



GARY R. HERBERT
Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 5, 2016

Elliot Finley, Resident Agent
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Approval of Phase III Bond Release Bond Reduction, Hiawatha Coal Company, Hiawatha Coal Company, C/007/0011, Task ID #5293

Dear Mr. Finley:

The application for Phase III bond release in the amount of \$420,000 for the Hiawatha Mine was approved on July 19, 2016. The Division received a bond reduction request of \$420,000 on October 5, 2016.

This letter constitutes our approval of the bond release in the amount of \$420,000 as requested. This means the total amount of bond that must remain posted for the Hiawatha Mine is \$1,666,000. Hiawatha Coal Company is currently bonded in the amount of \$2,128,000 held in escrow account posted with the Bank of Utah. The Bank of Utah, in cooperation with Hiawatha Coal Company is authorized to reduce the amount of bond held for the Hiawatha Mine from \$2,128,000 to \$1,708,000.

Please complete and return the enclosed Exhibit "D" and Affidavit along with the signed rider to decrease the posted bond in the amount of \$420,000. After these documents are received and accepted by the Division, a fully-signed and incorporated copy will be returned to you for your records. Also submit 2 clean copies of the revised Bond Summary Sheet (Page 8-8) for incorporation.

If you have any questions, please contact Daron Haddock at (801) 538-5325 or me at (801) 538-5340.

Sincerely,

John R. Baza
Director

JRB/DRH/sqs
Enclosures
cc: Charles Reynolds
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EXHIBIT “D”

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: Hiawatha
Permit Number: C/007/0011
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT

--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Approval of Phase III Bond Release (Task ID #5114) on 7/19/16 authorized a bond reduction of \$420,000. The bond reduction request was received and approved on 10/5/16. The current required bond is \$2,128,000; the release of \$420,000 leaves a posted balance of \$1,708,000.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 2,128,000 to \$ 1,708,000

The bonding type is changed from _____ to _____.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from \$ _____ to \$ _____.

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

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 or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

RIDER

PLEDGE AND ESCROW AGREEMENT

This rider is intended to modify the Pledge and Escrow Agreement (“Agreement”) dated May 5, 2010 made and entered into by and among Bank of Utah as escrow agent (the “Escrow Agent”), Hiawatha Coal Company, Inc., a Utah corporation (“Hiawatha”), and M.B.S.C., LLC, a Utah Liability Company (M.B.S.C.), and the State of Utah, Division of Oil, Gas and Mining (“DOGM”), regarding Permit No. C/007/0011.

It is mutually understood and agreed by the Escrow Agent, Hiawatha and DOGM that the bond amount is hereby decreased from \$2,128,000 to \$1,708,000. All other terms and conditions of said bond except as herein expressly modified shall remain unchanged.

This rider shall be effective as of the 5th of October, 2016.

BANK OF UTAH, as Escrow Agent

By: _____
Name: _____
Title: _____

STATE OF UTAH, Division of Oil, Gas & Mining

By: _____
Name: _____
Title: _____

HIAWATHA COAL COMPANY, INC. a Utah Corporation

By: _____
Name: _____
Title: _____

M.B.S.C., LLC, a Utah Liability Company

By: _____
Name: _____
Title: _____