

Document Information Form

Mine Number: C/007/011

File Name: Incoming

To: DOGM

From:

Person N/A

Company IRM

Date Sent: November 18, 1985

Explanation:

Certificate of Insurance

cc:

File in: C/007, 011, Incoming

Refer to:

- Confidential
- Shelf
- Expandable

Date _____ For additional information



AC10071001 #5
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NOV 18 1985

CERTIFICATE OF INSURANCE

DIVISION OF OIL
GAS & MINING

This is TO CERTIFY that the described policies, covering in accordance with the terms thereof, are in force as of the date hereof:

INSURED: SHARON STEEL CORPORATION / U.S. Fuel Co.
P.O. Box A, Hiawatha, UT 84527

COVERAGE	COMPANY & POLICY NO.	EXPIRATION DATE	LIMITS OF LIABILITY
Workers' Compensation Employers' Liability	Nat'l Un. Fire Ins. Co. of Pittsburgh, PA WC1123348 (All States)	10/1/86	Statutory Each Accident \$ 100,000
Comprehensive General Liability	National Union Fire Ins. Co. of Pittsburgh, PA GLA9601769	10/1/86	Bodily Injury & Property Damage C/S/L \$100,000/\$1,000,000
Products Completed Operations	Chesapeake Ins. Co. Ltd. CIC100485	10/1/86	\$900,000 X's \$100,000 subject to the \$1,000,000 aggregate
	National Union Fire Ins. Co. of Pittsburgh, PA 468-7864	10/1/86	C/S/L \$1,000,000/\$1,000,000 X'S of \$1,000,000/\$1,000,000
Comprehensive Automobile Liability	National Union Fire Ins. Co. of Pgh. PA 10/1/86 BA 9198497	10/1/86	Bodily Injury & Property Damage C/S/L \$100,000
	Chesapeake Ins. Co. Limited CIC 100485	10/1/86	\$900,000 xs \$100,000
	National Union Fire Ins. Co. of Pgh. PA 10/1/86 468-7865		C/S/L \$1,000,000 xs of \$1,000,000
Excess/Umbrella Liability			Combined Single Limit: \$ Aggregate: \$

RE:

This Certificate is issued to: Division of Oil, Gas, & Mining
355 W. North Temple
3 Triad Center
Suite 350
Salt Lake City, UT 84180-1203
Attn: Pam Lattig

This document is furnished for information only. It does not provide or convey and does not make the person or organization to whom it is issued an additional insured affirmatively nor negatively amends, extends or alters the coverage afforded by any Company. Amendment, extension or change of such contract can only be made and attached thereto.

File in:
 Confidential
 Shelf
 Expandable
Refer to Record No. 0010 Date 11-18-85
In C/ 007, oil, Incoming
For additional information

Should any above described policy be cancelled, the Company issuing said policy give such notice at the address shown herein, but failure to give such notice does not constitute a breach of contract by the Company or the undersigned.

DATED: 11-14-85

Armen F. Lawrence Esq.
Attorney for Chesapeake Insurance Co.

James Emebride
Insurance and Risk Management, Inc.
U.S. Steel Building
59th Floor
Pittsburgh, PA 15219



ACT 1007/001 #5
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Copy to PAM
NOV 18 1985

CERTIFICATE OF INSURANCE

DIVISION OF OIL
GAS & MINING

This is TO CERTIFY that the described policies, covering in accordance with the terms thereof, are in force as of the date hereof:

INSURED: SHARON STEEL CORPORATION / U.S. Fuel Co.
P.O. Box A, Hiawatha, UT 84527

COVERAGE	COMPANY & POLICY NO.	EXPIRATION DATE	LIMITS OF LIABILITY	
			BODILY INJURY	PROPERTY DAMAGE
Workers' Compensation Employers' Liability	Nat'l Un. Fire Ins. Co. of Pittsburgh, PA WC1123348 (All States)	10/1/86	Statutory Each Accident \$ 100,000	Nil Nil
Comprehensive General Liability	National Union Fire Ins. Co. of Pittsburgh, PA GLA9601769	10/1/86	Bodily Injury & Property Damage C/S/L \$100,000/\$1,000,000	
Products Completed Operations	Chesapeake Ins. Co. Ltd. CIC100485	10/1/86	\$900,000 X's C/S/L \$1,000,000/\$1,000,000 X'S of \$1,000,000/\$1,000,000	\$100,000 subject to the \$1,000,000 aggregate
Comprehensive Automobile Liability	National Union Fire Ins. Co. of Pgh. PA Chesapeake Ins. Co. Limited CIC 100485	10/1/86	Bodily Injury & Property Damage C/S/L \$100,000 \$900,000 xs \$100,000	
Excess/Umbrella Liability	National Union Fire Ins. Co. of Pgh. PA 468-7864	10/1/86	C/S/L \$1,000,000 xs of \$1,000,000	
			Combined Single Limit: \$	
			Aggregate: \$	

RE:

This Certificate is issued to: Division of Oil, Gas, & Mining
355 W. North Temple
3 Triad Center
Suite 350
Salt Lake City, UT 84180-1203
Attn: Pam Lattig

This document is furnished for information only. It does not provide or convey any insurance. Unless specified hereon its issuance does not make the person or organization to whom it is issued an additional insured under any policy of insurance. It neither affirmatively nor negatively amends, extends or alters the coverage afforded by the contract of insurance between the insured and any Company. Amendment, extension or change of such contract can only be effected by endorsement issued by the Company and attached thereto.

Should any above described policy be cancelled, the Company issuing said policy will issue 30 days' notice to the holder of this document, at the address shown herein, but failure to give such notice shall impose no obligation of any kind upon the Company or the undersigned.

DATED: 11-14-85

Carmen F. Laramie Esq.
Attorney for Chesapeake Insurance Co.

James Emebric
Insurance and Risk Management, Inc.
U.S. Steel Building
59th Floor
Pittsburgh, PA 15219

ACT/007/011 #5
Copy to Pam & Randy

UNITED STATES FUEL COMPANY

HIAWATHA, UTAH 84527

October 8, 1985

Pam Grubaugh-Littig
Division of Oil, Gas and Mining
355 W. North Temple, 3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED

OCT 11 1985

RE: Response to Draft Reclamation Bonding Estimates

**DIVISION OF OIL
GAS & MINING**

Dear Ms. Grubaugh-Littig:

Enclosed is U.S. Fuel's response to OSM's draft bonding calculations for the Hiawatha Mine Complex. As we have discussed earlier, several areas appear to us to be estimated far in excess of what the actual cost incurred would be.

We would appreciate your review of our accompanying outline. Hopefully, you will find these adjustments to be warrantable.

We would be glad to meet with you or your staff if further discussion is necessary.

Sincerely,



Paul Schank
Surface Superintendent

pc: Ron Naten, OSM



RESPONSE TO DRAFT RECLAMATION BONDING ESTIMATES

U.S. Fuel Company has reviewed OSM's draft bonding calculations for the Hiawatha Mines Complex. We question several items in the estimate and are submitting our comments for your consideration. Comments on each of the six areas to be reclaimed are given below:

I. PREPARATION PLANT FACILITIES AREA

A. STRUCTURE REMOVAL

1. U.S. Fuel personnel made actual in place measurements on structures which appeared to be estimated too large in OSM's calculations. U.S. Fuel's corrections are given in Table I.

Please note that U.S. Fuel is not proposing a concrete silo for the unit train loadout facility. A steel hopper loadout is proposed as shown on Exhibit III-21C (Revised 8-31-84).

B. BACKFILLING AND GRADING

1. On pages 4 and 5 OSM has included costs to transport excess material from Slurry Pond No. 5 and the upper rail yard areas to the preparation plant area.

Our reclamation plan does not include this function. All material is proposed to be disposed of at the existing sites. Excess material will simply be spread out evenly over the other material and covered with topsoil. This may raise the elevation of the fill a few inches but will not significantly change the final configuration or affect topsoil distribution. We feel the \$103,000.00 estimated to haul excess material from the upper railroad area and the Pond No. 5 area to the preparation plant area is unjustified.

C. TOPSOIL REPLACEMENT

1. U.S. Fuel disagrees with OSM's calculation of the number of trucks required to support the front end loader for topsoil replacement given on page 6.

We estimate that only three trucks are necessary to haul the 437 Cy/Hr. generated by the loader. OSM's estimate of load time (0.64 min.) in the truck cycle time appears to be in error. Load time should be 2.29 min. $[(20 \text{ CY/Load}/5.6 \text{ CY/Cycle}) \times 0.64 \text{ Min./Cycle} = 2.29 \text{ Min./Load}]$. Even with this increased truck cycle time, only three trucks are necessary to support the loader.

The cost of four unnecessary trucks (\$269,670.00) should be eliminated from the estimate.

D. REVEGETATION

1. U.S. Fuel questions the need for tilling the topsoil prior to fertilization as given on page 7.

Our plan states that immediately prior to fertilization, mulching and seeding, the soil will be disced along the contour to eliminate the detrimental affects of compaction which occur during distribution (page II - 17 Rec. plan)

OSM has included a cost of \$13,000 to scarify the topsoil and an additional cost of \$13,000 to till the topsoil. We feel that one of these proceses is not justified, therefore, \$13,000 should be eliminated from this part of the estimate.

II. SOUTH FORK FACILITIES AREA

A. STRUCTURE REMOVAL

1. U.S. Fuel personnel made actual in place measurements on structures which appeared to be estimated too large in OSM's calculations. U.S. Fuel's corrections are given in Table 2.

B. REVEGETATION

1. U.S. Fuel questions the need for both scarification and tilling as given on page 12. Our plan only proposes to disk the topsoil prior to fertilization, mulching and seeding. \$799.00 should be eliminated from this part of the estimate.

III. MIDDLE FORK FACILITIES AREA

1. U.S. Fuel questions the need for both scarification and tilling as given on pages 17 and 18. Our plan only proposes to disk the topsoil prior to fertilization, mulching and seeding. \$1,370.00 should be eliminated from this part of the estimate.

IV. ROAD RECLAMATION

1. U.S. Fuel Company believes it is unnecessary to include reclamation of the South Fork, North Fork and Middle Fork roads in the present bonding requirements. Bonding of these roads only places additional financial burdens upon the company at a time when operations have been reduced because of poor market conditions. Inclusion of these roads in the present bonding requirements is premature and based upon subjective decisions.
2. Present plans call for access to the Mohrland coal reserves, which are not part of the permit area, through present mine workings. This area, which contains up to 70 million recoverable tons, will ensure continuous operations from the Hiawatha area well into the 21 century. Operations will also guarantee survival of the townsite through this period
3. Under these circumstances, the company does not believe it should be burdened with this additional bonding expense. Since the mine permit is reviewed every 2 1/2 years, the bonding requirements can easily be adjusted when it can be shown the townsite will be abandoned or access is no longer required for mining. It should also be noted that this discussion covers roads which are located on private land. As the roads in question exist entirely on private land we view OSM's insistence that these roads be reclaimed as an infringement on our rights as a private land owner. Reclamation of the roads would devalue the property value in these canyons should the company, as a non coal mining entity, decide to divest itself of the land ownership. It would be unreasonable to require the company to reclaim the road against their wishes when as a private land owner they could maintain whatever roads they wished. In fact if the company would choose to subdivide the property the roads would add to the value of the property and pose no hazardous postmining condition to the public or environment.
4. The company believes its' position has been adequately stated in correspondence dated from January 1984 through February 1985. We call your attention to our letter to OSM dated September 12, 1984. This letter adequately states our position concerning the existence and survival of Hiawatha and the necessity to maintain access to the towns water supply.
5. The \$134,000 estimated to reclaim the roads should be eliminated from the bonding proposal, at least at this early stage in the projected life of the mining operations.

V. SUMMARY

1. In summary, US. Fuel feels that an amount of \$701,642.00 should be subtrated from the \$3,426,400 reclamation bonding calculations detailed in OSM's June 14, 1984 estimate.

0058L

U.S. FUEL COMPANY

TABLE I

STRUCTURE REMOVAL
Preparation Plant Facilities Area

STRUCTURE	SIZE		MATERIAL	COST		REMARKS
	OSM	U.S. FUEL		OSM	U.S. FUEL	
Thickner	1,090CY	200CY	Concrete	\$6,180	\$1,826	55' Dia. X 18' High
Concrete Silo	12,658CY	0	Concrete	\$115,600	0	See Exhibit III-21C Revised 8-31-84
Steel Loadout	0 0	2,955CY 205CY	Steel Concrete	0 0	\$24,118 \$1,871	See Exhibit III-21C Revised 8-31-84
Heavy Equip. Shop	3,330CY 4,500SF	1,033CY 1,395SF	Steel Concrete	\$13,500 \$10,300	\$4,183 \$4,310	Actual Size 22.5' x 62' x 20' High
Sediment Ponds (5)	66,000CY	19,743CY	Earth	\$54,100	\$16,183	See Exhibits III-4 thru III-8
				<u>\$199,680</u>	<u>\$50,665</u>	

U.S. FUEL COMPANY

TABLE 2

STRUCTURE REMOVAL
South Fork Facilities Areas

STRUCTURE	SIZE		MATERIAL	COST		REMARKS
	OSM	U.S. FUEL		OSM	U.S. FUEL	
Conveyor	10,400CY	2,800CY	Steel	\$42,100	\$11,312	Wire Rope Mounted Conveyor 6' High x 6' Wide x 2,100' Long Exhibit X-4

0059L

Insurance Company of North America
Aetna Insurance Company
CIGNA companies

RECEIVED

*File ACT/007/011
#5*

875 Greentree Road
Parkway Center, CIGNA Building
Pittsburgh, PA 15220
(412) 928-4800

SEP 23 1985

DIVISION OF OIL
GAS & MINING



September 19, 1985

Ms. Pamela Grubaugh-Littig, Reclamation Engineer
State of Utah
Dept. of Natural Resources
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Replacement Bond for Bond KO 22 57 64 6-7, U.S. Fuel Co.
Hiawatha Complex, ACT/007/011, #5 Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Per your letter of March 28, 1985 on the above, please advise if you have received a replacement bond for the above as of this time. Your prompt reply will be greatly appreciated.

Very truly yours,

Kathleen A Black

Kathleen A. Black
Bond Department
KB/tah

Have not received anything as of 9/23/85 /pgl.

Called to notify them. 9/24/85.



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

March 28, 1985

Ms. Kathleen A. Black
Attorney-in-Fact
Insurance Company of North America
Aetna Insurance Company
Parkway Center, CIGNA Building
875 Greentree Road
Pittsburg, Pennsylvania 15220

Dear Ms. Black:

RE: No Replacement Bond for Bond K02257646-7, U. S. Fuel
Company, Hiawatha Complex, ACT/007/011, #5 Carbon County,
Utah

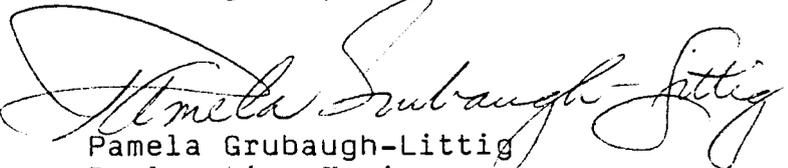
The Division has not received a replacement bond for reclamation bond K02257646-7. The letter of March 21, 1985 to the Division stated that the Insurance Company of North America elects to terminate this bond effective May 22, 1985.

We will notify you when the replacement bond is received at our office. Please do not terminate this bond until that time.

If you have any questions, please don't hesitate to call.

Thank you.

Best regards,


Pamela Grubaugh-Littig
Reclamation Engineer

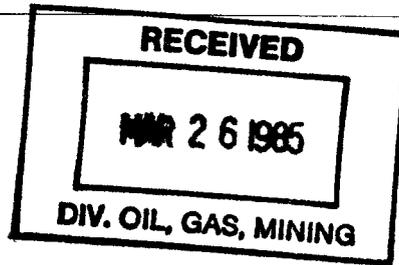
btb
cc: Sue Linner
8808R-52

Insurance Company of North America
Aetna Insurance Company
CIGNA companies

File ACT/007/011

#5

875 Greentree Road
Parkway Center, CIGNA Building
Pittsburgh, PA 15220
(412) 928-4800



MARCH 21, 1985

STATE OF UTAH
DEPT. OF NATURAL RESOURCES AND ENERGY
DIV. OF OIL, GAS & MINING
4241 STATE OFFICE BLDG.
SALT LAKE CITY, UTAH 84114

RE: CANCELLATION NOTICE
K02257646-7

GENTLEMEN:

THIS RECLAMATION BOND IN THE AMOUNT OF \$1,450,000.00
WAS EXECUTED ON OR ABOUT APRIL 5, 1983 WITH U.S. FUEL
COMPANY AS PRINCIPAL.

THE INSURANCE COMPANY OF NORTH AMERICA HEREBY ELECTS TO
TERMINATE THIS BOND EFFECTIVE MAY 22, 1985 SINCE WE ARE
NO LONGER THE SURETY FOR U.S. FUEL COMPANY.

VERY TRULY YOURS,

INSURANCE COMPANY OF NORTH AMERICA

BY: *Kathleen A Black*
KATHLEEN A. BLACK, ATTORNEY-IN-FACT



United States Department of the Interior
 OFFICE OF SURFACE MINING
 Reclamation and Enforcement
 BROOKS TOWERS
 1020 15TH STREET
 DENVER, COLORADO 80202

*orig mine file
 cc R. Daniels
 J. Brayton*

MAR 18 1985

Mr. Paul Schank
 Superintendent of Surface Operations
 United States Fuel Company
 Hiawatha, Utah 84527

*ACT/007/011
 #21 #5*

Dear Mr. Schank:

I intend to make an initial administrative decision on the Hiawatha Mines Complex permit application package within a few weeks. My initial administrative decision is expected to be approval of the permit application package and issuance of the permit. Before your permit can be issued, evidence of a performance bond payable to the State of Utah and United States of America in the amount of \$5,600,000.00 must be submitted to this office. You should proceed to secure your bond in a timely manner.

I will follow this letter in a few weeks notifying you that you will need to provide a bond by the specified date which will be approximately 30 days from receipt. The permit will be effective upon receipt and approval of the bond by OSM.

After a permit has been issued, OSM will provide notification of the decision in the Price Sun Advocate. You or any person with an interest which is or may be adversely affected by issuance of the permit or any conditions contained therein has 30 days from the day of newspaper publication to request a hearing on the reasons for the decision in accordance with UMC 787.11(a).

Should the bond not be received by this office within the specified time frame, the initial administrative decision will be to disapprove the permit application package and your authority to continue operations under the interim program will terminate.

For your information, I have enclosed a copy of the conditions which will be part of the permit upon approval. If you have any questions, please contact Ron Naten or Walter Swain of my staff at (303) 844-3806.

Sincerely,

Richard E. Dawer
 for Allen D. Klein
 Administrator

Western Technical Center

RECEIVED

Enclosure

cc: Dianne Nielson, DOGM
 Susan Linner, DOGM
 Robert Hagen, OSM - Albuquerque

MAR 18

DIVISION OF
 GAS & MINING