LESSOR of any default of the LESSEE or failure of the LESSOR to timely enforce any provisions of this lease shall not constitute a waiver of or constitute a bar to subsequent enforcement of the same or other provisions of this lease. No provision in this lease shall be construed to prevent the LESSOR from exercising any legal or equitable remedy it may otherwise have.

42. Inspection of Books. LESSEE shall permit any authorized representative of the LESSOR to examine all books and records pertaining to its operations and royalties payable to LESSOR under the lease at their regular place of business with reasonable notice, and to make copies of and extracts from such books and records if desired.

43. Right to Audit. The LESSOR has the right to audit the LESSEE's performance of the terms and conditions of this lease. Nevertheless, it is the continuing duty of the LESSEE to faithfully perform all of the terms, conditions, and obligations of this lease, including, but not limited to, the duty to properly calculate and render to the LESSOR any and all amounts due. Any term, condition, provision, or obligation subject to change or interpretation shall be deemed self-executing, and shall in no way shift or relieve the LESSEE of its continuing duties and obligations.

44. Attorney's Fees. In the event the LESSOR shall prevail in any action or suit for the enforcement of any provision of this lease or concerning this lease in any manner, the LESSEE shall pay to the LESSOR a reasonable attorney's fee on account thereof.

45. Lessor's Lien. LESSOR shall have at all times a valid lien for all rentals and other sums of money becoming due hereunder from LESSEE, upon all goods, wares, equipment, fixtures, furniture and other personal property of LESSEE situated on the Premises, and such property shall not be removed therefrom without the consent of the LESSOR until all arrearages in rent as well as any and all other sums of money then due to LESSOR hereunder shall first have been paid and discharged. Upon the occurrence of any event of default by LESSEE, LESSOR may, in addition to any other remedies providing

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herein or by law, enter upon the Premises and take possession of any and all goods, wares, equipment, fixtures, furniture and other personal property of LESSEE situated on the Premises without liability for trespass or conversion, and sell the same with or without notice at public or private sale, with or without having such property at the sale, at which LESSOR or its assigns may purchase, and apply the proceeds thereof less any and all expenses connected with the taking of possession and sale of the property, as a credit against any sums due by LESSEE to LESSOR. Any surplus shall be paid to LESSEE and LESSEE agrees to pay any deficiency forthwith. Alternatively, the lien hereby granted may be foreclosed in the manner and form provided by law for foreclosure of security interest or in any other form provided by law. The statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Anything herein to the contrary notwithstanding, purchase money financing of LESSEE's removable trade fixtures and equipment shall not be a default. LESSEE will execute upon LESSOR's request a financing statement and security agreement evidencing LESSOR's security interest in LESSEE's personal property and warrants to LESSOR that there are no prior liens or security interest on said personal properties.

46. Notice. Any notice contemplated herein to be served upon LESSEE shall be in writing and shall be deemed sufficient if deposited in the United States mail, postage prepaid and certified or registered, and addressed as follows:

**Cyprus Western Coal Company
9100 East Mineral Circle
PO Box 3299
Englewood, Colorado 80155**

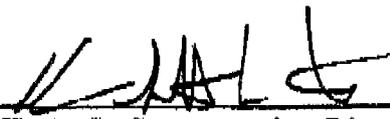
or at any such other address as LESSEE may from time to time designate by written notice to LESSOR.

47. Responsibilities of Successors. The provisions hereof shall inure to and be binding upon the successors and assigns of LESSEE.

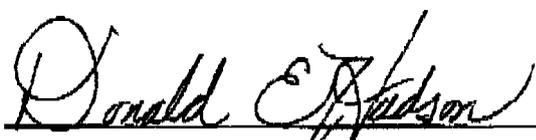
48. IN WITNESS WHEREOF, the LESSOR, by and through the Board and Division of State Lands and Forestry, has caused these presents to be executed this day of April, 1993 by the Acting Director. 13th

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LESSOR: DIVISION OF STATE LANDS & FORESTRY
3 Triad Center, Suite 400
355 West North Temple
Salt Lake City, Utah 84180-1204

By: 
Kevin S. Carter, Acting Director

LESSEE: Cyprus Western Coal Company
9100 East Mineral Circle
PO Box 3299
Englewood, Colorado 80155

By: 
Donald E. Johnson

APPROVED AS TO FORM:
JAN GRAHAM
ATTORNEY GENERAL

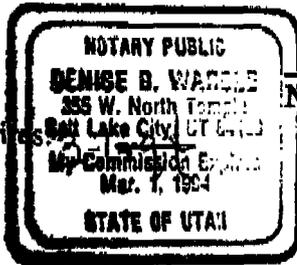
BY: 
STEVEN F. ALDER

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STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 13th day of April, 1993, personally appeared before me
Kevin S Carter, who being by me duly sworn did say that he is the Acting
Director of the Division of State Lands and Forestry, and the signer of the above instrument, who
duly acknowledged that he executed the same.

Given under my hand and seal this 13th day of April, 1993.



Denise B Wardle
Notary Public, residing at:

My Commission Expires

STATE OF Colorado)
 : ss.
COUNTY OF Windsor

On the 29 day of March, 1993, personally appeared before me
Donald E. Hudson, who being by me duly sworn did say that
he is the Sr. VP Operations of Cyprus Western Coal Co., and said
Sr. VP Operations acknowledged to me that said company executed the same.

Given under my hand and seal this 29 day of March, 1993.

Pat Walker
Notary Public, residing at:
9743 E Maplewood Ave
Englewood, Co 80111

My Commission Expires: 11/24/94