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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)

January 26, 1996

Oliver W. Gushee, Jr.
Pruitt, Gushee, & Bachtell
Beneficial Life Tower, Suite 1850
Salt Lake City, Utah 84111-1495

RE: Coal Reclamation Agreement, Hiawatha Mines Complex, U.S. Fuel Company,
ACT/007/011, Folder #4, Carbon County, Utah

Dear Mr. Gushee:

I am enclosing the initialed Coal Reclamation Agreement for the Hiawatha Mines Complex along with the Affidavit of Qualification signed by the Director James W. Carter. If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Pamela Grubaugh-Littig'.

Pamela Grubaugh-Littig
Permit Supervisor

Enclosure

cc: Lowell P. Braxton (w/o enclosure)



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COAL RECLAMATION AGREEMENT

(Federal)

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Reclamation Agreement

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Bonded Area

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Affidavits of Qualification

Renewal Permit Number: ACT/007/011
Date Original Permit Issued: March 13, 1992
Effective Date of Agreement: _____

RECLAMATION AGREEMENT

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, Utah 84180-1203
(801) 538-5340

COAL RECLAMATION AGREEMENT

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For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

PERMIT: (Mine Permit No.) ACT/007/011 (County) Carbon and Emery Counties, UT

MINE: (Name of Mine) Hiawatha Mines Complex

PERMITTEE: (Company or Name) United States Fuel Company
(Address) P.O. Box 887, Price, UT 84501

PERMITTEE'S REGISTERED AGENT: (Name) CT Corporation System
(Address) 50 W. Broadway
(Phone) Salt Lake City, UT 84102

COMPANY OFFICERS: Michael P. Watson, Pres., Richard W. Corman,
Vice Pres.

BOND TYPE: (Form of Bond) Corporate Surety: \$1,450,000

BOND: (Bond Amount-Dollars) Self Bond: \$1,388,000

(Escalated Year-Dollars) Total: \$2,838,000

INSTITUTION: (Bank or Agency) N/A

POLICY OR ACCOUNT NUMBER: N/A

LIABILITY INSURANCE: (Exp.) _____
(Insurance Company) _____

STATE: Utah Department of Natural Resources

DIVISION: Division of Oil, Gas and Mining

REGULATION AND RULES The regulations promulgated by the State of Utah
Division of Oil, Gas and Mining regulation and rules
pertaining to Coal Mining and Reclamation Activities

OSM United States Department of the Interior and
cooperative agreement codified at 30 CFR 944.30

SMCRA The Surface Mining Control and Reclamation Act of
1977, 30 U.S.C. §§ 1201, et seq.

EXHIBITS:

- *SURFACE DISTURBANCE*
- *BONDING AGREEMENT*
- *LIABILITY INSURANCE*

Revision Dates

- Exhibit "A" 6/9/92
- Exhibit "B" 4/8/83; 2/13/95
- Exhibit "C" 4/10/95

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereinafter referred to as "Agreement") is entered into by the Permittee.

June 9, 1992)

WHEREAS, on March 13, 1992 (Amended, 19_____, the Division approved the Renewal Permit Application Package, hereinafter ("PAP") submitted by United States Fuel Co., hereinafter "Permittee"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the PAP, the Act, and the State of Utah Division of Oil, Gas and mining Regulations and Rules pertaining to Coal Mining and Reclamation Activities, hereinafter ("Regulations and Rules") and has filed

WHEREAS, the Permittee ~~is ready and willing to file~~ the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws & regulations relating to the reclamation of the Property; and

has issued

WHEREAS, the Division ~~is ready and willing to issue~~ the permittee a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, its implementing Rules, the Act and the Regulations and Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the PAP, the Act and the Regulations and Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the costs of actual reclamation exceeds the bond amount.
3. The Permittee has provided a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
4. The Permittee ~~agrees to provide~~ a bond to the Division and OSM in the form and amount acceptable to the Division and OSM ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this agreement, the PAP, the Act and the Regulations and Rules. ~~Their~~ Its bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee ~~agrees to maintain~~ maintains in full force and effect the public liability insurance policy submitted as part of the permit application and attached as Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate in accordance with applicable law.

Handwritten initials: MPW, JC, JPW

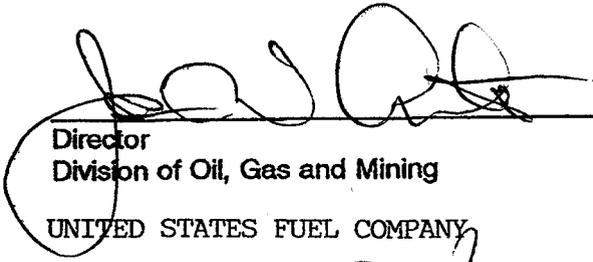
Handwritten initials: JC, MPW, JPW

Handwritten initials: JC, MPW

7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of the United States and OSM.
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with this Agreement the approved PAP, the Act, and the Regulations and Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Regulations and Rules, but no bond shall be released until the Division and OSM has approved and accepted the replacement bond.
10. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division or OSM to enforce this agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations and Rules, or the PAP may, at the discretion of the Division, result in enforcement actions by the Division which include but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and forfeiture of the bond.
12. In the event of forfeiture, the Permittee agrees to be liable for additional costs in excess of the bond amount which may be incurred by the Division in order to comply with the PAP, the Act, and the Regulations and Rules: Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded as directed by the permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.
14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 16th day of January, 19 96.

STATE OF UTAH:



Director
Division of Oil, Gas and Mining
UNITED STATES FUEL COMPANY

PERMITTEE:

By: 

Company Officer - Position, President

Company Officer - Position

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the Principal is a corporation, the Agreement shall be executed by its duly authorized officer.

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EXHIBIT "A"
PERMIT AREA
LEGAL DESCRIPTION

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, Utah 84180-1203
(801) 538-5340

U-058261
U-026583
New required?
12/1/92

This permit, ACT/007/011, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOG M) to:

United States Fuel Company
P. O. Box A
Hiawatha, Utah 84527
(801) 637-2252

for the Hiawatha Mines Complex. United States Fuel Company is the lessee of federal coal leases SL-025431, SL-069985, U-058261, U-026583 and U-51923. Most of the remainder of the coal in the life of mine area is owned by U. S. Fuel Company. A performance bond is filed with the DOGM in the amount of \$3,779,000.00, of which \$1,450,000 is a surety bond and \$2,329,000 is a self bond, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Hiawatha Mines Complex situated in the state of Utah, Carbon and Emery Counties, and located:

Township 15 South, Range 7 East, SLM

- Sec. 13: S1/2
- Sec. 24: All
- Sec. 25: E1/2, E1/2 NW1/4
- Sec. 36: E1/2

Township 16 South, Range 8 East, SLM

- Sec. 3: W1/2
- Sec. 4
- Thru 5: All
- Sec. 6: NE1/4 SE1/4, Lots 1 thru 10
- Sec. 8: E1/2 E1/2
- Sec. 9: All

Township 15 South, Range 8 East, SLM

- Sec. 17: S1/2, S1/2 N1/2
- Sec. 18: S1/2 S1/2, NE1/4 SW1/4 (part), NW1/4 SW1/4 (part)
- Sec. 19
- Thru 21: All
- Sec. 26: W1/2 SW1/4
- Sec. 27: S1/2, SW1/4, NW1/4
- Sec. 28
- Thru 33: All
- Sec. 34: N1/2, SW1/4, N1/2 SE1/4
- Sec. 35: NW1/4, NW1/4 SW1/4

This legal description is for the permit area (as shown on Attachment B) of the Hiawatha Mines Complex. The permittee is authorized to conduct underground coal mining activities on the foregoing described property subject to the conditions of the leases, including all conditions of the previous permit term and all other applicable conditions, laws and regulations.

The designated permit area described above excludes 55 acres for the town of Hiawatha in:

T. 15 S., R. 8 E., SLM, Secs. 27, 34; as shown on Attachment B.

Sec. 3 PERMIT TERM - This renewed permit becomes effective on March 14, 1992 and expires on March 14, 1997.

Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.

Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

A. have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,

B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100, R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

A. accelerated monitoring to determine the nature and extent of

noncompliance and the results of the noncompliance;

- B. immediate implementation of measures necessary to comply; and
- C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 8 **DISPOSAL OF POLLUTANTS** - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal

Lands Program which prevents violation of any applicable state or federal law.

Sec. 9 **CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:

- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 10 **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 11 **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 12 **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 13 **CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

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Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases and this permit, the permittee shall comply with the Division Order appended hereto as Attachment A.

The above conditions (Sections 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Dianna F. Nielson

Date: 3-13-92

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Michael W. Baum
Authorized Representative of the Permittee

Date: 3-25-92

EXHIBIT "B"

**SURETY BOND AND SELF BOND
(FEDERAL AND FEE COAL)**

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 10 1983

DIVISION OF

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

Page 3
FEDERAL COAL

reclamation responsibilities for Hiawatha ^{Complex} Mine, 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.

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FEDERAL COAL

- 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

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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

POWERED BY THE FIDELITY AND SECURITY INSURANCE CO. OF FLORIDA

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FEDERAL COAL

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the 16th day of December, 1986, personally appeared before me Dr. Dianne R. Nielson, who being by me duly sworn did say for herself, that she, the said Dr. Dianne R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and she duly acknowledged to me that said Division executed the foregoing document by authority of law on behalf of the state of Utah. and the U.S. Department of the Interior, Office of Surface Mining.

Maureen L. Anderson
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires:

July 24, 1989



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

Michael O. Leavitt
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Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
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RECEIVED 00018
FEB 16 1995
UTAH 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

(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, (DOGMA) 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: 3/24/95

By: Michael P. Watson
President

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

Date: 20 March, 1995

By: James W. Carter
Director

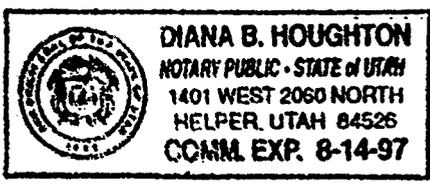
AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--

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 P. Watson
Michael Watson, President

STATE OF UTAH)
)ss:
COUNTY OF CARBON)

Subscribed and sworn to before me this 24 day of March, 1995.



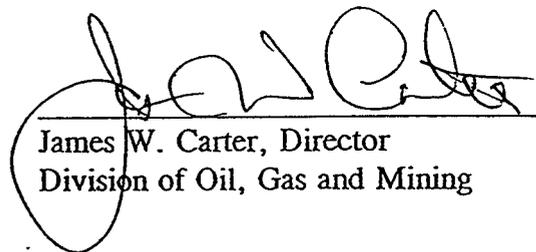
Diana B. Houghton
NOTARY PUBLIC

My Commission Expires:
8-14-97

Residing at: Helper, Utah 84526

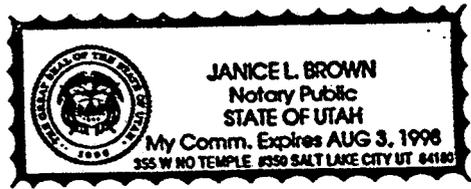
AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--

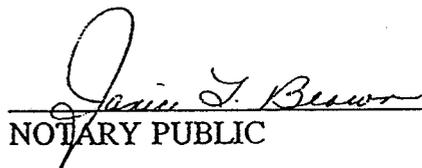
I, James W. Carter, being first duly sworn under oath, depose and say that he is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing Stipulation to Change Bond Amount; and that said DIRECTOR 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 20th day of March, 1995.




NOTARY PUBLIC

My Commission Expires:
August 3, 1998

Residing at: Salt Lake City, Utah

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

00023 Mike Webster w/7
Doser 11/14/95
COPY

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.

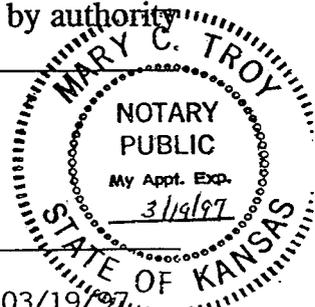
This guarantee shall continue in full force and effect, subject to all terms of the Self Bonding and Indemnity Agreement, until DOGM and the Board of Oil, Gas and Mining shall have approved and accepted in writing a replacement reclamation bond and/or U.S. Fuel is released from all obligations under 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 & Sec'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 Commission Expires: 03/19/97

0395.97
0395guarantec.frm

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.

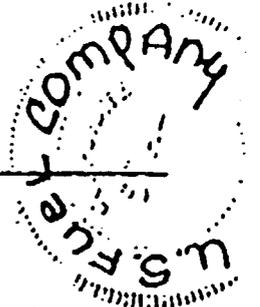
In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

RECEIVED
APR 10 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

00027
589558

INSURANCE COMPANY OF NORTH AMERICA

PHILADELPHIA, PA.

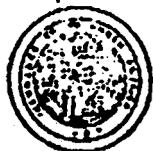
Know all men by these presents: That INSURANCE COMPANY OF NORTH AMERICA, a corporation of the Commonwealth of Pennsylvania, having its principal office in the City of Philadelphia, Pennsylvania, pursuant to the following Resolution adopted by the Board of Directors of the said Company on May 28, 1975, 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. LEYNINGER, 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
Michael B. Fodor
MICHAEL B. FODOR Vice-President

STATE OF PENNSYLVANIA } ss.
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
MICHAEL B. FODOR came before me, a Notary

....., 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.

LETTITIA H. CLARK
Notary Public Phila. Phila. County
My Commission Expires August 22, 1983
Letitia H. Clark
LETTITIA H. CLARK Notary Public.

(SEAL) My commission expires I, the undersigned, ~~XXXXXX~~ 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 ~~XXXXXX~~ Secretary, and affixed the corporate seal of the Corporation, this 5th day of April 19 83

Insurance Company of North America

CIGNA companies

RECEIVED

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NOV 14 1991

ANS #.....



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

00009

STATE OF ILLINOIS) ss:
COUNTY OF COOK)

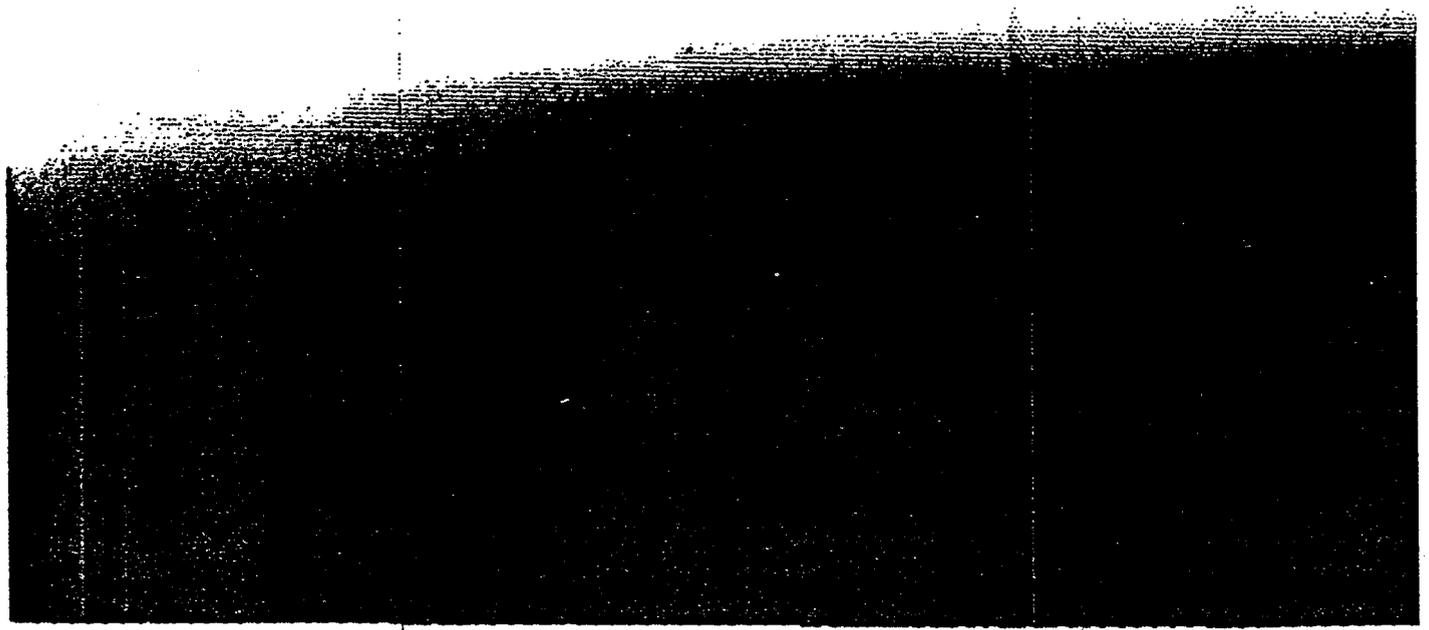
I, Shirl Rogers a Notary Public in and for said County, in the State aforesaid, do hereby certify that Amy R. Voss of the INSURANCE COMPANY OF NORTH AMERICA, who is personally known to me, appeared before me this day and acknowledged that she signed, sealed and delivered the foregoing instrument as her 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, 8 and E. 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, 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 attired 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 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 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 on 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 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 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-----

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

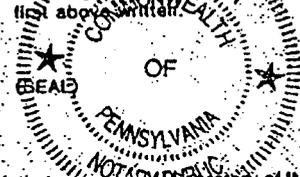
R. E. Giveans

by R. E. Giveans
R. E. GIVEANS, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

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 the 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. Wolfe
Secretary

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

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.

EXHIBIT "C"
LIABILITY INSURANCE

Post-It™ brand fax transmittal memo 7671 # of pages 1

To **OLIVER G.** From **M. WATSON**

Co. Co.

Phone #

FAX:

ADDENDUM CERTIFICATE OF INSURANCE ISSUE DATE (MM/DD/YY) 4/13/85

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	The Travelers Indemnity Co.
COMPANY LETTER B	Acceptance Insurance
COMPANY LETTER C	
COMPANY LETTER D	
COMPANY LETTER E	

INSURED:
 Rollins Hudig Hall of MO.
 8182 Maryland Avenue
 St. Louis, MO 63106
 Attn: Melody Wheeler
 314-721-6100

INSURED:
 U. S. Fuel Company
 P. O. Box 887
 Price,
 UT 84501

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.

NO. OF LETTERS	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROF.	DB56CM0285	4/01/85	4/01/85	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
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY	TC2JCAP232T4158TIL95	4/01/85	4/01/85	COMBINED SINGLE LIMIT	\$ 1,000,000
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE	\$
					EACH OCCURRENCE	\$
					AGGREGATE	\$
	<input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				STATUTORY LIMITS	
					EACH ACCIDENT	\$
					DISEASE-POLICY LIMIT	\$
					DISEASE-EACH EMPLOYEE	\$
	<input type="checkbox"/> WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> OTHER					

DESCRIPTION OF OPERATIONS/LOCATION/INSTRUMENTAL/OPERIAL ITEMS
 State of Utah Mining Permit ACT/807-11-Hiwatha Complex
 King Mines listed as #4-#42-00098; #5-#42-01388 and #6-#42-01588.

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

NOTIFICATION
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL BE OBLIGATED TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.
 AUTHORIZED REPRESENTATIVE *J. Curtis Smith* 730078000

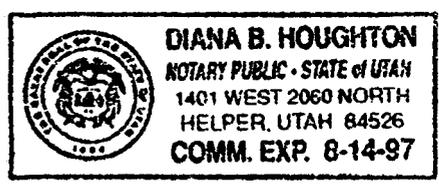
AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--

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 obligations; 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
Michael Watson, President

STATE OF UTAH)
)ss:
COUNTY OF CARBON)

Subscribed and sworn to before me this 16 day of January, 1996.



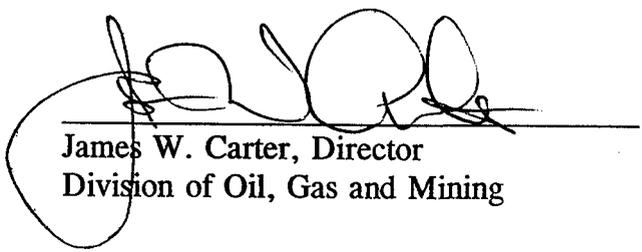
Diana B. Houghton
NOTARY PUBLIC

My Commission Expires:
8-14-97

Residing at: Helper, Utah

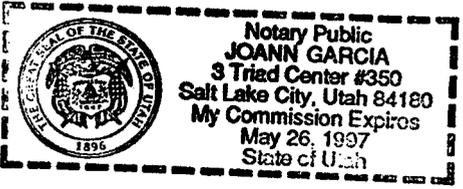
**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOoo--**

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 obligations; 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 25th day of January, 1996.




NOTARY PUBLIC

My Commission Expires:
5/26/97

Residing at: SLC, UT

Jan 19 1996

LAW OFFICES

PRUITT, GUSHEE & BACHTELL

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. BACHTELL
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JOHN W. ANDERSON
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OF COUNSEL
JOHN F. WALDO
BRENT A. BOHMAN

January 18, 1996

Lowell P. Braxton
Associate Director, Mining
Division of Oil, Gas and Mining
Department of Natural Resources
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: *U.S. Fuel Company ACT/007/011*
Hiawatha Mines Complex,
Carbon and Emery Counties, Utah

Copy for fireproof safe
Copy

On behalf of United States Fuel Company, enclosed is the edited Coal Reclamation Agreement executed by U.S. Fuel, together with the numerous exhibits, dated January 16, 1996 which we discussed a few days ago. Also, I'm enclosing one (1) "copy" of the same. Following execution of both by the Division of Oil, Gas and Mining, including the completion of the Affidavit of Qualification for the Director form, please return the "copy" to this office for my further transmittal to U.S. Fuel.

Very truly yours,

O.W. Gushee, Jr.
O. W. Gushee, Jr.

OWG:sh

cc: Mike Watson
Bennett Bayer, Esq.

Enclosures

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