

0016



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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 12, 1997

Elliot Finley, President
Hiawatha Coal Company, Inc.
P.O. Box 1202
Huntington, Utah 84528

Re: Hiawatha Mines Complex Permit Transfer Approved from U.S. Fuel Company to Hiawatha Coal Company, Inc., Hiawatha Mines Complex, Hiawatha Coal Company, Inc., ACT/007/011-97D, Folder #3, Carbon County, Utah

Dear Mr. Finley:

I have enclosed the decision document for the permit transfer for the Hiawatha Mines Complex from U.S. Fuel Company to Hiawatha Coal Company, Inc. Please note that the permit includes one stipulation to adequately address outstanding deficiencies of Division Order ACT/007/011-DO-97A. Please sign both permits and return one to the Division.

Additionally, please submit seven copies of the approved legal and financial information for the Hiawatha Coal Company, Inc. for incorporation into the Hiawatha Mines Complex mining and reclamation plan by January 9, 1998.

If you have any questions, please call me or Pamela Grubaugh-Littig.

Sincerely,

A handwritten signature in cursive script that reads "Lowell P. Braxton".

Lowell P. Braxton
Director

Enclosure

cc: Ranvir Singh, OSM-WRCC
Mike Watson, U.S. Fuel Company
O:\007011.HIA\FINAL\TRFRLTR.WPD

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT TRANSFER**

Hiawatha Coal Company, Inc.
Hiawatha Mines Complex
ACT/007/011
Carbon County, Utah

December 12, 1997

CONTENTS

- * Administrative Overview
- * Permitting Chronology
- * Mine Plan Information
- * Findings
- * Permit
- * Section 510 (c) Finding, December 4, 1997
- * Affidavit of Publication
- * Reclamation Agreement

ADMINISTRATIVE OVERVIEW

Hiawatha Coal Company, Inc.
Hiawatha Mines Complex
ACT/007/011
Carbon County, Utah

December 12, 1997

PROPOSAL

Hiawatha Coal Company, Inc. submitted an application to transfer the permit rights for the Hiawatha Mines Complex on September 16, 1997 with a complete resubmittal received on October 22, 1997. Prior to the transfer (September 9, 1997), Hiawatha Coal Company, Inc. was approved as the designated operator for the Hiawatha Mines Complex.

RECOMMENDATION

All of the information submitted by Hiawatha Coal Company, Inc. has been found adequate. The permit transfer was published in the Price Sun Advocate and Emery County Progress on September 16, 1997. A 510 (c) clearance was verified on December 4, 1997 with an "issue" recommendation. An adequate bond (Irrevocable Letter of Credit #S005519 issued by Bank One and liability insurance posted by American States Insurance Company, Policy #01CE30877310) have been posted by Hiawatha Coal Company, Inc. It is, therefore, recommended that approval be given for the transfer of the permit rights for the Hiawatha Mines Complex from U.S. Fuel Company to Hiawatha Coal Company, Inc.

PERMITTING CHRONOLOGY

Hiawatha Coal Company, Inc.
Hiawatha Mines Complex
ACT/007/011
Carbon County, Utah

December 12, 1997

- September 9, 1997 Hiawatha Coal Company, Inc. approved as operator of the Hiawatha Mines Complex.
- September 16, 1997 Hiawatha Coal Company, Inc. submitted a permit transfer application.
- September 16, 1997 The permit transfer notice is published in the Emery County Progress and Price Sun Advocate.
- September 23, 1997 The Division sent a permit transfer deficiency document to Hiawatha Coal Company, Inc.
- October 13, 1997 Hiawatha Coal Company, Inc. submitted a complete response to the permit transfer deficiencies identified in the Division letter of September 23, 1997.
- October 30, 1997 The transfer is found to be complete and will require adequate bond and insurance to approve the permit transfer.
- December 4, 1997 The Reclamation Agreement, Irrevocable Letter of Credit and Certificate of Insurance are received at the Division.
- December 4, 1997 An OSM "issue" recommendation for Hiawatha Coal Company, Inc.
- December 5, 1997 The Division notified Hiawatha Coal Company, Inc. that the irrevocable letter of credit must be payable to the Division and OSM.
- December 9, 1997 Bank faxes amended letter of credit to the Division that the letter of credit is payable to OSM and the Division.
- December 12, 1997 Original amended letter of credit is submitted to the Division and the permit is transferred.

MINING PLAN INFORMATION

Mine Name: Hiawatha Mines Complex County Carbon

State ID: ACT/007/011 () Transfer () Revision ID () Renewal

Operator: Hiawatha Coal Company

Address: 3212 South State Street, Salt Lake City, Utah 84115

Official & Title Elliot Finley, President

Existing Operations

Federal Lease No(s): SL-025431; SL-069985; U-058261; U-026583

() Surface () U/G Mining Method(s) Room and Pillar

Coal Seam(s) to be Mined:

<u>Seam Name</u>	<u>Coal Thickness(es)</u>	<u>Seam Depth(s)</u>
<u>A</u>	<u>0 - 12 Feet</u>	<u>0 - 60 Ft Above Hiawatha</u>
<u>B</u>	<u>4 - 12 Feet</u>	<u>0 - 70 Ft Above A Seam</u>
<u>Hiawatha</u>	<u>Varies up to 24</u>	<u>Lowest Seam</u>
<u>Upper Seam</u>	<u>< 6 Feet</u>	<u>300 Ft Above B Seam</u>

<u>Surface Ownership</u> (Acres)	<u>Existing</u> <u>Permitted Area</u>	<u>Proposed Add'l</u> <u>Permitted Area</u>	<u>Total Mine</u> <u>Permitted Area</u>
Federal	<u>1680</u>	<u>0</u>	<u>1680</u>
Non-Federal	<u>11027</u>	<u>0</u>	<u>11027</u>
TOTAL ACRES	<u>12707 **</u>	<u>0</u>	<u>12707 **</u>

<u>Coal Ownership</u> (Acres)	<u>Existing</u> <u>Permitted Area</u>	<u>Proposed Add'l</u> <u>Permitted Area</u>	<u>Total Mine</u> <u>Permitted Area</u>
Federal Lease(s)	<u>2743</u>	<u>0</u>	<u>2743</u>
Unleased Federal	<u>3221 *</u>	<u>0</u>	<u>3221 *</u>
Non-Federal	<u>6168</u>	<u>0</u>	<u>6168</u>
Unleased Non-Federal	<u>575 *</u>	<u>0</u>	<u>575 *</u>
 TOTAL ACRES	 <u>12707 **</u>	 <u>0</u>	 <u>12707 **</u>
 DISTURBED ACRES	 <u>290</u>	 <u>0</u>	 <u>290</u>

Years Remaining Unknown

Average Annual Production Unknown Year Mining Ends Unknown

* Parts of this area do not contain minable reserves.

** 55 acres of this area should be excluded for the town of Hiawatha

FINDINGS

Hiawatha Coal Company, Inc.
Hiawatha Mines Complex
ACT/007/011
Carbon County, Utah

December 12, 1997

The applicant for transfer of permit rights of the Hiawatha Mines Complex, Hiawatha Coal Company, Inc. has committed to continue to conduct this operation in full compliance with the terms and conditions of the permit issued to U.S. Fuel Company by the Division on March 13, 1982, and subsequently renewed on March 14, 1992 and March 14, 1997. Findings of the original Decision Document and subsequent Decision Documents are still pertinent and satisfy the requirement of R645-300-133.

After this permit transfer has been effected, Hiawatha Coal Company, Inc. will be responsible for the entire area which was under permit by U.S. Fuel Company and will assume all liability for compliance with terms and conditions of the Hiawatha Mines Complex permit and any orders, stipulations or conditions associated with the permit.

The following findings specifically apply to the application for transfer of permit rights:

1. Division records and the results of the 510 (c) clearance check, show that neither Hiawatha Coal Company, Inc., U.S. Fuel Company nor any affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violation of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act.
2. The State of Utah, the Division has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R645-300-133.100.
3. The applicant has the legal right to enter and begin coal mining activities at the Hiawatha Complex through documents executed in June 1997. On June 20, 1997, U.S. Fuel Company agreed to sell, assign, convey and

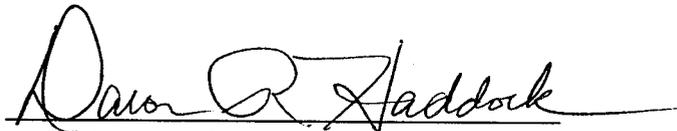
deliver to ANR Co., Inc., U.S. Fuel Company's right, title and interest in federal coal leases SL-025432, SL-069985, U-51923 and U-026583-058261 pending the transfer of Permit ACT/007/011 to Hiawatha Coal Company, Inc. In the interim, U.S. Fuel designated Hiawatha Coal Company, Inc. to be the operator of the Hiawatha Complex and this designation was subsequently approved by the Division on September 9, 1997. Hiawatha Coal Company, Inc. through a notarized statement dated October 2, 1997, has the permission of U.S. Fuel Company to conduct coal mining and reclamation activities on the federal lease areas until the completion of the lease transfer to ANR Co., Inc.

Reassignment of the leases by BLM has not been approved, but under the terms of the original assignment U.S. Fuel Company does have right of entry. Hiawatha Coal Company, Inc. can base its right to enter and begin mining operations on the original assignment to U.S. Fuel Company and on the October 2, 1997 notarized statement stating that Hiawatha Coal Company, Inc. as approved operator at the Hiawatha Mines Complex has permission to conduct mining and reclamation activities at the Hiawatha Mines Complex. All private coal owned by U.S. Fuel Company has been transferred to ANR Co. Inc. Hiawatha Coal Company, Inc. leases the private coal from ANR Co. Inc.

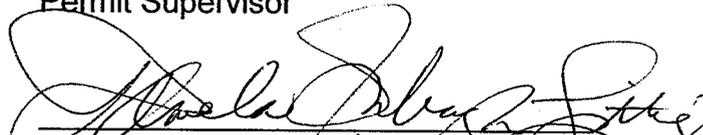
ANR, Co., Inc. signed a lease agreement on June 30, 1997 with Hiawatha Coal Company, Inc. to permit and operate permit, ACT/007/011, the Hiawatha Mines Complex.

4. U.S. Fuel Company and Hiawatha Coal Company, Inc. have paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870. (R645-300-133.730)
5. Procedures for public participation have been met. Notice of this permit transfer was published in the Price Sun Advocate and Emery County Progress on September 16, 1997 as required by R645-303-322.

6. The applicant has obtained an Irrevocable Letter of Credit (issued by Bank One [#S005519] in the amount of \$2,838,000 with the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining, Western Regional Coordinating Center as beneficiaries and liability insurance (posted by American States Insurance Company, Policy #01CE30877310.) (R645-303-342).



Permit Supervisor



Permit Supervisor



Associate Director of Mining



Director

ATTACHMENT A

SPECIAL CONDITIONS

1. Hiawatha Coal Company, Inc. must adequately address outstanding deficiencies in the Division Order issued February 20, 1997 (ACT/007/011 - DO-97A).

LIB
12/12

FEDERAL

Permit Number ACT/007/011

December 12, 1997

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340**

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

**Hiawatha Coal Company, Inc.
3212 South State Street
Salt Lake City, Utah 84115
(435) 637-1778**

for the Hiawatha Mines Complex. Hiawatha Coal Company, Inc. will mine coal in federal coal leases SL-025431, SL-069985, U-058261, U-026583 and U-51923, as operators of the Hiawatha Mines Complex. The remainder of the coal in the life of mine area is owned by ANR Co. Inc. and leased to Hiawatha Coal Company, Inc. A performance bond (an irrevocable letter of credit) is filed with the DOGM in the amount of \$2,838,000, payable upon demand 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 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 15 South, Range 8 East

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

Township 16 South, Range 8 East, SLM, Utah

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

This legal description is for the permit area 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 as described above excludes 55 acres for the town of Hiawatha in:

T. 15 S., R. 8 E., SLM, Secs. 27, 34.

Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This permit expires on March 14, 2002.

Sec. 5 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. 6 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. 7 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. 8 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.

Hiawatha Mines Complex

ACT/007/011

Page 4

Sec. 9 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. 10 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. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 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. 14 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. 15 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. 16 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.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with this permitting actions as described in Attachment A.

The above conditions (Sections 1-18) 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: Lawrence P. Brafton

Date: 12/14/97

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

PERMITTEE

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A

SPECIAL CONDITIONS

1. Hiawatha Coal Company, Inc. must adequately address outstanding deficiencies in the Division Order issued February 20, 1997 (ACT/007/011 - DO-97A).

LVB
12/12

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5289

(Federal)

CONTENTS:

Reclamation Agreement	Page
Exhibit "A" Bonded Area	Page
Exhibit "B" Bonding Agreement Surety Bond	Page
Exhibit "C" Liability Insurance	Page
Affidavits of Qualification	Page
Power of Attorney	Page
Exhibit "D" Stipulation to Revise Reclamation Agreement	Page

Permit Number:

Date Original Permit Issued:

Effective Date of Agreement:

12-5-97

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Hiawatha Coal Co. (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

"ACT": Title 40-10-1, et. seq., Utah Code Annotated (1953, as amended)

"BOND": A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.

"BOND AMOUNT": \$2,838,000.00

"BOND TYPE": Letter of Credit
Bonding Company: Bank One, Utah NA
Address: 80 West Broadway, Suite 200
Telephone Number: (801) 481-5530

"COMPANY OFFICERS": E.O. Finley, Pres; N.J. Finley, Vice Pres; C.A. Gustafson, Sec.

"COOPERATIVE AGREEMENT": That certain agreement codified at 40 C. F. R. 944.30

"DISTURBED AREA": This term is as defined in Utah Administrative Code R645-100-200. The Permittee and the Division contemplate that the Disturbed Area will be as approved and shown in the Permit Application Package, but the Permittee's reclamation obligation and the bond related thereto are governed by applicable law.

"LIABILITY INSURANCE": Public liability insurance policy submitted as part of the permit application and attached as Exhibit "C".
Insurance Company: American States Insurance Co.
Address:
Telephone Number: (317) 262-6262

Policy Number:
Expiration Date:

"MINE": *Hinawatha Complex*

"OSM": United States Department of the Interior, Office of Surface Mining Reclamation and Enforcement.

"PERMIT": Utah Mining and Reclamation Permit No. ACT

"PERMIT AREA": The area described in the Permit, which includes the Mine.

"PERMIT TRANSFER APPLICATION (PTA)":
On *9-16-97* the Permittee filed an Application for Approval of the transfer of Permit No. ACT1, which was approved, subject to conditions on *K21007/011*

"PERMITTEE":
Principal Address: *Hinawatha Coal Company, Inc*
Utah Address: *3212 South State St.*
Telephone Numbers: *Salt Lake City, UT 84115*

"PERMITTEE'S UTAH REGISTERED AGENT FOR SERVICE OF PROCESS": *Elliot Finley*

"REGULATIONS": The regulations promulgated by the Division and OSM pertaining to coal mining and reclamation activities.

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

"SURETY": *irrevocable letter of credit from Bank One*

The following Exhibits are incorporated within and made a part of this Agreement.

EXHIBITS:

"BONDED AREA"	Exhibit "A"
"BONDING AGREEMENT"	Exhibit "B"
"LIABILITY INSURANCE"	Exhibit "C"

WHEREAS, on 3-13-87 the Division issued a Permit No. ACT/ to U.S. Fuel Co. to U.S. Fuel Co. engage in certain specified coal mining and reclamation operations (previously defined as the "Permit"); and

WHEREAS, on 12-5-97 the Division approved the Permit Transfer Application (previously defined as the PTA") submitted by "Permittee"; and

WHEREAS, prior to the transfer of the permit to conduct mining and reclamation operations on the property described in the Permit, the Permittee is obligated by the law, to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth by law; and

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 under the Permit; and

WHEREAS, the Division is ready and willing to transfer the Permit to the Permittee upon acceptance and approval of the Bond.

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

1. The provisions of SMCRA, the Act and the Regulations 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 Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, 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 Permit Application Package includes a legal description of the Permit Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. The convenience, a copy of the description of the Permit Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division and OSM in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the Regulations. The Bond is attached as Exhibit "B" and is

incorporated by reference.

5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division and OSM shall be listed as an additional insured on this policy.
6. In the event that the Permit Area and/or the Disturbed Area 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.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.
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 Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. 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 new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division 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 to enforce this Agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) 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 and forfeiture

of the Bond.

12. In the event of forfeiture of the Bond, 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 Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, 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 Permit, 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 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 5th day of Dec., 1997

STATE OF UTAH:

James P. Bradford
Director 12-12-97
Division of Oil, Gas and Mining

PERMITTEE:

By: Elliot O. Finley

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.

EXHIBIT "A"
PERMIT AREA
LEGAL DESCRIPTION

Permit Number ACT/007/011

Exhibit "A"
PERMIT AREA

Legal Description of Permit Area covered by the Bond:

The permit location and boundaries are defined by the following land subdivisions:

T 15 S, R 7 E, Salt Lake Base and Meridian, Utah

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

T 15 S, R 8 E, Salt Lake Base and Meridian, Utah

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, All;
Sec. 20, All;
Sec. 21, All;
Sec. 26, W1/2 SW1/4;
Sec. 27, S1/2, SW1/4 NW1/4;
Sec. 28, All;
Sec. 29, All;
Sec. 30, All;
Sec. 31, All;
Sec. 32, All;
Sec. 33, All;
Sec. 34, N1/2, SW1/4, N1/2 SE1/4;
Sec. 35, NW1/4, NW1/4 SW1/4.

T 16 S, R 8 E, Salt Lake Base and Meridian, Utah

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

NOTE:

In the event that more than one Bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each Bond is provided.

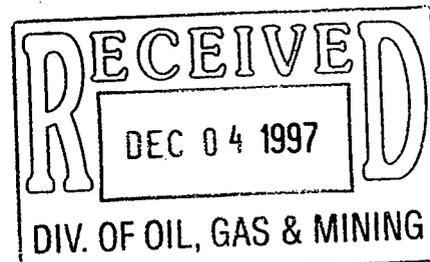
EXHIBIT "B"

SURETY BOND
(FEDERAL COAL)

Bank One, Arizona, NA
International Trade Services
AZI-1246
PO Box 29529
Phoenix AZ 85038 9529
201 N Central Ave., 11th Floor
Phoenix AZ 85004

SWIFT BOAZ US 55
TELEX 673 4869

BANK ONE.



IRREVOCABLE STANDBY LETTER OF CREDIT NO. S005519

ISSUED IN PHOENIX, ARIZONA on 03 DEC 1997

BENEFICIARY:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114

APPLICANT:

HIAWATHA COAL COMPANY, INC.
3212 SO. STATE ST.
SALT LAKE CITY, UT

AMOUNT: USD ***2,838,000.00
TWO MILLION EIGHT HUNDRED THIRTY
EIGHT THOUSAND AND 00/100 UNITED
STATES DOLLARS

DATE AND PLACE OF EXPIRY:
04 DEC 1998
OUR COUNTERS

CREDIT AVAILABLE WITH:

BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA

BY: PAYMENT

AVAILABLE BY DRAFTS AT SIGHT DRAWN ON:

BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA

PERMIT NO. ACT-007-011

**DRAFTS SUBMITTED MUST BE ACCOMPANIED BY THE FOLLOWING:
BENEFICIARY'S SIGNED STATEMENT STATING THAT:**

"PURSUANT TO R645-301-880,900, HIAWATHA COAL COMPANY, INC. IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT, THE REGULATORY PROGRAM, THE PERMIT AND THE RECLAMATION PLAN."

OTHER OR SPECIAL CONDITIONS:

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT, FOR ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO ANY SUCH DATE WE NOTIFY YOU IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD.

UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW ON US AT SIGHT

A handwritten signature in black ink, appearing to be "M. 1107".

Bank One, Arizona, NA
International Trade Services
AZI-1246
PO Box 29529
Phoenix AZ 85038 9529
201 N Central Ave., 11th Floor
Phoenix AZ 85004

SWIFT BOAZ US 55
TELEX 673 4869



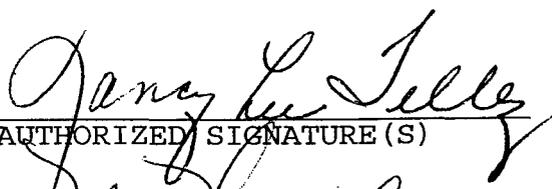
L/C #: S005519
PAGE 2

FOR THE THEN AMOUNT OF THIS LETTER OF CREDIT BY PRESENTATION OF YOUR DRAFT, THE ORIGINAL OF THIS LETTER OF CREDIT AND AMENDMENTS, IF ANY, AND YOUR STATEMENT SIGNED BY A BOND APPROVING OFFICER INDICATING NAME AND TITLE STATING THAT: "THE AMOUNT BEING DRAWN UNDER THIS LETTER OF CREDIT REPRESENTS FUNDS DUE US BECAUSE HIAWATHA COAL COMPANY, INC. HAS FAILED TO REPLACE THIS LETTER OF CREDIT BY OTHER SUITABLE BOND PURSUANT TO R645-301-860.222 AND R645-301-870."

DRAFTS DRAWN UNDER THIS CREDIT MUST BE ENDORSED AND CONTAIN THE CLAUSE: "DRAWN UNDER THE BANK ONE, ARIZONA, NA, LETTER OF CREDIT NO. S005519 DATED DECEMBER 3, 1997."

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION TO US ON OR BEFORE DECEMBER 4, 1998, UNLESS AUTOMATICALLY EXTENDED AS ABOVE STATED AT BANK ONE, ARIZONA, NA, INTERNATIONAL TRADE SERVICES DIVISION, 241 N. CENTRAL AVENUE; PHOENIX, ARIZONA 85004, TOGETHER WITH THIS LETTER OF CREDIT.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500.

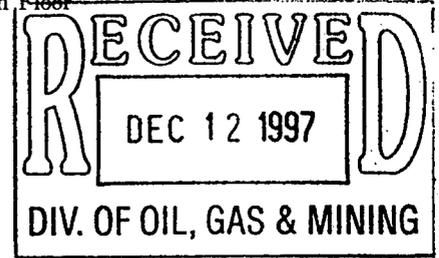


AUTHORIZED SIGNATURE (S)


Bank One, Arizona, NA
International Trade Services
AZ1-1246
PO Box 29529
Phoenix AZ 85038 9529
201 N Central Ave. 11th Floor
Phoenix AZ 85004

SWIFT BOAZ US 55
TELEX 673 4869

BANK ONE



AMENDMENT TO STANDBY LETTER OF CREDIT

L/C #: S005519
LC ISSUED: 12/03/97
AMENDMENT 1

AMENDMENT DATE: 10 DEC 1997

BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114

APPLICANT:
HIAWATHA COAL COMPANY, INC.
3212 SO. STATE ST.
SALT LAKE CITY, UT

THE ABOVE MENTIONED LETTER OF CREDIT IS HEREBY AMENDED AS FOLLOWS:

AMENDED BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114 AND
(SEE BELOW FOR BENEFICIARY NAME)

SECOND BENEFICIARY NAME:
UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT
WESTERN REGIONAL COORDINATING CENTER
1999 BROADWAY, SUITE 3320
DENVER, COLORADO 80202-5733

THIS LETTER OF CREDIT WILL BE HELD BY THE STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS AND MINING, 1594 WEST NORTH TEMPLE, SUITE 1210, SALT LAKE CITY, UT 84114

UNDER BENEFICIARY'S SIGNED STATEMENT DELETE:
....., THE REGULATORY PROGRAM,.....
INSERT IN ITS PLACE;
....., THE UTAH COAL REGULATORY PROGRAM,.....

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500.

1/11/98

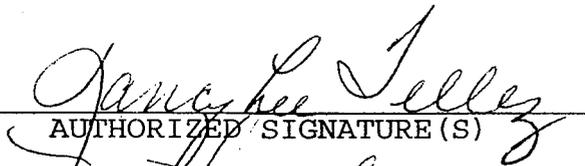
Bank One, Arizona, NA
International Trade Services
AZ1-1246
PO Box 29529
Phoenix AZ 85038 9529
201 N Central Ave., 11th Floor
Phoenix AZ 85004

SWIFT BOAZ US 55
TELEX 673 4869

BANK ONE.

L/C #: S005519
Page 2

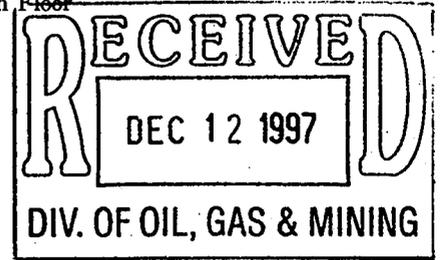
THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE MENTIONED CREDIT AND MUST BE ATTACHED THERETO. ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.


AUTHORIZED SIGNATURE (S)


Bank One, Arizona, NA
International Trade Services
AZI-1246
PO Box 29529
Phoenix AZ 85038 9529
201 N Central Ave., 11th Floor
Phoenix AZ 85004

SWIFT BOAZ US 55
TELEX 673 4869

BANK ONE



AMENDMENT TO STANDBY LETTER OF CREDIT

L/C #: S005519
LC ISSUED: 12/03/97
AMENDMENT 1

AMENDMENT DATE: 10 DEC 1997

BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114

APPLICANT:
HIAWATHA COAL COMPANY, INC.
3212 SO. STATE ST.
SALT LAKE CITY, UT

THE ABOVE MENTIONED LETTER OF CREDIT IS HEREBY AMENDED AS FOLLOWS:

AMENDED BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114 AND
(SEE BELOW FOR BENEFICIARY NAME)

SECOND BENEFICIARY NAME:
UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT
WESTERN REGIONAL COORDINATING CENTER
1999 BROADWAY, SUITE 3320
DENVER, COLORADO 80202-5733

THIS LETTER OF CREDIT WILL BE HELD BY THE STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS AND MINING, 1594 WEST NORTH TEMPLE, SUITE 1210, SALT LAKE CITY, UT 84114

UNDER BENEFICIARY'S SIGNED STATEMENT DELETE:
....., THE REGULATORY PROGRAM,.....
INSERT IN ITS PLACE;
....., THE UTAH COAL REGULATORY PROGRAM,.....

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500.

11/11/97

EXHIBIT "C"
LIABILITY INSURANCE
(FEDERAL COAL)

Certificate of Liability Insurance
Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--oo00oo--

THIS IS TO CERTIFY THAT: *American States*

HAS ISSUED TO: *Hiamatha Coal Co.*

CERTIFICATE OF INSURANCE:

(Policy Number) *970064*

(Effective Date) *11-24-97*

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R645-301-890 Terms and Conditions for Liability Insurance:

- A. The **DIVISION** shall require the **PERMITTEE** to submit as part of its Permit a certificate issued by an insurance company authorized to do business in the State of Utah certifying that the applicant has a public Liability Insurance policy in force for the surface coal mining and reclamation operations for which the Permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives, and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy of Liability Insurance shall be maintained in full force during the life of the Permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.
- C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
12-3-97

PRODUCER

BENNION-TAYLOR KISER-LORD INS.
461 W. MURRAY BLVD
MURRAY, UT 84123
(801) 268-8006 FAX: 263-9878

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
A AMERICAN STATES INSURANCE COMPANY
- COMPANY
B
- COMPANY
C
- COMPANY
D

INSURED

HIAWATHA COAL COMPANY
3212 SOUTH STATE
SALT LAKE CITY, UT 84115

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 <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	01CE30877310	11-24-97	11-24-98	GENERAL AGGREGATE \$2,000,000
	PRODUCTS - COMP/OP AGG \$2,000,000				
	PERSONAL & ADV INJURY \$1,000,000				
	EACH OCCURRENCE \$1,000,000				
	FIRE DAMAGE (Any one fire) \$ 50,000				
	MED EXP (Any one person) \$ 5,000				
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY: \$
					EACH ACCIDENT \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				AGGREGATE \$
					EACH OCCURRENCE \$
					AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS OTH-ER \$
					EL EACH ACCIDENT \$
					EL DISEASE - POLICY LIMIT \$
					EL DISEASE - EA EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

HIAWATHA COMPLEX ACT 0007/011 KING MINES LISTED AS #4-42-0098, #5-42-01389, #6-42-01599 EXPLOSION DAMAGE COVERED

CERTIFICATE HOLDER

STATE OF UTAH
DIVISION OF OIL, GAS & MINING
1594 WEST NORTH TEMPLE #1210
SALT LAKE CITY, UT 84114

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. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 4, 1997

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

RE: AVS Recommendation for Permit Transfer, Hiawatha Mines Complex, Hiawatha Coal Company, ACT/007/011, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOVs or Cos which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Hiawatha Coal Company. Hiawatha Coal Company does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operatio in the state of Utah.

Applicant Evaluation

Applicant Violator System

04-Dec-1997 08:26:01

State : UT	Permit No : ACT007011	Appl No : ACT007011
Applicant : 144578(HIAWATHA COAL CO INC)		Seqno : 2

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
--	--	--

SYSTEM RECOMMENDATION	: ISSUE	12/04/1997
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	12/03/1997

RCM_MNT(F7) PERMIT/APPL(F8)
 PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

AVS Recom Maint

Applicant Violator System 04-Dec-1997 08:26:10

State : UT Permit No : ACT007011 Appl No : ACT007011
Permittee : 144578(HIAWATHA COAL CO INC) Segno : 2
Applicant : 144578(HIAWATHA COAL CO INC)

SYSTEM : I (ISSUE) Date : 04-Dec-1997 Mode : VIEW
Reason: 0 AML, 0 AUD, 0 CMIS, 0 FORF, 0 STATE, 0 NRSP VIOLATION(S)

OSMRE : I (ISSUE) Date : 04-Dec-1997 Mode : UPDATE
Reason: cc

SRA : Date : Mode : VIEW
Reason:

SAVE(F5) DELETE(F8)
PRV_SCR(F3) QUIT(F4) CHOICES(F10)

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 16th day of September, 1997 and that the last publication of such notice was in the issue of such newspaper dated the 16th day of September, 1997.

Kevin Ashby
Kevin Ashby - Publisher

Subscribed and sworn to before me this 16th day of September, 1997.

Linda Thayne
Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$69.84

NOTICE OF PERMIT TRANSFER

Hiawatha Coal Co., whose business address is P.O. Box 1202, Huntington, UT 84528, is applying for a Division of Oil, Gas and Mining approval of the transfer of the Mining and Reclamation Permit (No. ACT/007/011) from United States Fuel Company according to regulations R645-303-300 of U.C.A. Title 40.

The permit location and boundaries are defined by the following land subdivisions:

T 15 S, R 7 E, Salt Lake Base and Meridian, Utah

Sec. 14, S1/2,

Sec. 24, All;

Sec. 25, E1/2, E1/2, NW1/4;

Sec. 36, E1/2.

T 15 S, R 8 E, Salt Lake Base and Meridian, Utah

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, All;

Sec. 20, All;

Sec. 21, All;

Sec. 26, W1/2 SW1/4;

Sec. 27, S1/2, SW1/4 NW1/4;

Sec. 28, All;

Sec. 29, All;

Sec. 30, All;

Sec. 31, All;

Sec. 32, All;

Sec. 33, All;

Sec. 34, N1/2, SW1/4, N1/2 SE1/4;

Sec. 35, NW1/4, NW1/4 SW1/4;

T 16 S, R 8 E, Salt Lake Base and Meridian, Utah

Sec. 3, W1/2;

Sec. 4, All;

Sec. 5, All;

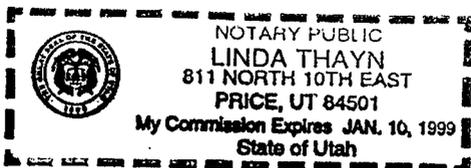
Sec. 6, NE1/4 SE1/4, Lots 1 thru 10

Sec. 8, E1/2 E1/2;

Sec. 9, All.

Written comments, objections, or requests for informal conferences may be submitted to the Utah Department of Natural Resources, Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114.

Published in the Sun Advocate September 16, 1997.



AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Emery,)

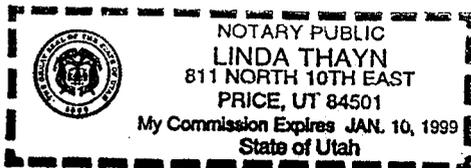
I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 16th day of September, 1997 and that the last publication of such notice was in the issue of such newspaper dated the 16th day of September, 1997.

Kevin Ashby - Publisher

Subscribed and sworn to before me this 16th day of September, 1997.

Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$49.92



NOTICE OF PERMIT TRANSFER

Hiawatha Coal Co., whose business address is P.O. Box 1202, Huntington, UT 84528, is applying for a Division of Oil, Gas and Mining approval of the transfer of the Mining and Reclamation Permit (No. ACT/007/011) from United States Fuel Company according to regulations R645-303-300 of U.C.A. Title 40.

The permit location and boundaries are defined by the following land subdivisions:

T 15 S, R 7 E, Salt Lake Base and Meridian, Utah

- Sec. 14, S1/2,
- Sec. 24, All;
- Sec. 25, E1/2; E1/2, NW1/4;
- Sec. 36, E1/2.

T 15 S, R 8 E, Salt Lake Base and Meridian, Utah

- 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, All;
- Sec. 20, All;
- Sec. 21, All;
- Sec. 26, W1/2 SW1/4;
- Sec. 27, S1/2, SW1/4 NW1/4;
- Sec. 28, All;
- Sec. 29, All;
- Sec. 30, All;
- Sec. 31, All;
- Sec. 32, All;
- Sec. 33, All;
- Sec. 34, N1/2, SW1/4, N1/2 SE1/4;
- Sec. 35, NW1/4, NW1/4 SW1/4.

T 16 S, R 8 E, Salt Lake Base and Meridian, Utah

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

Written comments, objections, or requests for informal conferences may be submitted to the Utah Department of Natural Resources, Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114.

Published in the Emery County Progress September 16, 1997.



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 4, 1997

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *PGL*

RE: AVS Recommendation for Permit Transfer, Hiawatha Mines Complex,
Hiawatha Coal Company, ACT/007/011, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOVs or Cos which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Hiawatha Coal Company. Hiawatha Coal Company does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Applicant Evaluation

Applicant Violator System

04-Dec-1997 08:26:01

State : UT	Permit No : ACT007011	Appl No : ACT007011
Applicant : 144578(HIAWATHA COAL CO INC)		Seqno : 2

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	12/04/1997
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	12/03/1997

RCM_MNT(F7) PERMIT/APPL(F8)
 PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

AVS Recom Maint

Applicant Violator System

04-Dec-1997 08:26:10

State : UT Permit No : ACT007011 Appl No : ACT007011
Permittee : 144578(HIAWATHA COAL CO INC) Seqno : 2
Applicant : 144578(HIAWATHA COAL CO INC)

SYSTEM : I (ISSUE) Date : 04-Dec-1997 Mode : VIEW
Reason: 0 AML, 0 AUD, 0 CMIS, 0 FORF, 0 STATE, 0 NRSP VIOLATION(S)

OSMRE : I (ISSUE) Date : 04-Dec-1997 Mode : UPDATE
Reason: cc

SRA : Date : Mode : VIEW
Reason:

SAVE(F5) DELETE(F8)
PRV_SCR(F3) QUIT(F4) CHOICES(F10)

ACT/007/011 #3
Copy transfer
file

EXHIBIT 3

VERIFICATION OF APPLICATION

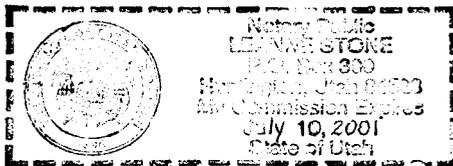
Hiawatha Coal Company, Inc.
Permit No. ACT/007/011

I, Elliot Finley, being duly sworn, certify that I am the President of Hiawatha Coal Company and that I have reviewed the contents of the Mining and Reclamation Plan for the above-referenced permit submitted to the Utah Division of Oil, Gas & Mining, including the information submitted in response to Division Order 97A, and the information included in the permit transfer application.

I verify that the above mentioned plans in the application are true and correct to the best of my information and belief.

E. Finley
Elliot Finley, President
Hiawatha Coal Company, Inc.

Subscribed and sworn to before me this 15th day of Oct., 1997.



LeAnne Stone
Notary Public

Expiration Date: 7-10-2001



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

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

September 23, 1997

Elliot Finley, Resident Agent
Hiawatha Coal Company
P. O. Box 1202
Huntington, Utah 84528

Re: Incomplete Application for Permit Transfer, U. S. Fuel Company to Hiawatha Coal Company, Hiawatha Mines, ACT/007/011-TR97C, Folder #3, Carbon County, Utah

Dear Mr. Finley:

The review of your application to transfer the Hiawatha permit has determined that the information in the application is not adequate to effectuate the transfer. Therefore, the application is not approved and we are returning it for your further attention.

A number of concerns were identified, which include the following:

- ◆ The application needs to contain the applicants telephone number and employer identification number.
- ◆ There is not adequate information on surface or coal ownership in the area. Adequate right of entry information must be provided.
- ◆ A certificate of insurance that meets the requirements of R645-301-800 must be provided.
- ◆ The application must be accompanied by a signed and notarized statement from a company official that the information is true and correct. This should be provide for both the existing and proposed permittee.

Page 2
ACT/007/011-TR97C
September 23, 1997

The enclosed memo by Paul Baker discusses the concerns in more detail. Please review it carefully. In order to keep the application in the review loop, you should provide a revised application which addresses the deficiencies by no later than October 23, 1997. If you have any questions, please call.

Sincerely,



Daron R. Haddock
Permit Supervisor

tat

Enclosure

cc: Ranvir Singh, OSM
Richard Manus, BLM
Janette S. Kaiser, USFS
Mark Page, Water Rights
Dave Ariotti, DEQ
Bill Bates, DWR
Price Field Office

O:\007011.HIA\FINAL\TRANSREJ.LTR