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EIS ENVIRONMENTAL & ENGINEERING CONSULTING435-472-3814 / 800-641-2927 / FAX 435-472-8780 / edisec@elma.com / 31 NORTH MAIN STREET HELPER, UTAH 84526**FAX MESSAGE**

DATE: July, 12, 2001
TO: Pam Grubaugh-Littig-UDOGM
FAX: 801-359-3940
FROM: Tom Paluso *Tom*
SUBJECT: Lila Bonding Exhibit "A" and "D"

NUMBER OF PAGES INCLUDING COVER SHEET: 9

As per your request, I have completed the above mentioned forms as per your instructions. I would appreciate it if you would review them and see if they are completed correctly before I send them to Clyde Borrell.

Plate 4-1 referred to in Exhibit "A" is the Surface Ownership map. A complete Plate 4-1 will be included in the submittal to the surety company.

I modified Exhibit "D" and left the amount of insurance blank as per your instructions. After talking to Clyde, he has faxed me an updated copy of the liability insurance. I believe you have a copy of this already, but I have enclosed another copy for your review.

Please review this material and let me know what, if anything, you want changed. How many signed copies of these two exhibits will you need? I will be out of the office from July 16-19. If you have time to get back to me tomorrow, I could get this material going to Clyde for final signatures before I leave next week. Thanks again for your help on this matter.

RECEIVED

JUL 12 2001

DIVISION OF
OIL, GAS AND MINING

EXHIBIT "A"
PERMIT AREA
LEGAL DESCRIPTION

Permit Number _____

EXHIBIT "A"

PERMIT AREA

In accordance with the **RECLAMATION AGREEMENT**, the **PERMITTEE** intends to conduct coal mining and reclamation activities on or within the **PERMIT AREA** as described hereunder: (The bonded area equals the permit area.)

Total acres of **PERMIT AREA**: 6032.07

Legal Description of **PERMIT AREA**:

See attached Table 4-2 and Plate 4-1

This is the **PERMIT AREA** that is covered by the reclamation surety provided in Exhibit "B".

IN WITNESS WHEREOF the **SURETY** has hereunto set it's signature and seal this

_____ day of _____, 20____.

SURETY

By: _____

Title: _____

Lila Canyon Mine

UtahAmerican Energy, Inc.

Total "A" Horse Canyon	1327.75
Total "B" Lila Canyon	4704.32
GRAND TOTAL	6032.07

Please note

- (1) UEI
- (2) Eardley
- (3) Payer

POTENTIAL AREA OF FUTURE MINING

1

7

12

13

R 14 E
R 15 E

18

17



000' 4000'



LILA CANYON MINE

SURFACE OWNERSHIP

DATE: July 1999

DESIGNED BY: EIS

SCALE: AS SHOWN

PLATE #: PLATE 4-1

EXHIBIT 'D'
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: _____

Effective Date: _____

**COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT**

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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)

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.

X Replace Exhibit "A" - PERMIT AREA.

X Additional Surety "B" - BONDING AGREEMENT.

____ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$1,253,000) to (\$ 2,809,000).

The BONDING Type is changed from _____ to _____.

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
Page 2

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 of Attorney for 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.