

0008

007/011 #2

UNITED STATES FUEL COMPANY

P.O. Box A
Hiawatha, Utah 84527

(801) 637-2252
TELEX: 453-123

June 3, 1992

RECEIVED

JUN 05 1992

DIVISION OF
OIL GAS & MINING

Daron Haddock, Permit Supervisor
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Request for Permit Amendment (Incidental Boundary Changes),
U. S. Fuel Company, Hiawatha Mines Complex, ACT/007/011

Amendment 92B

Dear Daron:

Enclosed is a request for a Permit Amendment to make Incidental Boundary Changes to U. S. Fuel's Permit area. Boundary changes are proposed for Section 18, T. 15 S., R. 8 E. and Section 6, T. 16 S., R. 8 E., S.L.B. & M.

Changes to Section 18 will reduce U. S. Fuel's Permit area by 467 acres. Changes to Section 6 will increase the permit area by 40 acres. I have enclosed a revised copy of Table 1 of Chapter I of our Permit Application. Page 8 of Table 1 gives the total permit acreage after the above changes.

All maps and other references to these changes in our Permit Application will be revised and submitted with our upcoming five year permit renewal requirements. The Request For Permit Amendment will be identified in the narrative and included in an appendix to Chapter I.

If additional copies of the enclosed material are required prior to our five year permit renewal submittal please let me know.

Sincerely,

Robert Eccli

Robert Eccli
Sr. Mining Engineer



Amendment 92B

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REQUEST FOR PERMIT AMENDMENT

DIVISION OF
OIL GAS & MINING

Pursuant to R645-303-220 United States Fuel Company hereby applies for a permit amendment to change the boundaries of its Mining and Reclamation Permit area.

Two specific locations in which incidental boundary changes are proposed are discussed below. Please refer to Exhibits IV-1 and IV-2 of our Permit Application for orientation.

Section 18, Township 15 South, Range 8 East, S. L. B. & M.

In December 1985 United States Fuel Company and Plateau Mining Company signed a Purchase and Sales Agreement whereby coal reserves in a portion of Section 18 were sold to Plateau Mining Company. A deed conveying coal rights was made a part of the Agreement. Surface and mineral rights were retained by U. S. Fuel Company. A copy of the Purchase and Sales Agreement is on file at the U. S. Fuel mine office. The deed is on file at the Carbon County Recorder's office in Book 258, Page 230. The land area involved in the sale comprises 466.66 acres and is described as follows:

Beginning at the northwest section corner of Section 18, Township 15 South, Range 8 East, SLB&M, and running along the North boundary line of Section 18 a distance of 5,186.96 feet to the northeast section corner of Section 18; thence South along the East boundary line of Section 18 a distance of 4,118 feet to a line which is 50 feet North of the most northerly excavation of the 13 East heading; thence West 3,618 feet to a line which is 50 feet East of the most easterly excavation of the 8 North heading; thence North 268 feet to a line which is 50 feet North of the most northerly excavation of the 8 North heading; thence West 1,571.58 feet to the West boundary line of Section 18; thence North 3,614.98 feet along the West boundary line of Section 18 to the point of beginning.

All of Section 18 was identified as being owned in fee by U. S. Fuel Company and included within U. S. Fuel's permit boundary in its original permit application. U. S. Fuel now wishes to exclude the land described above from its previously defined permit area. U. S. Fuel is not the mine operator in this area and does not wish to imply responsibility for potential reclamation requirements not related to its operations.

U. S. Fuel had developed a mining section in this area prior to sale of the coal rights to Plateau, however, Plateau is aware of these workings and has accepted responsibility for them. U. S. Fuel has not utilized or disturbed the surface of this land since

enactment of the Surface Mining Control and Reclamation Act. No future disturbance of the surface or underground area in connection with mining or reclamation by U. S. Fuel is proposed or anticipated.

Documentation that Plateau has accepted responsibility for this area is evidenced in Item 8 (Representations of Plateau) and Item 10 (Indemnity by Plateau) of the Purchase and Sale Agreement. Copies of these items are included as Attachment A.

Lot No. 10, Section 6, Township 16 South, Range 8 East, S. L. B. & M.

Lot No. 10 of Section 6 was inadvertantly omitted from the permit area of U. S. Fuel's original permit application. U. S. Fuel now proposes to include lot number 10 (comprising 40 acres) in its permit area. This proposal is solely to make the boundaries of the approved permit conform with U. S. Fuel's property ownership boundary. No changes in the method of conduct of mining or reclamation operations or in the conditions authorized or required under the approved Permit have occurred to the surface or subsurface area of this land and no future changes are proposed or anticipated.

U. S. Fuel's current Mining and Reclamation Permit addresses all the requirements of R645-301 as they relate to this area. The requirements of R645-302 do not apply since no special categories and areas of mining are proposed.

ATTACHMENT A

SELECTED PAGES FROM 1985 PURCHASE AND SALES AGREEMENT

title to the Property. Subject to the further terms of this Agreement, U.S. Fuel shall remain solely liable subsequent to the date of Closing for any encumbrances, liens, claims, assessments, charges or penalties which remain after Closing as the result of any act or omission of U.S. Fuel prior to Closing and, in the event U.S. Fuel fails to discharge or satisfy any such encumbrance, lien, assessment, charge or penalty prior to Closing, then Plateau, after notice to U.S. Fuel subsequent to Closing, shall be entitled to discharge any such lien, encumbrance or claim and to set off all costs incurred thereby, including reasonable attorneys' fees, against the amount of any Production Royalty due.

8. Representations of Plateau: Plateau hereby represents, warrants, covenants and agrees, which representations, warranties, covenants and agreements, together with all other representations, warranties, covenants and agreements to U.S. Fuel in this Agreement, shall be true and correct as of the time of Closing as if expressly restated at that time, that:

(a) It is, and until the Closing shall continue to be, a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is qualified and in good standing under the laws of the State of Utah to do business in Utah.

(b) It has all requisite corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement. Consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, any provision of its charter or by-laws, or any

agreement or instrument to which it is a party or is bound.

- (c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on its part.
- (d) Plateau and its representatives have inspected the Property and are aware of the present condition thereof. It is understood that U.S. Fuel is making no representations as to such condition and that Plateau is taking the Property on an "as is" and "where is" basis and that U.S. Fuel is making no representations as to the quality or quantity of coal contained in the Property.
- (f) The consummation of the transaction represented by this Agreement will not result in a breach of any terms and conditions of or be construed as a default under any agreement or other instrument to which Plateau is a party and, as of the Closing date, will not violate or conflict with any contracts, governmental or otherwise, to which Plateau is subject.
- (g) Plateau will take all reasonable action to protect and preserve the surface of the Property with maximum resource recovery, recognizing current and future surface utilization. However, the parties also recognize that Plateau's mining procedures may result in subsidence of the surface of the Property and, provided that Plateau complies with all laws, rules, regulations and its Mine Permit or Permits issued thereunder, U.S. Fuel for itself and its successors and assigns hereby consents to such subsidence and releases Plateau from liability for damages resulting from such subsidence.

- (h) Plateau will take all necessary action to protect and preserve the quantity and quality of existing surface water and ground water systems and will comply with all laws, rules and regulations pertaining thereto with respect to the Property.
- (i) Plateau will take all necessary action with respect to environmental and pollution control laws, rules and regulations to effect compliance with any such laws, rules and regulations with respect to the Property.

9. Indemnity by U.S. Fuel. U.S. Fuel agrees to indemnify and hold Plateau harmless from and against and in respect of any losses incurred by Plateau from:

- (a) All claims and demands made in respect to liabilities and obligations of U.S. Fuel relating to, or arising from, ownership, operation or control of the Property at or prior to Closing, including, but not limited to, the failure of U.S. Fuel to comply with any federal, state or local environmental protection, pollution control, safety, waste disposal or reclamation law, rule or regulation to the date of Closing; and
- (b) Any damage or deficiency resulting from any material misrepresentation or any material breach of warranty or nonfulfillment of any agreement or covenant on the part of U.S. Fuel under this Agreement; and
- (c) Any claims made by creditors relating to U.S. Fuel's ownership or operation of the Property.

10. Indemnity by Plateau. Plateau agrees to indemnify and hold U.S. Fuel harmless from and against and in respect of any losses incurred by U.S. Fuel from:

- (a) All liabilities and obligations of Plateau and all claims and demands made relating to, or arising from, ownership, operation or control of the Property and Plateau's use of the surface of said Property and the use of other premises to break out for ventilation purposes as provided in this Agreement, subsequent to Closing, including, but not limited to, the failure of Plateau to comply with any federal, state or local environmental protection, pollution control, safety, mining operations, waste disposal or reclamation, surface water and ground water systems law, rule or regulation;
- (b) Any damage or deficiency resulting from any known and material misrepresentation or any material breach of warranty or nonfulfillment of any agreement or covenant on the part of Plateau under this Agreement; and
- (c) Any claims made by creditors relating to Plateau's ownership or operation of the Property.

11. Right to Acquire Additional Property. For a period of five (5) years, if U.S. Fuel elects to sell those areas of Sections 18 and 19 of Township 15 South, Range 8 East, SLM, bounded on the north by the U.S. Fuel's No. 13E Main Entries and on the south by the U.S. Fuel's No. 12E Main Entries and on the west by U.S. Fuel's No. 8N Main Entries, (the "Additional Property"), U.S. Fuel shall notify Plateau accordingly. Plateau shall have sixty (60) days from such notice to offer to purchase said Additional Property. If Plateau's offer to acquire the Additional Property is acceptable to U.S. Fuel, U.S. Fuel shall grant the Additional Property to Plateau by a deed in a form mutually agreed by the parties. If Plateau's offer is unacceptable to U.S. Fuel, then U.S. Fuel may proceed, if it so desires, to sell or otherwise transfer its interest in said Additional Property to a third party free and clear of the terms of this Agreement.