

Document Information Form

Mine Number: C/007/012

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To: DOGM

From:

Person N/A

Company STATE OF UTAH

Date Sent: N/A

Explanation:

APPROVAL OF TRANSFER OF PERMIT AND SUBSTITUTION
OF BOND.

cc:

File in:
C/007, 012, Internal

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Date _____ For additional information

DIVISION OF OIL, GAS & MINING
UTAH DEPARTMENT OF NATURAL RESOURCES

#2 + #5

APPROVAL OF TRANSFER OF PERMIT : RE: WELLINGTON PREPARATION
AND SUBSTITUTION OF BOND : PLANT PERMIT NO.
: ACT/007/012 CARBON
: COUNTY, UTAH

WHEREAS, by a Purchase and Sale Agreement (the "Agreement"), between United States Steel Corporation and U.S. Steel Mining Co., Inc. (herein "U.S. Steel") and Kaiser Coal Corporation (herein "Kaiser"), U.S. Steel agrees to sell and Kaiser agrees to purchase the Wellington Preparation Plant located in Carbon County, Utah (herein the "Wellington Plant"); and

WHEREAS, by the terms of the Agreement, U.S. Steel agrees to transfer to Kaiser at the "Closing", as defined in the Agreement (the "Closing" shall be held on December 30, 1985 [the "Closing Date"], unless otherwise agreed upon by U.S. Steel and Kaiser pursuant to the Agreement), state and federal permit rights (herein the "Permit Rights") under the Utah Coal Mining and Reclamation Act (Utah Code Ann. §§ 40-10-1 et seq.) and the federal Surface Mining Control and Reclamation Act (30 USC §§ 1201 et seq.) and implementing regulations (herein the "Utah Coal Program"); and

WHEREAS, by the terms of the Agreement, Kaiser agrees at the Closing Date to assume and be liable for all obligations relating to the reclamation and environmental rehabilitation of the Wellington Plant imposed by the state and federal governments; and

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WHEREAS, Kaiser has submitted to the Utah Division of Oil, Gas & Mining an application for approval of transfer of permit and substitution of bond for Wellington Preparation Plant Permit No. ACT/007/012 to become effective upon the Closing Date; and

WHEREAS, Kaiser has submitted a Self Bonding and Indemnity Agreement in the amount of Four Million, Three Hundred Sixty Thousand, Seven Hundred Seventy-Five Dollars (\$4,360,775.00 in 1989 Dollars) (the "Kaiser Bond") which will become effective at the Closing Date and the Division has determined that as of the Closing Date Kaiser will have met the requirements of UMC 788.18; and

WHEREAS, upon Kaiser's satisfactory assumption of the Wellington Plant bonding obligation and the Division's assurance that the requirements of UMC 788.18 are met, the Division will release U.S. Steel from any and all obligations for bonding, permitting, reclamation or other requirements of the Utah Coal Program concerning the Wellington Plant; and

WHEREAS, the release of U.S. Steel from said obligations is consistent with UMC 788.18 and the Utah Coal Program.

NOW, THEREFORE, the Division agrees as follows:

1. The Division hereby approves the transfer, assignment and sale of the Permit Rights for the Wellington Plant under the Utah Coal Program from U.S. Steel to Kaiser. Such approval shall become effective as of the Closing Date upon submission to the Division by Kaiser of an executed assignment of the Permit Rights from U. S. Steel to Kaiser.

2. The Division hereby releases U.S. Steel from any and all obligations for bonding, permitting, reclamation, environmental rehabilitation or other requirements of the Utah Coal Program concerning the Wellington Plant. This release shall become effective as of the Closing Date.

3. The Division hereby specifically releases U.S. Steel Mining Co., Inc. and the Federal Insurance Company from their obligations as joint and several sureties in the sum of Three Million, Seven Hundred Twenty-Three Thousand, Six Hundred Twelve Dollars (\$3,723,612.00 in 1985 Dollars) under that Surety Bond No. 8097-43-89 executed by U.S. Steel and the Federal Insurance Company. This release shall become effective as of the Closing Date.

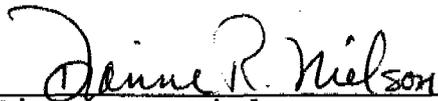
4. The Division hereby substitutes the Kaiser Bond for and in the place of the U.S. Steel surety bond described in paragraph 3 above. This substitution shall become effective as of the Closing Date.

5. The Division represents that the release of U.S. Steel from the obligations described in paragraph 2 and of U.S. Steel and the Federal Insurance Company of the surety bond described in paragraph 3 complies with UMC 788.18 of the Utah Coal Program. The Division agrees to provide a letter of release to U.S. Steel and the Federal Insurance Company if necessary to fulfill the terms of this approval and release.

6. The approval and release set forth herein are conditioned upon Kaiser's compliance with the provisions of UMC 788.18(b)(1) requiring advertising of the application to transfer

the Permit Rights and with the terms of UMC 788.18(b)(2) allowing a thirty-day comment period from date of publication. The Division agrees to provide U.S. Steel and Kaiser with written confirmation of satisfaction of this condition.

SO AGREED this 10 day of December, 1985.



Dianne R. Nielson
Director
Utah Division of Oil, Gas & Mining

APPROVED AS TO FORM:



Assistant Attorney General
State of Utah