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 \* 0015 \* TRANSACTION REPORT \* P. 01 \*  
 \* \* \* JUL-20-2001 FRI 11:26 AM \*  
 \* FOR: OIL, GAS & MINING 801 359 3940 \*  
 \* DATE START RECEIVER TX TIME PAGES TYPE NOTE M# DP \*  
 \* JUL-20 11:25 AM 17409269112 1'11" 6 SEND OK 674 \*  
 \* \* \* TOTAL : 1M 11S PAGES: 6 \*  
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**State of Utah**  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
 Governor  
 Kathleen Clarke  
 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)

*Journal*  
~~7/20/01~~

UTAH DIVISION OF OIL, GAS AND MINING  
 FACSIMILE COVER SHEET

DATE: July 20, 2001  
 FAX #: 1-740-926-9112  
 ATTN: Clyde Borrell  
 COMPANY: Utah American Energy  
 DEPARTMENT: \_\_\_\_\_  
 NUMBER OF PAGES: (INCLUDING THIS ONE) 6  
 FROM: Pam Grubaugh-Littig



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If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.  
 We are sending from a sharp facsimile machine. Our telecopier number is (801)359-3940.

MESSAGES:

*PLANS*

Clyde -  
The acreage are different.  
~~Plate~~ The Table 4-2 says 6033.05  
while the signed permit area = 6032.07  
(We have agreed upon 6032.07 AC.)  
Plate 1-1 was attached.

Important: This message is intended for the use of the individual or entity of which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

*Any questions, please call me -*  
*Pam*

Permit Number ACT/007/013

**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 1-1

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

19th day of July, 2001.

XL Specialty Insurance Company  
**SURETY**

By: Anthony J. Garbarini

Anthony J. Garbarini

Title: Attorney-in-fact

**EXHIBIT "A"**  
**PERMIT AREA**  
**LEGAL DESCRIPTION**

**Table 4-2  
Surface Ownership  
Permit Area Both  
Horse Canyon and  
Lila Canyon**

Township	Range	Section	State Acres		Federal Acres		Private Acres		
			A	B	A	B	A	B	
15 S	14 E	33					60.70 (2)		
							49.90 (1)		
		34					23.62 (2)		
							25.68 (1)		
						25.20 (3)			
16 S	14 E	2	248.30	0.76					
		3			127.03		204.30 (1)		
		4					189.00 (1)		
		5					20.00 (1)		
		8					40.00 (1)		
		9					120.00 (1)		
		10			28.20		30.85 (1)	76.00 (1)	
		11			18.11	106.65	120.20 (2)	341.05 (2)	
		12		40.00			600.00		
		13					640.00		
		14					640.00		
		15					157.50	120.00 (1)	
		22					40.00		
		23					560.00		
		24					640.00		
		25					320.00		
		26					120.00		
		16 S	15 E	19				110.00	
				30				190.00	
		<b>SUB TOTAL</b>			248.30	40.76	173.34	4124.15	909.45
Total "A" Horse Canyon			1331.09						
Total "B" Lila Canyon			4701.96						
<b>GRAND TOTAL</b>			6033.05						

Please note

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

Table 4-2A  
Coal  
Ownership  
Permit Area  
Both Horse  
Canyon and  
Lila Canyon

Township	Range	Section	Federal Lease Number	State Acres		Federal Acres		Private Acres	
				A	B	A	B	A	B
15 S	14 E	33	SL-046512			60.70		49.90 (1)	
		34	SL-046512			23.62		25.68 (1)	
								25.20 (2)	
16 S	14 E	2		248.30	0.76				
		3	SL-066145			221.27		110.06 (1)	
		4						189.00 (1)	
		5						20.00 (1)	
		8						40.00 (1)	
		9						120.00 (1)	
		10	SL-066145			59.05	76.00		
		11	SL-066145			132.29	133.72		
			SL-066490				320.00		
		12	SL-066490				320.00		
			U-014218				320.00		
		13	U-0126947				320.00		
			SL-066490				320.00		
		14	SL-066145				160.00		
			SL-066490				480.00		
		15	SL-066490				80.00		
			SL-066145				120.00		
			BLM (No Coal)				77.50		
		22	SL-066490				40.00		
		23	SL-066490				560.00		
		24	SL-066490				240.00		
			SL-069291				80.00		
			U-0126947				320.00		
		25	SL-069291				160.00		
			U-0126947				120.00		
			U-014217				40.00		
		26	SL-066490				80.00		
			SL-069291				40.00		
16 S	15 E	19	U-0126947				110.00		

Table 4-2A  
 (continued)  
 Coal  
 Ownership  
 Permit Area  
 Both Horse  
 Canyon and  
 Lila Canyon

30		U-0126947		190.00	
State Acres		Federal Acres		Private Acres	
A	B	A	B	A	B
248.30	0.76	496.93	4707.22	579.84	0.00
1325.07		4707.98		6033.05	

SUB TOTAL	
Total "A" Horse Canyon	
Total "B" Lila Canyon	
GRAND TOTAL	

Please note: (1) UEI  
 (2) Eardley  
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Table 4-2  
Surface Ownership  
Permit Area Both  
Horse Canyon and  
Lila Canyon

Township	Range	Section	State Acres		Federal Acres		Private Acres	
			A	B	A	B	A	B
15 S	14 E	33					60.70 (2)	
							49.90 (1)	
		34					23.62 (2)	
							25.68 (1)	
							25.20 (3)	
16 S	14 E	2	248.30	0.76				
		3			127.03		204.30 (1)	
		4					189.00 (1)	
		5					20.00 (1)	
		8					40.00 (1)	
		9					120.00 (1)	
		10			28.20		30.85 (1)	76.00 (1)
		11			18.11	106.65	120.20 (2)	341.05 (2)
		12		40.00		600.00		
		13				640.00		
		14				640.00		
		15				157.50		120.00 (1)
		22				40.00		
		23				560.00		
		24				640.00		
		25				320.00		
		26				120.00		
16 S	15 E	19				110.00		
		30				190.00		
			State Acres		Federal Acres		Private Acres	
			A	B	A	B	A	B
SUB TOTAL			248.30	40.76	173.34	4124.15	909.45	537.05
Total "A" Horse Canyon			1331.09					
Total "B" Lila Canyon			4701.96					
GRAND TOTAL			6033.05					

Please note

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

Table 4-2A  
Coal  
Ownership  
Permit Area  
Both Horse  
Canyon and  
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		34	SL-046512			23.62		25.68 (1)	
								25.20 (2)	
16 S	14 E	2		248.30	0.76				
		3	SL-066145			221.27		110.06 (1)	
		4						189.00 (1)	
		5						20.00 (1)	
		8						40.00 (1)	
		9						120.00 (1)	
		10	SL-066145			59.05	76.00		
		11	SL-066145			132.29	133.72		
			SL-066490				320.00		
		12	SL-066490				320.00		
			U-014218				320.00		
		13	U-0126947				320.00		
			SL-066490				320.00		
		14	SL-066145				160.00		
			SL-066490				480.00		
		15	SL-066490				80.00		
			SL-066145				120.00		
			BLM (No Coal)				77.50		
		22	SL-066490				40.00		
		23	SL-066490				560.00		
		24	SL-066490				240.00		
			SL-069291				80.00		
			U-0126947				320.00		
		25	SL-069291				160.00		
			U-0126947				120.00		
			U-014217				40.00		
		26	SL-066490				80.00		
			SL-069291				40.00		
16 S	15 E	19	U-0126947					110.00	

Table 4-2A  
 (continued)  
 Coal  
 Ownership  
 Permit Area  
 Both Horse  
 Canyon and  
 Lila Canyon

		30	U-0126947	190.00			
		State Acres		Federal Acres		Private Acres	
		A	B	A	B	A	B
SUB TOTAL		248.30	0.76	496.93	4707.22	579.84	0.00
Total "A" Horse Canyon		1325.07					
Total "B" Lila Canyon		4707.98					
GRAND TOTAL		6033.05					

SUB TOTAL	
Total "A" Horse Canyon	
Total "B" Lila Canyon	

GRAND TOTAL	
-------------	--

Please note: (1) UEI  
 (2) Eardley  
 (3) Peper

XL SPECIALTY INSURANCE COMPANY  
 STATUTORY STATEMENT OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS  
 DECEMBER 31, 2000

ASSETS:		LIABILITIES:	
INVESTMENTS		LOSS & LOSS ADJUSTMENT EXPENSE	83,194,823
BONDS	117,277,000	REINSURANCE PAYABLE	275,375
STOCKS	3,250,288	UNEARNED PREMIUM	8,764,663
SHORT TERM INVESTMENTS	<u>4,290,824</u>	FUNDS HELD UNDER REINSURANCE AGREEMENTS	56,461,615
<b>TOTAL INVESTED ASSETS</b>	<u><b>124,818,112</b></u>	OTHER LIABILITIES	<u>18,142,126</u>
		<b>TOTAL LIABILITIES</b>	<u><b>166,838,602</b></u>
CASH	60,243,792	CAPITAL AND SURPLUS:	
AGENTS BALANCES OR UNCOLLECTED PREMIUMS	27,501,659	CAPITAL STOCK	3,100,000
REINSURANCE RECOVERABLES	9,148,000	PAID-IN SURPLUS	74,714,332
ACCRUED INTEREST AND DIVIDENDS	2,030,447	UNASSIGNED FUNDS	<u>(10,713,203)</u>
OTHER ADMITTED ASSETS	<u>10,197,721</u>	<b>TOTAL CAPITAL AND SURPLUS</b>	<u><b>67,101,129</b></u>
<b>TOTAL ADMITTED ASSETS</b>	<u><b>\$ 233,939,731</b></u>	<b>TOTAL LIABILITIES, CAPITAL AND SURPLUS</b>	<u><b>\$ 233,939,731</b></u>

I, Marianne McKenna, Vice President, Finance of XL Specialty Insurance Company, ("the Company") do hereby certify that, to the best of my knowledge and belief, the foregoing is a full and true Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus of the Company as of December 31, 2000, prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Illinois. The foregoing should not be taken as a complete statement of financial condition of the Company. Such a statement is available upon written request at the Company's principal office located at 1450 East American Lane, 20th Floor, Schaumburg, IL 60173.



*Marianne McKenna*  
 Vice President, Finance