

0031

Document Information Form

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Person N/A

Company N/A

Date Sent: November, 12 1985

Explanation:

Self Bonding And Indemnity Agreement

cc:

File in:  
C/007/007 Incoming

Refer to:

- Confidential
- Shelf
- Expandable

Date \_\_\_\_\_ For additional information

ACT 007/007  
-44 11-4-85

STATE OF UTAH }  
COUNTY OF CARBON } SS  
FILED AND RECORDED FOR  
S. E. Utah Title

Entry No. 010152  
Indexed ✓✓  
Abstracted ✓  
Reg. Fee 16.50

KAISER  
SELF BONDING AND INDEMNITY AGREEMENT

NOV 12 11 32 AM '85  
BOOK 254 OF RECORDS  
PAGE 633-640

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 has transferred to Kaiser Steel  
Corporation the Interim Program Permit No. ACT/007/013 (herein Permit  
No. ACT/007/013) for the Geneva Mine in Carbon County and Emery  
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; on the premises specifically described in  
Exhibit A; and

WHEREAS, Kaiser Steel Corporation assigned Permit No.  
ACT/007/013 to Kaiser Coal Corporation by agreement dated March 28,  
1985; and

WHEREAS, Kaiser wishes to obtain a bond to maintain Permit  
No. ACT/007/013 under Self Bonding Rule UMC 800.23; and

WHEREAS, Kaiser will not conduct underground coal mining  
operations at the Geneva Mine until a Permanent Program  
granted by the Division; and

WHEREAS, Kaiser, in compliance  
designated Denise A. Dragoo, Esq., with  
CLENDENIN, a Professional Corporation,

File in:  
 Confidential  
 Shelf  
 Expandable  
Refer to Record No 0031 Date 11-12-85  
In C/ 007, 007, Incoming  
For additional information

ACT 007/007  
#4 11-4-85

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W I T N E S S E T H

WHEREAS, the Division has transferred to Kaiser Steel Corporation the Interim Program Permit No. ACT/007/013 (herein Permit No. ACT/007/013) for the Geneva Mine in Carbon County and Emery 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; on the premises specifically described in Exhibit A; and

WHEREAS, Kaiser Steel Corporation assigned Permit No. ACT/007/013 to Kaiser Coal Corporation by agreement dated March 28, 1985; and

WHEREAS, Kaiser wishes to obtain a bond to maintain Permit No. ACT/007/013 under Self Bonding Rule UMC 800.23; and

WHEREAS, Kaiser will not conduct underground coal mining operations at the Geneva Mine until a Permanent Program Permit is granted by the Division; 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 \$918,649.00 (1989 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/007/013 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/007/013 issued by the Division.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the

reclamation plan for Permit No. ACT/007/013 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/007/013 issued by the Division. At no time shall the liability or responsibility of Kaiser hereunder exceed the sum of \$918,649.00 (1989 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 Steel Corporation's and/or Kaiser Coal Corporation's failure to abide by the terms and conditions of the Reclamation Plan as set forth in Permit No. ACT/007/013 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/007/013 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 and Emery 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. 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/007/013 in the same amount as the self bond.

SO AGREED this 4th day of November, 1985.

KAISER STEEL CORPORATION

8-6-85  
Date

By Charles D. McNeil  
President - Coal Group

8-6-85  
Date

By Monty A. Reel  
Chairman of the Board

KAISER COAL CORPORATION

8-6-85  
Date

By Charles D. McNeil  
President

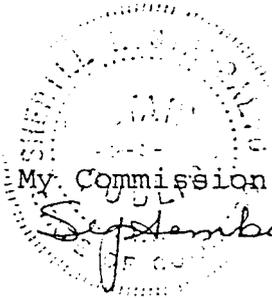
8-12-85  
Date

By [Signature]  
-4- VICE PRESIDENT, FINANCE





resolution of its board of directors, and said W. Wesley Emerson duly acknowledged to me that said corporation executed the same.



My Commission Expires:

September 4, 1988

Sherill P. Gumbel  
Notary Public  
Residing at: Colorado Springs, Co

## EXHIBIT A

GENEVA MINE UNDERGROUND MINE  
 PERMIT BOUNDARY  
 UNDERGROUND PERMIT NO. ACT/007/013

The mine permit area is situated in Emery and Carbon Counties, Utah, as follows:

Township 15 S. Range 14 E., SLM, Utah:

- .Section 27: S1/2SW1/4;
- .Section 28: SE1/4SE1/4;
- .Section 33: E1/2, E1/2SW1/4;
- .Section 34: W1/2, SW1/4NE1/4, W1/2SE1/4, SE1/4SE1/4;

Township 16 R. Range 14 E., SLM, Utah:

- Section 2: All;
- Section 3: All;
- Section 4: Lots 1, 8, 9, SE1/4, S1/2SW1/4;
- Section 5: SE1/4SE1/4;
- Section 8: NE1/4NE1/4;
- Section 9: NW1/4NW1/4, NE1/4NW1/4;
- Section 10: E1/2, E1/2NW1/4, NE1/4SW1/4;
- Section 11: W1/2;
- Section 14: NW1/4;
- Section 15: N1/2NE1/4.

The mine permit area is located on the U.S. Geological Survey 15 minute Woodside Quadrangle.