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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
NOV 13 1996
DIVISION OF OIL, GAS & MINING PRICE, UTAH

November 6, 1996

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

Re: Bond Calculation for Incorporation into Mine Plan, Hiawatha Mine, U.S. Fuel Company, ACT/007/011-94B, Folder #2, Carbon County, Utah

Dear Mr. Watson:

I am enclosing a stamped copy of the revised reclamation cost estimate for the Hiawatha Mine ($2,838,00 in 1996 dollars) for incorporation into the Hiawatha Mine mining and reclamation plan. This bond amount became effective on March 1, 1995 per a letter to you from James W. Carter, Director.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

Enclosure
cc: Price Field Office
Susan White (w/o)

INCORPORATED
EFFECTIVE:
MAR -1 1995
94B
UTAH DIVISION OIL, GAS AND MINING
PRICE FIELD OFFICE

UNITED STATES FUEL COMPANY

P.O. Box 887
PRICE, UTAH 84501

(801) 472-3372
FAX (801) 472-3384

October 22, 1996

RECEIVED
OCT 28 1996
DIV. OF OIL, GAS & MINING

Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Request for Permit Renewal
U.S. Fuel Company
Hiawatha Complex
ACT/007/011; Folder #2
Carbon County, Utah

File

Dear Ms. Littig:

Pursuant to R645-303-232, U.S. Fuel Company is herein submitting a request for renewal of the permit for the Hiawatha Complex.

Enclosed is a copy of the liability insurance policy, performance bond and proposed newspaper notice. The notice will be run in the local paper once per week for 4 consecutive weeks, and proof of publication will be submitted to the Division as required by R645-300-121.100.

If you have any questions, or need any further information, please let me know.

Sincerely,

Michael P. Watson

Michael P. Watson
President

Enclosure(s)

LIABILITY INSURANCE

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY) 3/28/96

PRODUCER

Rollins Hudig Hall of MO.
8182 Maryland Avenue
St. Louis, MO 63105

314-721-5100

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A	Acceptance Insurance Co.
COMPANY LETTER B	Travelers Insurance Co.
COMPANY LETTER C	Westchester Fire Ins. Co.
COMPANY LETTER D	
COMPANY LETTER E	

INSURED

U. S. Fuel Company
P. O. Box 997
Price

UT 84501

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR. OWNER'S & CONTRACTOR'S PROT. X Blanket Vendors Coverage	D96CM0401	4/01/96	4/01/97	GENERAL AGGREGATE	$ N/A
					PRODUCTS-COMP/OP AGG.	$ 2,000,000
					PERSONAL & ADV. INJURY	$ 1,000,000
					EACH OCCURRENCE	$ 1,000,000
					FIRE DAMAGE (Any one fire)	$ N/A
					MED. EXPENSE (Any one person)	$ N/A
B	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS GARAGE LIABILITY	TC2JCAP232T4156TIL96	4/01/96	4/01/97	COMBINED SINGLE LIMIT	$ 1,000,000
					BODILY INJURY (Per person)	$
					BODILY INJURY (Per accident)	$
					PROPERTY DAMAGE	$
C	EXCESS LIABILITY X UMBRELLA FORM OTHER THAN UMBRELLA FORM	CUA1027190	4/01/96	4/01/97	EACH OCCURRENCE	$ 2,000,000
					AGGREGATE	$ 2,000,000
					STATUTORY LIMITS	
B	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY	TC2JUB232T4107TIL96	4/01/96	4/01/97	EACH ACCIDENT	$ 1,000,000
B		TC2EEUB232T4119TCT96	4/01/96	4/01/97	DISEASE-POLICY LIMIT	$ 1,000,000
					DISEASE-EACH EMPLOYEE	$ 1,000,000
	OTHER					
B	Work Comp (CA)	TC4JUB232T4120TIL96	4/01/96	4/01/97		
B	Work Comp (AZ, WI)	TDRJUB232T4132TIL96	4/01/96	4/01/97		

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

State of Utah Mining Permit ACT/007-II-Hiwatha Complex
King Mines listed as #4-#42-00098; #5-$42-01389 and #6-#42-01599.

CERTIFICATE HOLDER

State of Utah
Division of Oil, Gas & Mining
355 West N. Temple, Ste. 350
3 Triad Center
Salt Lake City, UT 84180-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, [illegible]

AUTHORIZED REPRESENTATIVE J. Curtis Engler 730076000

© ACORD CORPORATION 1990

PERFORMANCE BOND

COPY

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 84180-1204
(801)538-5340

GUARANTEE

United States Fuel Company ("U.S. Fuel"), a wholly owned subsidiary of Mueller Industries, Inc. ("Mueller"), a Delaware corporation, holds Permit No. ACT/007/011 from the Division of Oil, Gas and Mining (hereinafter referred to as "DOGM") to operate the Hiawatha Mine Complex ("Mine") in Carbon and Emery Counties, Utah under the Mined Land Reclamation Act, Utah Code Ann. § 40-8-1, *et seq.*, 1953, as amended, ("Act") and implementing rules.

U.S. Fuel posted partial surety for reclamation in the form of Self Bonding and Indemnity Agreement dated October 29, 1986, which was adjusted by reduction from $2,329,000 to $1,388,000 by joint DOGM/U.S. Fuel Stipulation to Change Bond Amount dated March 20, 1995.

Although U.S. Fuel ceased mining operations at the Mine several years ago and has continued with reclamation thereafter without interruption, DOGM has requested U.S. Fuel to provide additional security for its self-bonding obligation.

NOW THEREFORE, for and in consideration of the continuance of the described Self Bonding and Indemnity Agreement dated October 29, 1986, Mueller hereby unconditionally and irrevocably guarantees to the Board of Oil, Gas and Mining, its successors and assigns, the full, prompt and faithful payment, performance and discharge by U.S. Fuel of each of the covenants and obligations set forth in the described Self Bonding and Indemnity Agreement, Permit No. ACT/007/001, the Reclamation Plan and in any other related written instrument executed by U.S. Fuel to carry out the provisions of the Self Bonding and Indemnity Agreement.

Mueller hereby represents:

(a) Mueller has been in continuous operation as a business entity for the last five (5) years;

(b) Mueller meets financial criteria for self bonding (as shown in the attached Self Bonding Qualification Sheet);

(c) Mueller has submitted to DOGM financial statements in the form of (i) 1994 Annual Report containing an audit opinion prepared by Ernst & Young, LLP, certified public accountants, for the fiscal year ending December 31, 1994, (ii) Mueller's unaudited financial statements for completed quarters in the current fiscal year and (iii) other annual reports for 1990, 1991, 1992 and 1993; and

(d) That if U.S. Fuel fails to complete the reclamation required under its Reclamation Plan, Mueller will do so or provide funds to DOGM sufficient to complete the Reclamation Plan not exceeding the adjusted self bond amount.

This guarantee shall continue in full force and effect, subject to all terms of the Self Bonding and Indemnity Agreement, until DOGM and the Board of Oil, Gas and Mining shall have approved and accepted in writing a replacement reclamation bond and/or U.S. Fuel is released from all obligations under the described Self Bonding and Indemnity Agreement.

MUELLER INDUSTRIES, INC.

By: William H. Hensley
Vice President, General Counsel and Secretary

STATE OF KANSAS)
)ss.
COUNTY OF SEDGWICK)

On the 10th day of November, 1995, personally appeared before me William H. Hensley, who being by me duly sworn did say that he/she, the said Vice Pres., Gen. Counsel & Secr'y of Mueller Industries, Inc. 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 Officer duly acknowledged to me that said corporation executed the same.

MARY C. TROY
NOTARY PUBLIC
My Appt. Exp. 3/19/97
STATE OF KANSAS

Mary C. Troy
NOTARY PUBLIC
My Commission Expires: 03/19/97

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MUELLER INDUSTRIES, INC.

COAL
(August 1985)

Mine Name United States Fuel Company
Permit No. Hiawatha Complex
Date ACT 007/001
Checked By October 20, 1995

SELF BONDING QUALIFICATION SHEET

Applicant Required to Meet One of the Following Criteria:

UMC 800.23(b)(3)

	12/31/94	9/30/95
1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)		
or		
2.		
A. Tangible Net Worth = (at least $10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])	241,948,000	273,502,000
B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).	.78	.68
C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).	2.73	2.54
Reference: Ernst & Young Audit as of December 31, 1994 and Mueller Condensed Consolidated Balance Sheets (unaudited) as of September 30, 1995		
or		
3.		
A. Fixed assets in the United States (at least $20 million) =		

B. Total Liabilities/Net Worth = (2.5 times or less) _____

Current Assets/Current Liabilities (1.2 times or greater) = _____

Reference: _____

UMC 800.23(b)(1)

Suitable agent (resident within the state of Utah)

_____
_____
_____

UMC 800.23(b)(2)

Been in continuous operation of not less than five (5) years (immediately preceding the time of application) (submitted five annual reports--Yes X No ___)

UMC 800.23(b)(4)

(i) Financial statements prepared by an independent certified public accountant in conformity with generally accepted accounting principles. Yes X No ___

(ii) Unaudited financial statements for completed quarters in the current fiscal year. Yes X No ___

(iii) Additional unaudited information as requested by the Division.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Mueller Industries, Inc.

(in thousands, except share data)

	For the Quarter Ended March 30, 1996 (Unaudited)	For the Quarter Ended April 1, 1995 (Unaudited)
Net sales	$ 180,515	$ 171,770
Cost of goods sold	143,532	140,560
Depreciation and amortization	4,450	3,646
Selling, general, and administrative expense	13,904	12,967
Operating income	18,629	14,597
Interest expense	(1,240)	(1,377)
Other income, net	1,880	1,473
Income before taxes	19,269	14,693
Income tax expense	5,977	4,643
Net income	$ 13,292	$ 10,050
Net income per share:		
Primary:		
Average shares outstanding	19,368	18,898
Net income	$ 0.69	$ 0.53
Fully Diluted:		
Average shares outstanding	19,464	18,956
Net income	$ 0.68	$ 0.53

CONDENSED CONSOLIDATED BALANCE SHEETS

Mueller Industries, Inc.

(in thousands, except share data)

	March 30, 1996 (Unaudited)	December 30, 1995 (Unaudited)
Assets		
Cash and cash equivalents	$ 45,471	$ 48,357
Accounts receivable, net	99,328	83,712
Inventories	64,731	66,360
Other current assets	15,180	12,609
Total current assets	224,710	211,038
Property, plant and equipment, net	224,116	221,012
Other assets	18,352	18,785
	$ 467,178	$ 450,835
Liabilities and Stockholders' Equity		
Current portion of long-term debt	$ 16,837	$ 16,249
Accounts payable	23,159	16,931
Other current liabilities	35,823	34,704
Total current liabilities	75,819	67,884
Long-term debt	55,792	59,653
Other noncurrent liabilities	35,891	37,423
Total liabilities	167,502	164,960
Minority interest in subsidiaries	325	—
Stockholders' equity	299,351	285,875
	$ 467,178	$ 450,835
Book value per share	$ 17.23	$ 16.48

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Mueller Industries, Inc.

(in thousands, except share data)	For the Quarter Ended		For the Six-Months Ended	
	June 29, 1996	July 1, 1995	**June 29, 1996**	July 1, 1995
	(Unaudited)		(Unaudited)	
Net sales	**$ 189,557**	$ 181,380	**$ 370,072**	$ 353,150
Cost of goods sold	**149,536**	149,587	**293,068**	290,147
Depreciation and amortization	**4,571**	3,763	**9,021**	7,409
Selling, general, and administrative expense	**14,919**	12,409	**28,823**	25,376
Operating income	**20,531**	15,621	**39,160**	30,218
Interest expense	**(1,473)**	(1,134)	**(2,713)**	(2,511)
Other income, net	**1,060**	1,102	**2,940**	2,575
Income before taxes	**20,118**	15,589	**39,387**	30,282
Income tax expense	**(6,221)**	(4,926)	**(12,198)**	(9,569)
Net income	**$ 13,897**	$ 10,663	**$ 27,189**	$ 20,713
Net income per share:				
Primary:				
Average shares outstanding	**19,525**	19,099	**19,457**	19,012
Net income	**$ 0.71**	$ 0.56	**$ 1.40**	$ 1.09
Fully diluted:				
Average shares outstanding	**19,550**	19,201	**19,550**	19,227
Net income	**$ 0.71**	$ 0.56	**$ 1.39**	$ 1.08

CONDENSED CONSOLIDATED BALANCE SHEETS

Mueller Industries, Inc.

(in thousands, except share data)	**June 29, 1996**	December 30, 1995
	(Unaudited)	
Assets		
Cash and cash equivalents	**$ 52,804**	$ 48,357
Accounts receivable, net	**107,218**	83,712
Inventories	**68,379**	66,360
Other current assets	**15,956**	12,609
Total current assets	**244,357**	211,038
Property, plant and equipment, net	**223,699**	221,012
Other assets	**16,084**	18,785
	$ 484,140	$ 450,835
Liabilities and Stockholders' Equity		
Current portion of long-term debt	**$ 16,177**	$ 16,249
Accounts payable	**24,479**	16,931
Other current liabilities	**41,460**	34,704
Total current liabilities	**82,116**	67,884
Long-term debt	**52,900**	59,653
Other noncurrent liabilities	**35,495**	37,423
Total liabilities	**170,511**	164,960
Minority interest in subsidiaries	**325**	—
Stockholders' equity	**313,304**	285,875
	$ 484,140	$ 450,835
Book value per share	**$ 18.02**	$ 16.48

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Mueller Industries, Inc.

(in thousands, except share data)	For the Quarter Ended		For the Nine-Months Ended	
	September 28, 1996	September 30, 1995	**September 28, 1996**	September 30, 1995
	(Unaudited)		(Unaudited)	
Net sales	**$ 175,991**	$ 171,549	**$ 546,063**	$ 524,699
Cost of goods sold	**133,204**	137,410	**426,272**	427,557
Depreciation and amortization	**4,697**	4,098	**13,718**	11,507
Selling, general, and administrative expense	**12,809**	13,011	**41,632**	38,387
Operating income	**25,281**	17,030	**64,441**	47,248
Interest expense	**(1,400)**	(820)	**(4,113)**	(3,331)
Environmental reserves	**(1,945)**	(955)	**(1,945)**	(955)
Other income, net	**1,424**	1,736	**4,364**	4,311
Income before taxes	**23,360**	16,991	**62,747**	47,273
Income tax expense	**(7,178)**	(5,386)	**(19,376)**	(14,955)
Net income	**$ 16,182**	$ 11,605	**$ 43,371**	$ 32,318
Net income per share:				
Primary:				
Average shares outstanding	**19,520**	19,263	**19,477**	19,115
Net income	**$ 0.83**	$ 0.60	**$ 2.23**	$ 1.69
Fully diluted:				
Average shares outstanding	**19,550**	19,263	**19,534**	19,256
Net income	**$ 0.83**	$ 0.60	**$ 2.22**	$ 1.68

CONDENSED CONSOLIDATED BALANCE SHEETS

Mueller Industries, Inc.

(in thousands, except share data)	**September 28, 1996**	December 30, 1995
	(Unaudited)	
Assets		
Cash and cash equivalents	**$ 77,528**	$ 48,357
Accounts receivable, net	**104,468**	83,712
Inventories	**69,692**	66,360
Other current assets	**12,882**	12,609
Total current assets	**264,570**	211,038
Property, plant and equipment, net	**221,171**	221,012
Other assets	**16,681**	18,785
	$ 502,422	$ 450,835
Liabilities and Stockholders' Equity		
Current portion of long-term debt	**$ 15,234**	$ 16,249
Accounts payable	**22,069**	16,931
Other current liabilities	**45,032**	34,704
Total current liabilities	**82,335**	67,884
Long-term debt	**51,327**	59,653
Other noncurrent liabilities	**37,800**	37,423
Total liabilities	**171,462**	164,960
Minority interest in subsidiaries	**459**	—
Stockholders' equity	**330,501**	285,875
	$ 502,422	$ 450,835
Book value per share	**$ 18.96**	$ 16.48

LAW OFFICES
PRUITT, GUSHEE & BACHTELL
SUITE 1850 BENEFICIAL LIFE TOWER
SALT LAKE CITY, UTAH 84111
(801) 531-8446

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

TELECOPIER (801) 531-8468
OR (801) 533-9223

OF COUNSEL
MICHAEL F. JONES
BRENT A. BOHMAN

November 18, 1991

Bob Eccli
United States Fuel Company
P.O. Box A
Hiawatha, UT

Re: Hiawatha Corporate Surety Bond - Mining Permit

Dear Bob:

In accordance with our telephone conversation, I am enclosing the following for your file:

(1) Insurance Company of North America Bond Number K01733369 dated April 8, 1983 in the amount of $1,450,000, issued on behalf of U.S. Fuel Company; and

(2) Rider to Bond Number K01733369 effective November 14, 1991 executed on behalf of U.S. Fuel Company and Insurance Company of North America dated November 13, 1991.

I would appreciate receiving a copy of the signed Application for Renewal as well as any further letter of transmittal that you might have included when the application was filed with DOGM. Also, you advised of a letter DOGM on the delay involved in filing the last part of the revision of the bonding chapter of the Reclamation Plan. Somehow I think I had asked you for this before and maybe I received it, but I sure can't find it in my file. I would appreciate you including a copy of that as well.

Very truly yours,

O. W. Gushee, Jr.

OWG/cc
0395.71
Enclosures

K01733369

MR FORM 5

(Revised January 1983)

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.

RECEIVED
APR 18 1983
DIVISION OF
OIL, GAS & MINING

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)

U.S. FUEL 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

☒ Insurance Company of North America
☐ _____
CIGNA companies

CIGNA

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. Department of the Interior, Office of Surface Mining, Reclamation, and Enforcement (OSM) (Obligee),

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 1983.

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 1991

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

BS-4983c Form 630-91 Ptd. in U.S.A.

(February 1986)

EXHIBIT "B"

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 supplemental bond to a previously posted corporate surety bond to operate ~~mine~~ its Hiawatha complex coal mine under Permit No. ACT/007/001 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 ~~an audit~~ a review 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 Complex, 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 Senior Vice President
Corporate Officer - Position

October 29, 1986
Date

By Secretary
Corporate Officer - Position

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

Date

By
Division Director

APPROVED AS TO FORM:

Assistant Attorney General

EXHIBIT "A"

Attached to and made a part of Self Bonding and Indemnity Agreement, dated October 29, 1986, Permanent Program Permit No. ACT/007/0Ø1.

Description of Premises:

290 acres of surface disturbance area
as shown in Permit No. ACT/007/0Ø1

STATE OF Florida)
) ss:
COUNTY OF Dade)

On the 29th day of October, 1986, personally appeared before me Jack Coppersmith and Edward A. Christensen who being by me duly sworn did say that he/she, the said Jack Coppersmith 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 Coppersmith 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
Bonded thru Troy Fain Insurance, Inc.

PUBLIC NOTICE

PUBLIC NOTICE FOR PERMIT RENEWAL
HIAWATHA COMPLEX ACT/007/011
UNITED STATES FUEL COMPANY
P.O. BOX 887
PRICE, UTAH 84501

United States Fuel Company, has filed with the Utah Division of Oil, Gas & Mining an application for renewal of its Mining and Reclamation Plan Permit for its Hiawatha Complex. The Hiawatha Complex is located in Hiawatha, Utah, approximately 10 miles southwest of Price, Utah. The permit area is described as follows:

Township 15 South, Range 7 East, SLM, Utah

Section 13:	S ½ ;
Section 24:	All ;
Section 25:	E ½ , E ½ NW ¼ ;
Section 36:	E ½ ;

Township 15 South, Range 8 East, SLM, Utah

Section 17:	S ½ , S ½ N ½ ;
Section 18:	S ½ S ½ , NE ¼ SW ¼ (Part), NW ¼ SW ¼ (Part);
Section 19:	All ;
Section 20:	All ;
Section 21:	All ;
Section 26:	W ½ SW ¼ ;
Section 27:	S ½ , SW ¼ NW ¼ ;
Section 28:	All ;
Section 29:	All ;
Section 30:	All ;
Section 31:	All ;
Section 32:	All ;
Section 33:	All ;
Section 34:	N ½ , SW ¼ , N ½ SE ¼ ;
Section 35:	NW ¼ , NW ¼ SW ¼ .

Township 16 South, Range 8 East, SLM, Utah

Section 3:	W ½ ;
Section 4:	All ;
Section 5:	All ;
Section 6:	NE ¼ SE ¼ , Lots 1 through 10;
Section 8:	E ½ E ½ ;
Section 9:	All.

The application was filed, and this notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977 and State and Federal regulations promulgated pursuant to said act.

The Hiawatha Complex is located on the "Hiawatha, Utah", U.S. Geological Survey 7.5-minute quadrangle map.

The Application is available for public inspection at the:

Carbon County Courthouse
Price, Utah 84501

and

Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Written Comments, objections, or requests for informal conferences on the application may be submitted to : State of Utah Department of Natural Resources, Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.