

0033

LAW OFFICES

PRUITT, GUSHEE & BACHTTELL

SUITE 1850 BENEFICIAL LIFE TOWER

SALT LAKE CITY, UTAH 84111-1495

(801) 531-8446

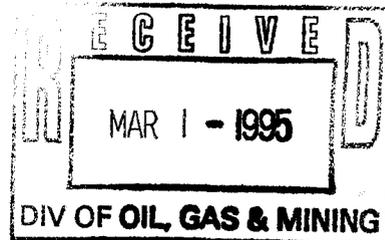
TELECOPIER (801) 531-8468

ROBERT G. PRUITT, JR.  
OLIVER W. GUSHEE, JR.  
THOMAS W. BACHTTELL  
A. JOHN DAVIS, III  
JOHN W. ANDERSON  
FREDERICK M. MACDONALD  
ANGELA L. FRANKLIN

OF COUNSEL  
JOHN F. WALDO  
BRENT A. BOHMAN

March 1, 1995

**HAND DELIVERED**



Lowell Braxton  
Associate Director  
Division of Oil, Gas and Mining  
State of Utah  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

*Orig. to file*

Re: *Bond Adjustment No. 94-B, U.S.  
Fuel Company, Hiawatha Mine,  
ACT/007/011, Folder 4, Carbon  
County, Utah*

Dear Lowell:

Reference is made to our telephone conversation regarding the February 13, 1995 letter signed by Jim Carter informing U.S. Fuel of the bond adjustment to a total of \$2,838,000. We discussed the fact that we are dealing with a simple change in the bond amount. Therefore, it is not necessary to do a new reclamation agreement, etc.

I have prepared and enclose for your review and approval a form of Stipulation to Change Bond Amount, together with Exhibits referred to in the body of the form. The proposed Stipulation follows, as a guide, a previous Stipulation to Change Bond Amount between the Division of Oil, Gas and Mining ("DOGM") and U.S. Fuel in 1986 when the bond was increased in connection with approval and execution of the Mining Permit. The enclosed form, however, includes additional items, per our discussion, confirming no change in the requirement to comply with the Permit in completing reclamation and necessity for approved replacement bonding with an assignment of the Permit. The

Lowell Braxton  
March 1, 1995  
Page 2

proposed Stipulation is an expeditious and efficient manner to take care of the bond adjustment.

Please advise as soon as possible on the acceptability of the Stipulation as our transaction is proceeding on schedule, as far as I can tell, to a final closing in the near future. Upon hearing from you, I will obtain U.S. Fuel's execution and then return it for DOGM's execution.

Very truly yours,



O. W. Gushee, Jr.

OWG:sh  
cc: Gary Barker  
Enclosures  
0395.97  
0395\corr\braxton.ltr

(Renewal) Permit Number ACT/007/011  
March 13, 1992  
(Amended June 9, 1992)

**STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203  
(801)538-5340**

**STIPULATION TO CHANGE BOND AMOUNT**

STIPULATION attached to and forming part of Permit Number ACT/007/011, Hiawatha Mine Complex, Carbon and Emery Counties, Utah.

By stipulation of October 29, 1986, the Division of Oil, Gas and Mining, State of Utah, (DOGM") and United States Fuel Company (Permittee) agreed that its total reclamation bond to be posted for the Hiawatha Mine Complex in respect to the Mining and Reclamation Permit issued to United States Fuel Company was \$3,779,000. By letter of November 23, 1994 addressed to DOGM, Permittee requested adjustment in the total reclamation bond amount. In reference to Permittee's request, by letter of February 13, 1995, DOGM informed Permittee that it has established a new total reclamation bond amount of \$2,838,000.

United States Fuel Company and DOGM hereby stipulate and agree that the adjusted total reclamation bond amount to be posted for the Hiawatha Mine Complex operation is \$2,838,000 and is complied with as follows:

1. Bond No. K01733369, issued on behalf of United States Fuel Company (principal) with an effective bond date of April 8, 1983, by Insurance Company of North America, as surety (as changed by Rider dated effective November 14, 1994), in the amount of \$1,450,000, copy of which is attached as Exhibit "A"; and
2. Self Bond in the amount of \$2,329,000 as provided in that certain Self Bonding and Indemnity Agreement dated October 29, 1986, copy of which is attached as Exhibit "B" to this Stipulation, as reduced by DOGM's February 13, 1995 adjustment, copy of which is attached as Exhibit "C", to \$1,388,000.

3. Permittee agrees that the described bond adjustment does not change or modify the requirement to comply with the terms of the Permit, laws and rules applicable thereto, including reclamation of all areas disturbed by coal mining operations even if the cost of actual reclamation exceeds the adjusted total bond amount.

4. The Permit may not be assigned or transferred without the approval of the Director, DOGM, and, if approved, the described bonds shall not be released until DOGM has approved and accepted a replacement reclamation bond.

United States Fuel Company and the State of Utah, acting by and through DOGM, do hereby execute the foregoing stipulation.

**UNITED STATES FUEL COMPANY**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
President

**STATE OF UTAH, Department of  
Natural Resources, Division of  
Oil, Gas and Mining**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
James W. Carter  
Director

AFFIDAVIT OF QUALIFICATION  
PERMITTEE  
--ooOoo--

I, Michael Watson, being first duly sworn under oath, depose and say that he is the President of United States Fuel Company; and that he is duly authorized to execute and deliver the foregoing Stipulation to Change Bond Amount; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations of DOGM Renewal Permit Number ACT/007/011, March 13, 1992, as amended June 9, 1992.

\_\_\_\_\_  
Michael Watson, President

STATE OF UTAH            )  
                                  )ss:  
COUNTY OF CARBON    )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1995.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

\_\_\_\_\_ Residing at: \_\_\_\_\_

AFFIDAVIT OF QUALIFICATION  
DIRECTOR  
--ooOOoo--

I, James W. Carter, being first duly sworn under oath, depose and say that he is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing Stipulation to Change Bond Amount; and that said DIRECTOR is authorized to execute the same by authority of law on behalf of the State of Utah.

  
\_\_\_\_\_  
James W. Carter, Director  
Division of Oil, Gas and Mining

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

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1995.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
\_\_\_\_\_

Residing at: \_\_\_\_\_

STATE OF UTAH  
 DEPARTMENT OF NATURAL RESOURCES AND ENERGY  
 DIVISION OF OIL, GAS AND MINING  
 4241 State Office Building  
 Salt Lake City, Utah 84114

THE MINED LANDS RECLAMATION ACT

BOND

\*\*\*\*\*

The undersigned U.S. FUEL COMPANY  
 as principal, and INSURANCE COMPANY OF NORTH AMERICA as  
 surety, hereby jointly and severally bind ourselves, our heirs, administrators,  
 executors, successors and assigns unto the State of Utah, Division of Oil, Gas  
 and Mining, and the U. S. Department of the Interior, Office of Surface Mining  
 in the penal sum of ONE MILLION FOUR HUNDRED FIFTY THOUSAND  
 dollars (\$ 1,450,000). Such sum shall be payable to  
 one, but not both, of the above-named agencies.

The principal estimated in a "Notice of Intention to Commence Mining  
 Operations and a Mining and Reclamation Plan," filed with the Division of Oil,  
 Gas and Mining on the 8TH day of APRIL,  
 19 83, that 290 acres of land will be affected by this mining  
 operation in the State of Utah. A description of the affected land is attached  
 hereto as Exhibit "A."

If the principal shall satisfactorily reclaim the above-mentioned lands  
 affected by mining by the said principal in accordance with the Mining and  
 Reclamation Plan and shall faithfully perform all requirements of the Mined  
 Land Reclamation Act, and comply with the Rules and Regulations adopted in  
 accordance therewith, then this obligation shall be void; otherwise it shall  
 remain in full force and effect until the reclamation is completed as outlined  
 in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a  
 piecemeal or cyclic basis, and the land is reclaimed in accordance with such  
 plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area  
 of the land affected or increased reclamation work, then this bond may  
 accordingly be increased with the written approval of the surety company.

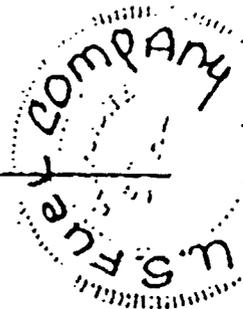
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APR 12 1983

DIVISION OF

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officers with the seal of the corporation affixed.

U.S. FUEL COMPANY  
Principal (Company)



By [Signature] Sr. Vice President  
Company Official - Position

Date: April 8, 1983

INSURANCE COMPANY OF NORTH AMERICA  
Surety (Company)

By Kathleen A. Black  
Official of Surety - Position  
KATHLEEN A. BLACK, ATTORNEY-IN-FACT

DATE: April 5, 1983

POWER OF ATTORNEY

589558

INSURANCE COMPANY OF NORTH AMERICA

PHILADELPHIA, PA.

Know all men by these presents: That INSURANCE COMPANY OF NORTH AMERICA, a corporation of the Commonwealth of Pennsylvania, having its principal office in the City of Philadelphia, Pennsylvania, pursuant to the following Resolution adopted by the Board of Directors of the said Company on May 28, 1975, to wit:

"RESOLVED, pursuant to Articles 3.6 and 5.1 of the By-Laws, the following Rules shall govern the execution for the Company of bonds, undertakings, recognizances, contracts and other writings in the nature thereof:

- (1) That the President, or any Vice-President, Assistant Vice-President, Resident Vice-President or Attorney-in-Fact, may execute for and in behalf of the Company any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof, the same to be attested when necessary by the Secretary, an Assistant Secretary or a Resident Assistant Secretary and the seal of the Company affixed thereto; and that the President or any Vice-President may appoint and authorize Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact to so execute or attest to the execution of all such writings on behalf of the Company and to affix the seal of the Company thereto.
(2) Any such writing executed in accordance with these Rules shall be as binding upon the Company in any case as though signed by the President and attested by the Secretary.
(3) The signature of the President or a Vice-President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to this Resolution, and the signature of a certifying officer and the seal of the Company may be affixed by facsimile to any certificate of any such power, and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company.
(4) Such Resident Officers and Attorneys-in-Fact shall have authority to certify or verify copies of this Resolution, the By-Laws of the Company, and any affidavit or record of the Company necessary to the discharge of their duties.
(5) The passage of this Resolution does not revoke any earlier authority granted by Resolution of the Board of Directors on June 9, 1953."

does hereby nominate, constitute and appoint LARRY R. MILES, RANDY L. LEININGER, KATHLEEN A. BLACK, SUE ANN CURRAN, DAVID L. DOUGLASS, JOHN E. ROGAN, and ROBERT L. DONNELLY, all of the City of Pittsburgh, State of Pennsylvania

, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof. And the execution of such writings in pursuance of these presents, shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said MICHAEL B. FODOR, Vice-President, has hereunto subscribed his name and affixed the corporate seal of the said INSURANCE COMPANY OF NORTH AMERICA this 4th day of February 19 83



INSURANCE COMPANY OF NORTH AMERICA
by MICHAEL B. FODOR Vice-President

STATE OF PENNSYLVANIA
COUNTY OF PHILADELPHIA
On this 4th day of February A. D. 19 83
Public of the COMMONWEALTH OF PA. in and for the County of PHILADELPHIA came MICHAEL B. FODOR, Vice-President of the INSURANCE COMPANY OF NORTH AMERICA to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same; that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of PHILADELPHIA the day and year first above written.

LETITIA H. CLARK
Notary Public Phila. Phila. County
My Commission Expires August 22, 1983
LETITIA H. CLARK Notary Public

My commission expires
I, the undersigned, Secretary of INSURANCE COMPANY OF NORTH AMERICA, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a full, true and correct copy, is in full force and effect. In witness whereof, I have hereunto subscribed my name as Secretary, and affixed the corporate seal of the Corporation, this 5th day of April 19 83

Insurance Company of North America  
 CIGNA companies

RECEIVED

NOV 14 1991

Ans. 0.....



Rider to be attached to and form a part of Bond Number K01733369

on behalf of U.S. Fuel Company

(Name)

(Principal),

(Address)

and in favor of State of Utah, Division of Oil, Gas, and Mining (DIVISION) and the U.S. (Obligee), Department of the Interior, Office of Surface Mining, Reclamation, and Enforcement (OSM) executed by the Company indicated above (Surety) in the amount of One Million Four Hundred Fifty Thousand

Dollars (\$1,450,000.00) effective April 8 19 83

The Principal and the Surety hereby consent to changing the said bond as follows:

The following language is added to the bond:

"In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining."

This change is effective November 14 19 91

Nothing herein contained shall vary, alter or extend any provision or condition of the bond other than as above stated.

Signed, Sealed and dated this 13th day of November 1991

U.S. Fuel Company

By James G. Wilson, Jr.  
James G. Wilson, Jr., Vice-President  
Insurance Company of North America

By Amy R. Voss

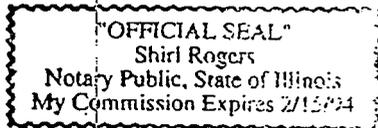
Amy R. Voss,

Attorney-In-Fact

STATE OF ILLINOIS) ss:  
COUNTY OF COOK )

I, Shirl Rogers a Notary Public in and for said County, in the State aforesaid, do hereby certify that Amy R. Voss of the INSURANCE COMPANY OF NORTH AMERICA, who is personally known to me, appeared before me this day and acknowledged that she signed, sealed and delivered the foregoing instrument as her free and voluntary act as Attorney-In-Fact of the INSURANCE COMPANY OF NORTH AMERICA, and as the free and voluntary act of the INSURANCE COMPANY OF NORTH AMERICA, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 13th day of November, A.D. 1991.



Shirl Rogers  
Notary Public

BS-4A39a Ptd. in U.S.A.

POWER OF ATTORNEY

Insurance Company of North America  
a CIGNA company



313456

Know all men by these presents: That INSURANCE COMPANY OF NORTH AMERICA, a corporation of the Commonwealth of Pennsylvania, having its principal office in the City of Philadelphia, Pennsylvania, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 5, 1983, to wit:

RESOLVED, That pursuant to Articles 2, 3 and 4 of the By-Laws, the following Rules shall govern the execution for the Company of bonds, undertakings, recognizances, contracts and other writings in the nature thereof:

- (1) That the President, any Senior Vice President, any Vice President, any Assistant Vice President, or any Attorney-in-Fact, may execute for and on behalf of the Company any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof, the same to be attested when necessary by the Corporate Secretary, or any Assistant Corporate Secretary, and the seal of the Company affixed thereto; and that the President, any Senior Vice President, any Vice President or any Assistant Vice President may appoint and authorize any other Officer (elected or appointed) of the Company, and Attorney-in-Fact to so execute or attest to the execution of all such writings on behalf of the Company and to affix the seal of the Company thereto.
- (2) Any such writing executed in accordance with these Rules shall be as binding upon the Company in any case as though signed by the President and attested to by the Corporate Secretary.
- (3) The signature of the President, or a Senior Vice President, or a Vice President, or an Assistant Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to this Resolution, and the signature of a certifying Officer and the seal of the Company may be affixed by facsimile to any certificate of any such power, and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company.
- (4) Such other Officers of the Company, and Attorney-in-Fact shall have authority to certify or verify copies of this Resolution, the By-Laws of the Company, and any affidavit or record of the Company necessary to the discharge of their duties.
- (5) The passage of this Resolution does not revoke any earlier authority granted by Resolutions of the Board of Directors adopted on June 9, 1963, May 28, 1975 and March 23, 1977.

does hereby nominate, constitute and appoint JOHN W. QUIGLEY, G. LULLO, DENISE DOYLE BUDNEY, AMY R. VOSS, SHIRL ROGERS, MAGDALENA ARTEAGA, LOUIS M. J. GRALLO, CARMELITA GARCIA-KAYES, KATHLEEN J. KYLE, DENNIS M. McMANUS, and JEAN MORGAN, all of the City of Chicago, State of Illinois-----

THIS DOCUMENT PRINTED ON RED BACKGROUND  
Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof. And the execution of such writings in pursuance of these presents, shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said R. E. Giveans, Vice-President, has hereunto subscribed his name and affixed the corporate seal of the said INSURANCE COMPANY OF NORTH AMERICA this 24th day of October 19 90



INSURANCE COMPANY OF NORTH AMERICA

by R. E. Giveans

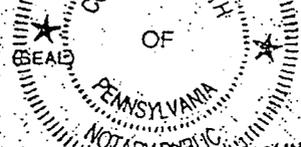
R. E. GIVEANS, Vice President

COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF PHILADELPHIA

ss:

On this 24th day of October A.D. 19 90 before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came R. E. Giveans, Vice-President of the INSURANCE COMPANY OF NORTH AMERICA to me personally known to be the individual and officer who executed this preceding instrument, and he acknowledged that he executed the same; and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



NOTARIAL SEAL  
JULIA ANNA ROHANA, Notary Public  
Philadelphia, Philadelphia County  
My Commission Expires Aug. 20, 1994

Julia Anna Rohana  
Notary Public

I, the undersigned Secretary of INSURANCE COMPANY OF NORTH AMERICA, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a full, true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Secretary, and affixed the corporate seal of the Corporation, this 13th day of November 19 91



James S. Myrtle  
Secretary

James S. Myrtle, Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCERTION DATE AFTER MAY 7, 1993

(February 1986)

FEDERAL  
COAL

State of Utah  
 Department of Natural Resources  
 Division of Oil, Gas and Mining  
 3 Triad Center, Suite 350  
 355 West North Temple  
 Salt Lake City, Utah 84180-1203  
 (801) 538-5340

## SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by UNITED STATES FUEL COMPANY and the state of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereinafter referred to as "Division") and the U. S. Department of the Interior, Office of Surface Mining (hereinafter referred to as "OSM").

## WITNESSETH

WHEREAS, United States Fuel Company has obtained Permanent Program Permit No. ACT/007/001 (hereinafter referred to as "Permit") from the Division to operate the Hiawatha Mine Complex in Carbon County, Utah as a(n) \_\_\_\_\_ coal mine under the Utah Coal Mining and Reclamation Act, Utah Code Annotated 40-10-1, et seq, 1953, as amended ("Act") and implementing regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, United States Fuel Company wishes to obtain a <sup>supplemental</sup> bond to a previously posted corporate surety bond to operate ~~xxx~~ its Hiawatha coal mine under Permit No. ACT/007/001 <sub>complex</sub> under Self Bonding Rule UMC 800.23; and

WHEREAS, United States Fuel Company, in compliance with UMC 800.23(B)(1) has designated Prentice-Hall Corp. Systems

(Name, Title, Address)

185 South State, Suite 600, Salt Lake City, Utah 84111

as its agent for Service of Process in the state of Utah, and

WHEREAS, United States Fuel Company, in compliance with UMC 800.23(B)(2) has been in continuous operation as a business entity for the last five years; and

WHEREAS, United States Fuel Company meets the financial criteria for self bonding as set forth in UMC 800.23(B)(3); and

WHEREAS, United States Fuel Company has submitted to the Division financial statements which meet the criteria set forth at UMC 800.23(B)(4) accompanied by <sup>a review</sup> ~~an audit~~ opinion prepared by \_\_\_\_\_

Arthur Andersen & Co. and unaudited financial statements for completed quarters ending March 31, 1986 and June 30, 1986 in the current fiscal year.

(Accountant's Name)

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, United States Fuel Company does hereby agree to be held and bonds to the Division and OSM for the sum of \$2,329,000 (such sum payable to one, but not both, of the above-named agencies) for the timely performance of

reclamation responsibilities for Hiawatha Mine, <sup>Complex</sup> Permit No. ACT/007/001 in lawful money of the United States. By the submission of this Agreement, United States Fuel Company will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. United States Fuel Company 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 the permit to conduct Hiawatha Complex mining and reclamation operations, Permit No. ACT/007/001 issued by the Division.
2. The liability under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. ACT/007/001 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/007/001 issued by the Division. At no time shall the liability or responsibility of United States Fuel Company hereunder exceed the sum of \$2,329,000. Provided, however, that the Division may adjust the amount of liability hereunder as provided in Section 6 hereof.

3. United States Fuel Company does hereby agree to indemnify and hold the Division harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of United States Fuel Company failure to abide by the terms and conditions of the Reclamation Plan as set forth in the mining Permit No. ACT/007/001 and from any failure to comply with the terms of the Self Bond Agreement.
4. The Division shall give United States Fuel Company or its designated agent herein, 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, United States Fuel Company may petition the Division for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether the duties and obligations of United States Fuel Company under the Act, regulations adopted pursuant thereto, and mining Permit No. ACT/007/001 have been fulfilled. If such duties and obligations have been fulfilled, the Division shall release United States Fuel Company 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 United States Fuel Company in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted by Order of the Board of Oil, Gas and Mining or upon written agreement between United States Fuel Company and the Division if it is determined by the Division 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 United States Fuel Company or upon 90 days prior written notice to United States Fuel Company if terminated by the Division. Upon such written notification, United States Fuel Company will have 90 days as provided by UMC 800.23(g) to obtain an alternate form of bond satisfactory to the Division to secure reclamation obligations for Permit No. ACT/007/001 in the same amount as stated herein and amendments thereto.

- 8. Failure to provide a satisfactory alternative form of bond will result in the complete cessation of all mining operations and the complete reclamation of all disturbed areas within the Hiawatha Complex Mine permit area.
- 9. Any breach of the provisions of paragraph #8 of this agreement will result in the payment of \$ 2,329,000 (bond amount) liquidated damages to the Division.
- 10. This agreement will be governed and interpreted according to Utah law.

SO AGREED this 29th day of October,

1986.

COMPANY NAME  
UNITED STATES FUEL COMPANY

October 29, 1986  
Date

By [Signature] Senior Vice President  
Corporate Officer - Position

October 29, 1986  
Date

By [Signature] Secretary  
Corporate Officer - Position  
STATE OF UTAH, Department of Natural  
Resources, Division of Oil, Gas & Mining

12-16-86  
Date

By [Signature]  
Division Director

APPROVED AS TO FORM:

[Signature]  
Assistant Attorney General

Page 7  
FEDERAL COAL

STATE OF Florida )  
COUNTY OF Dade ) ss:

On the 29th day of October, 1986, personally appeared before me Jack Coppusmith and Edward A. Christensen who being by me duly sworn did say that he/she, the said Jack Coppusmith is the Senior Vice President of United States Fuel Company and said Edward A. Christensen is the Secretary of United States Fuel Company 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 Jack Coppusmith and Edward A. Christensen duly acknowledged to me that said corporation executed the same.

Deborah M. Palmer  
Notary Public  
Residing at: Miami Beach, Fl.

My Commission Expires:

Notary Public, State of Florida  
My Commission Expires July 12, 1987

UNITED STATES FUEL COMPANY INSURANCE, INC.





State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

RECEIVED

FEB 16 1995

DEPARTMENT OF NATURAL RESOURCES

February 13, 1995

Michael Watson, President  
U. S. Fuel Company  
P. O. Box 887  
Price, Utah 84501

Re: Request for Permit Change, Bond Adjustment #94B, U.S. Fuel Company, Hiawatha Mine, ACT/007/011, Folder 4, Carbon County, Utah

Dear Mr. Watson:

The Division has reviewed your request to adjust the reclamation bond amount for the above-cited mine and has established a new reclamation bond in the amount of \$2,838,000. The basis for this new amount is summarized in the enclosed memo.

This new bond amount takes into consideration the reclamation conducted at various portions of the disturbed area specificized in your request for permit change, plus an evaluation of reclamation costs for work not yet started. This bond adjustment is not a phased bond release, and is being made under the provisions of Utah Admin. R. 645-301-830.410, and 830.430 which anticipate modification of bond amounts. U. S. Fuel is responsible for reclamation of the same disturbed area as it was previous to this letter, bond amounts have been changed to reflect work done by U. S. Fuels and proposed new reclamation techniques and costs.

Your present bond is approximately 38% surety (\$1,450,000), and 62% (\$2,329,000), self-bond. This bond adjustment will reduce the self-bond percentage to approximately 49%. Please complete the enclosed reclamation contract to reflect this change.

The Division is completing its mid-term review of the Hiawatha permit, and will condition this review with a requirement to furnish maps and other materials that appropriately reflect the site configuration at the time of this bond adjustment.

Very truly yours,

James W. Carter  
Director

vb

Enclosures

T. Ehmett, AFO/OSM

P. Grubaugh-Littig

D. Haddock

J. Helfrich

PFO