

0023

From: Pam Grubaugh-Littig
To: "cborrell@coalsource.com"@MNET.MAIL; tompaluso@sisna.com
Date: 7/2/01 11:34AM
Subject: Bond - Lincoln General Insurance Company Underwriting Limitations

Clyde, I just checked the current Department of Treasury Circular 570 for the underwriting limitations on surety bonds. Lincoln General Insurance Company has an underwriting limitation of \$1,709,000. The current bond is \$1,137,726 and with the additional Lila Canyon portion (\$1,556,000), the bond amount to be posted equals, \$2,693,726 (greater than \$1,709,000).

There are some options: Get two bonds from Lincoln General or get another surety to post the entire amount.

If you have any questions, please let me know. Pam

CC: Darby, Dave; Haddock, Daron; Wright, Mary Ann

9/08/013
OUTgoing

MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY.
INCORPORATED IN: Massachusetts.

Liberty Mutual Insurance Company

BUSINESS ADDRESS: 175 Berkeley Street, Boston, MA 02117. PHONE: (617) 357-9500. UNDERWRITING LIMITATION b/: \$300,609,000. SURETY LICENSES c/f: AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VT, VA, VI, WA, WV, WI, WY. INCORPORATED IN: Massachusetts.

Lincoln General Insurance Company

BUSINESS ADDRESS: 3350 Whiteford Road, P.O. Box 3709, York, PA 17402-0136. PHONE: (717) 757-0000. UNDERWRITING LIMITATION b/: \$1,709,000. SURETY LICENSES c/f: AL, AR, CO, DE, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NC, ND, OH, OK, OR, PA, SC, SD, TN, UT, VA, WA, WV, WI, WY. INCORPORATED IN: Pennsylvania.

LM Insurance Corporation

BUSINESS ADDRESS: 175 Berkeley Street, Boston, MA 02117. PHONE: (617) 357-9500. UNDERWRITING LIMITATION b/: \$1,489,000. SURETY LICENSES c/f: AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, GU, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, VI, WA, WV, WI, WY. INCORPORATED IN: Iowa.

Lumbermens Mutual Casualty Company

BUSINESS ADDRESS: 1 Kemper Drive, Long Grove, IL 60049-0001. PHONE: (847) 320-2000. UNDERWRITING LIMITATION b/: \$93,628,000. SURETY LICENSES c/f: AL, AK, AS, AZ, AR, CA, CO, CT, DE, DC, FL, GA, GU, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, VI, WA, WV, WI, WY. INCORPORATED IN: Illinois.

Lyndon Property Insurance Company

BUSINESS ADDRESS: 520 Maryville Centre Drive, Ste 500, St. Louis, MO 63141. PHONE: (314) 275-5200. UNDERWRITING LIMITATION b/: \$2,878,000. SURETY LICENSES c/f: AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY. INCORPORATED IN: Missouri.

MARKEL INSURANCE COMPANY

Bonding Calculations
 Horse Canyon MineC/007/013
 Lila Canyon Section
 Revised

May, 2001

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$558,015.00	
Subtotal Backfilling and Grading	\$270,792.00	
Subtotal Revegetation	\$223,603.00	
Direct Costs	\$1,052,410.00	

Indirect Costs

Mob/Demob	\$105,241.00	10.0%
Contingency	\$52,621.00	5.0%
Engineering Redesign	\$26,310.00	2.5%
Main Office Expense	\$71,564.00	6.8%
Project Mainagement Fee	\$26,310.00	2.5%
Subtotal Indirect Costs	\$282,046.00	26.8%

Total Cost in 2001 Dollars \$1,334,456.00

Escalation factor 0.0312
 Number of years 5
 Escalation \$221,577.00

Reclamation Cost 2006 \$1,556,033.00

Bond Amount (rounded to nearest \$1,000) \$1,556,000.00

Handwritten notes:
 1.556.000
 1.556.000