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Denise A. Drago

RECEIVED

FABIAN & CLENDENIN  
Twelfth Floor, 215 South State Street  
Salt Lake City, Utah 84111  
Tel: (801) 531-8900

JAN 13 1986

Pam -

DIVISION OF OIL  
GAS & MINING

Attached is a  
copy of the original  
Sunnyvale Bond as  
recorded in Carbon  
County, Utah.

Denise

11-26-85  
Entry No 010801  
Indexed ✓✓  
Abstracted ✓  
Reg. Fee 69.00

STATE OF UTAH } ss 514  
COUNTY OF CARBON }  
FILED AND RECORDED FOR  
S.E. Utah Title Co.  
JAN 9 11 44 AM '86  
BOOK 256 OF RECORDS  
PAGE 514-525  
ANN. G. JOHNSON  
COUNTY RECORDER

KAISER SELF BONDING AND INDEMNITY AGREEMENT

THIS SELF BONDING AND INDEMNITY AGREEMENT entered into by and between KAISER STEEL CORPORATION and KAISER COAL CORPORATION, both Delaware corporations (herein jointly referred to as "Kaiser"); the STATE OF UTAH, Department of Natural Resources, Division of Oil, Gas & Mining (herein "Division"); and the U.S. DEPARTMENT OF THE INTERIOR, OFFICE OF SURFACE MINING (herein "OSM").

W I T N E S S E T H

WHEREAS, the Division and OSM have approved Kaiser's application and reclamation plan for the Permanent Program Permit No. ACT/007/007 (herein Permit No. ACT/007/007 ) for the Sunnyside Mine in Carbon County, Utah under the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1, et seq., 1953, as amended ("ACT") and implementing regulations; concerning the permit area specifically described in Exhibit A; and

WHEREAS, Kaiser Steel Corporation assigned Permit No. ACT/007/007 to Kaiser Coal Corporation by agreement dated March 28, 1985; and

WHEREAS, Kaiser wishes to obtain a bond to operate underground coal mine Permit No. ACT/007/007 under Self Bonding Rule UMC 800.23; and

WHEREAS, Kaiser has entered into a separate SELF BONDING AND INDEMNITY AGREEMENT FOR THE GENEVA MINE, dated November 4, 1985, recorded in Carbon County, Utah on November 12, 1985 at Book 254, Page 633-40 and in Emery County, Utah on November 12, 1985 at Book 157, Page 369-76; and

WHEREAS, Kaiser, in compliance with UMC 800.23B.1. has designated Denise A. Dragoo, Esq., with the law firm of FABIAN & CLENDENIN, a Professional Corporation, 215 South State Street, Twelfth Floor, Salt Lake City, Utah 84111, as its agent for Service of Process in the State of Utah; and

WHEREAS, Kaiser Steel Corporation, in compliance with UMC 800.23B.2. has been in continuous operation as a business entity for the last five years; and

WHEREAS, Kaiser Coal Corporation meets the financial criteria for self bonding as set forth at UMC 800.23B.3.; and

WHEREAS, Kaiser Coal Corporation has submitted to the Division financial statements which meet the criteria set forth at UMC 800.23B.4. accompanied by a financial report by Touche Ross & Company.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Kaiser does hereby agree to be held and bonds to the Division and OSM for the sum of \$3,397,349.00 (1990 dollars) (such sum payable to one, but not both, of the above-named agencies) for the timely performance of reclamation responsibilities for underground mine Permit No. ACT/007/007 in lawful money of the United States. By the submission of this Self Bonding and Indemnity Agreement, Kaiser will and truly binds itself, its successors and assigns, jointly and severally, firmly by these presents.

The conditions of the above obligations are such that:

1. Kaiser shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to the Act and the conditions of Permit No. ACT/007/007 issued by the Division.

2. The liability under this Agreement is conditioned upon successful reclamation of the disturbed permit area set forth on Exhibit B as provided in the reclamation plan for Permit No. ACT/007/007 for a period of time and in the manner specified in the Act, regulations adopted pursuant thereto, and the conditions set forth in Permit No. ACT/007/007 issued by the Division. At no time shall the liability or responsibility of Kaiser hereunder exceed the sum of \$3,397,349.00 (1990 dollars). Provided, however, that the Division may adjust the amount of liability hereunder as provided in section 6 hereof.

3. Kaiser does hereby agree to indemnify and hold the Division harmless from any claim, demand, liability, cost, charge or suit brought by a third party, as a result of Kaiser's failure to abide by the terms and conditions of the Reclamation Plan as set forth in Permit No. ACT/007/007 and from any failure to comply with the terms of the Self Bond Agreement.

4. The Division shall give Kaiser notice of any claim and any legal proceedings within the scope of the indemnity set forth at section 3.

5. Upon successful completion of part or all of the obligations secured hereby, Kaiser may petition the Division for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall timely conduct an inspection to ascertain whether the duties and obligations of Kaiser under the Act, regulations adopted pursuant thereto and Permit No. ACT/007/007 have been fulfilled. If such duties and obligations have been fulfilled, the Division shall release Kaiser from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Carbon County, Utah.

6. This Agreement shall be reviewed periodically by the Division, or reviewed upon petition by Kaiser, in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted upon order by the Board of Oil, Gas & Mining or upon written agreement between Kaiser and the Division where it is clearly established that the cost of future reclamation has materially changed.

7. In the event that this Agreement is terminated as provided in paragraph 8 and Kaiser fails to provide a bond acceptable to the Division within ninety days of termination, Kaiser will cease operations and immediately commence reclamation in accordance with the Reclamation Plan.

8. This Agreement may be terminated upon 90 days prior written notice to the Division if terminated by Kaiser or upon 90 days prior written notice to Kaiser if terminated by the Division. Upon such written notification, Kaiser will have ninety days as

provided by UMC 800.23G to obtain an alternate form of bond to secure reclamation obligations for Permit No. ACT/007/007 in the same amount as the self bond.

SO AGREED this 26<sup>th</sup> day of Nov., 1985.

KAISER STEEL CORPORATION

11-26-85  
Date

By   
Chairman & President

11-26-85  
Date

By Charles D. McNeil  
Vice Chairman

KAISER COAL CORPORATION

11-26-85  
Date

By Charles D. McNeil  
President

11-26-85  
Date

By   
VICE PRESIDENT, FINANCE  
STATE OF UTAH, DEPARTMENT OF  
NATURAL RESOURCES, DIVISION OF  
OIL, GAS & MINING

1-6-86  
Date

By Dianne R. Nielson  
Director

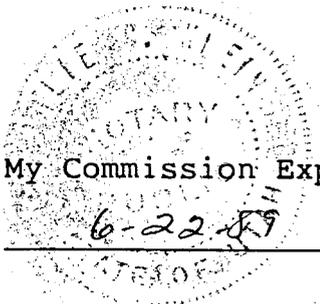
APPROVED AS TO FORM:

12-19-85  
Date

By Barbara W. Roberts  
Assistant Attorney General

STATE OF Utah )  
COUNTY OF Salt Lake ) SS:

On the 26th day of Nov., 1985, personally appeared before me Monty H. Keal and Charles S. McNeil who being by me duly sworn did say that he, the said Monty H. Keal is the Chairman President of Kaiser Steel Corporation and said Charles S. McNeil is the Vice Chairman of Kaiser Steel Corporation and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said Monty H. Keal and Charles S. McNeil duly acknowledged to me that said corporation executed the same.



Julie S. Klein  
Notary Public  
Residing at: Davis County

STATE OF Utah )  
COUNTY OF Salt Lake ) SS:

On the 26th day of Nov., 1985, personally appeared before me Charles S. McNeil and Wes Emerson who being by me duly sworn did say that he, the said Charles S. McNeil is the President of Kaiser Coal Corporation and said Wes Emerson is the Vice President - Finance of Kaiser Coal Corporation and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said Charles S. McNeil and Wes Emerson duly acknowledged to me that said corporation executed the same.

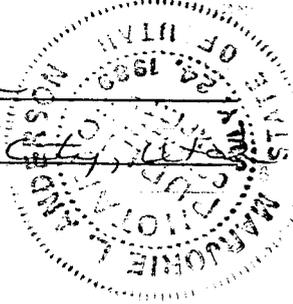


Julie S. Klein  
Notary Public  
Residing at: Davis County

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 6<sup>th</sup> day of January, 1988<sup>6mlA</sup>, personally appeared before me Dr. Dianne R. Nelson, who being by me duly sworn did say for herself, that she, the said Dr. Dianne R. Nelson is the Director of the Division of Oil, Gas & Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that said Division executed the foregoing document by authority of law on behalf of the State of Utah.

Marjorie L. Anderson  
Notary Public  
Residing at: Salt Lake City, Utah



My Commission Expires:

July 24, 1989

EXHIBIT A

LEASE DESCRIPTION

Kaiser Coal Corporation  
Sunnyside Mines  
ACT/007/007, Carbon County, Utah

January 6, 1985

Fee Land

(1) Deed dated February 28, 1951 through which Book Cliffs Corporation, a Nevada corporation, conveyed and warranted to Kaiser Steel Corporation, a Nevada corporation, title to tracts of land in Carbon County, Utah. It was recorded by the County Recorder of Carbon County, Utah, in Book 150, pages 80 to 93 inclusive. Fee land included in the deed and within the permit area is described as follows:

Township 14 South, Range 14 East, SLB&M, Utah

- Sec. 6: N1/2, S1/2 SW1/4, S1/2 SE1/4, NW1/4 SE1/4
- Sec. 7: NW1/4, SW1/4 NE1/4, E1/2 SW1/4, S1/2 SE1/4, NW1/4 SE1/4
- Sec. 17: NE1/4, SE1/4 NW1/4, SW1/4, S1/2 SE1/4
- Sec. 18: E1/2, S1/2 SW1/4, NE1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 less the following described area:

Beginning at the NW corner of SW1/4 NW1/4 of Section 18, Township 14 South, Range 14 East:

thence S 45° 05' E, 1,577.42 ft;  
thence S 39° 25' W, 1,759.22 ft;  
thence N 2,472.87 ft to point of beginning.

- Sec. 19 and 20: All
- Sec. 21: W1/2
- Sec. 28 and 29: All
- Sec. 30: NE1/4, NE1/4 NW1/4, NW1/4 SE1/4
- Sec. 31: S1/2 NE1/4, NE1/4 NE1/4
- Sec. 32 and 33: All
- Sec. 34: W1/2

Township 15 South, Range 14, East, SLB&M, Utah

- Sec. 3: W1/2
- Sec. 4: All
- Sec. 5: All
- Sec. 6: S1/2 SE1/4, SE1/4 SW1/4, portions of N1/2 SE1/4 and NE1/4 SW1/4, South of the D&RGW Railroad right-of-way.
- Sec. 7: N1/2 NE1/4, N3/4 NW1/4
- Sec. 8: NE1/4 NE1/4, N1/2 NW1/4, NW1/4 NE1/4
- Sec. 9: All
- Sec. 10: W1/2, SE1/4
- Sec. 15: W1/2, N1/2 NE1/4
- Sec. 16: E1/2, NW1/4, E1/2 SW1/4
- Sec. 17: E1/2 NE1/4

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Federal Leases

Federal Coal Leases numbers Salt Lake 062966-063383-Utah 010140, Utah 32083 and SL-068754. Areas within both the leases and the permit area are described as follows:

Township 14 South, Range 13 East, SLB&M, Utah

- Sec. 1: SE1/4, E1/4 SW1/4
- Sec. 12: NW1/4, NE1/4, SE1/4, NE1/4 SW1/4 less the following described area:

Beginning at a point which bears S 1,320 ft from the NW corner of Section 12:

- thence S, 1,320 ft;
- thence S 89° 55' 30" E, 1,327.01 ft;
- thence S, 1,320 ft;
- thence S 89° 53' 15" E, 1,327.22 ft;
- thence S, 1,320 ft;
- thence S 89° 51' E, 1,327.43 ft;
- thence N 45° 05' 07" W, 5,623.40 ft to the place of beginning.

- Sec. 13: Portions of: NE1/4 NE1/4, E1/2 SE1/4, SW1/4 SE1/4, SE1/4 SW1/4, NE1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 which are described as follows:

Beginning at a point which bears 2,850 ft S 89° 51' E from the SW corner of Section 13:

- thence N 42° 30' W, 4,215 ft;
- thence N 610 ft;
- thence S 42° 30' E, 3,730 ft;
- thence N 47° 30' E, 100 ft;
- thence S 42° 30' E, 1,450 ft;
- thence N 89° 50' W, 710 ft to the point of beginning.

Beginning at the SE corner of Section 13:

- thence N 1,487.13 ft;
- thence S 39° 25' W, 1,920.39 ft;
- thence S 89° 50' E, 1,219.36 ft to the point of beginning.

Less the following described area:

Beginning at a point which bears S 1,320 ft from the NE corner of Section 13:

- thence N 89° 51' W, 1,327.76 ft;
- thence N 1,320 ft;
- thence S 45° 05' 33" E, 1,874 ft to the point of beginning.

- Sec. 24: S1/2 SE1/4, Portions of: N1/2 NE1/4, SE1/4 NE1/4, N1/2 SE1/4 and NE1/4 SW1/4 which are described as follows:

• Beginning at the NE corner of Section 24:

thence S 0° 07' W, 1,814.87 ft;  
thence S 57° 11' W, 430 ft;  
thence N 38° 23' W, 1,165 ft;  
thence N 42° 26' W, 860.51 ft;  
thence N 39° 5' E, 709.31 ft;  
thence S 89° 50' E, 1,219.36 ft;  
thence S 45.54 ft to the place of beginning.

• Beginning at a point which bears N 0° 02' E, 1,294.59 ft from the SE corner of said Section 24:

thence N 0° 02' E, 1,294.59 ft;  
thence N 0° 07' E, 830.41 ft;  
thence S 57° 11' W, 3,905.58 ft;  
thence S 89° E, 3,280.00 ft to the place of beginning and containing 80 acres more or less.

• Beginning at a point which bears N 89° 50' W 1,720 ft from the NE corner of Section 24:

thence N 89° 50' W, 750 ft;  
thence S 42° 30' E, 2,900 ft;  
thence N 57° 11' E, 100 ft;  
thence N 38° 23' W, 1,165 ft;  
thence N 42° 26' W, 860.51 ft;  
thence N 39° 25' E, 350 ft;  
thence N 42° 30' W, 400 ft to the point of beginning.

• Sec. 14: Portions of: NE1/4 which is described as follows:

• Beginning at a point which bears 1,915 ft N 89° 41' W from the NE corner of Section 14:

thence S 42° 30' E, 2,090 ft;  
thence S 600 ft;  
thence N 42° 30' W, 1,400 ft;  
thence S 48° 00' W, 1,525 ft;  
thence S 175 ft;  
thence N 89° 41' W, 315 ft;  
thence N 300 ft;  
thence N 48° 00' E, 1,775 ft;  
thence N 42° 30' W, 1,125 ft;  
thence S 89° 41' E, 500 ft to the point of beginning.

• Sec. 11: Portions SW1/4 SE1/4 which is described as follows:

• Beginning at a point which bears 1,915 ft N 89° 41' W from the SE corner of Section 11:

thence N 40° 30' W, 1,150 ft;  
thence S 48° 00' W, 380 ft;  
thence S 42° 30' E, 780 ft;  
thence S 89° 41' E, 520 ft to the point of beginning.

• Sec. 25: NE1/4 NE1/4

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Township 14 South, Range 14 East, SLB&M, Utah

- Sec. 6: N1/2 SW1/4
- Sec. 7: W1/2 SW1/4
- Sec. 8: SW1/4, SW1/4 SE1/4
- Sec. 17: W1/2 NW1/4, NE1/4 NW1/4, N1/2 SE1/4
- Sec. 18: E1/2 NW1/4, NW1/4 NW1/4
- Sec. 30: NW1/4 NW1/4, SE1/4 NW1/4, NE1/4 SW1/4, S1/2 SE1/4, NE1/4 SE1/4
- Sec. 31: NW1/4 NE1/4

Carbon County Lease

Coal lease, dated August 18, 1975, granted by Carbon County of the state of Utah, the lessor, to Kaiser Steel Corporation, the lessee. The lease embraces the following described lands in Carbon County, Utah, all of which are within the permit area:

Salt Lake Meridian, UtahTownship 14 South, Range 14 East

- Sec. 21: SE1/4
- Sec. 27: SW1/4, SW1/4 NW1/4
- Sec. 34: E1/2

Township 15 South, Range 14 East

- Sec. 3: E1/2
- Sec. 10: NE1/4

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EXHIBIT B

See attached maps of disturbed permit area on file with the Utah Division of Oil, Gas & Mining.