

0048



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
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

Outgoing
0070013
#3406
K

December 7, 2009

CERTIFIED MAIL

7044 2510 0004 1824 9917

Pauline K. Messerly
Lincoln General Insurance Company
3550 Whiteford Road
York, Pennsylvania 17402

Subject: Release of Surety Bond Lincoln General Insurance Company, Horse Canyon Mine, C/007/0013, UtahAmerican Energy, Inc.

Dear Ms. Messerly:

Enclosed please find original bond #4892 issued by Lincoln General Insurance Company in the amount of \$1,061,328. This bond is being released as a result of the Phase III Bond Release approval for 74.26 acres of the Horse Canyon Mine on November 30, 2009 (see enclosed approval letter).

If you have any questions, please call me at (801) 538-5264.

Sincerely,

Angela Nance
Bond Coordinator

an

Enclosure

cc: Jay Marshall
Price Field Office

O:\007013.HOR\FINAL\RELEASEOFBOND120709.DOC



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

7004 2510 0004 1824 9937

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

0048

Postmark
Here

Sent To Pauline Messerly
Street, Apt. No.,
or PO Box No. 3550 Whiteford Rd
City, State, ZIP+4 York PA 17402

PS Form 3800, June 2002

See Reverse for Instructions

0047



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
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

Outgoing
C0070013
#3406
R

November 30, 2009

Jay Marshall, Resident Agent
Utah American Energy Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Phase III Bond Release Approval and Updated Lila Canyon Permit, Geneva Mine, UtahAmerican Energy, Inc. (UEI), Horse Canyon Mine, C/007/0013, Task ID #3406, Outgoing File

Dear Mr. Marshall:

The Phase III Bond Release in the amount of \$1,061,328.00 for the Phase III Bond Release of the Horse Canyon (Geneva) Mine is hereby approved. UtahAmerican's Phase III bond release request is for 74.26 acres, which included 16.18 acres with buildings and surface facilities donated to the College of Eastern Utah Foundation September 2005 and 6.5 acres for the borrow area. The Horse Canyon (Range Creek) public road will remain intact as required by Emery County and will not be held as any part of the mine permit. A bond release inspection was conducted in December 2008, which included representatives from the U.S. Bureau of Land Management (BLM), U.S. Office of Surface Mining and Reclamation and Enforcement (OSM) and Utah Division of Wildlife Resources. The bond held for the Refuse Pile Channel, 0.49 acres, approved August 15, 2007 in the amount of \$8000.00 should be sufficient for any future channel (Ditch 31) repairs. The area was removed from the proposed bond request. Water monitoring will continue at site B-1 until the liability period for Ditch 31 is complete.

The OSM submitted a letter dated December 19, 2008, received at the Division on January 5, 2009, which identified that the application does not fall under the requirements of 30 CFR Part 740 and Part 746, and therefore, did not constitute a mine plan action requiring Secretarial approval. The BLM concurred in a letter received by the Division on January 5, 2009. The U.S. Forest Service, Manti-Lasal did not have comments.

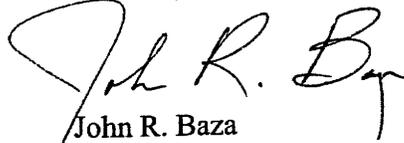
Two copies of the revised permit reflecting the Phase III release are enclosed. Please sign both copies and return one copy to the Division. The other copy is for your records. Please note the attached permit conditions and recognize that they are still applicable.



Page 2
Jay Marshall
Geneva Mine
Phase III Bond Release
November 30, 2009

If you have any comments or concerns, please contact Daron Haddock at 801 538-5325
or me at 801 538-5340.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

John R. Baza
Director

JRB/DRH/sqs
cc: James Fulton, OSM
Jeff McKenzie, BLM
Price Field Office
O:\007013.HOR\FINAL\WG3351\Phase III approval letter.doc

2/007/013
Orig - Fireproof
Copy to Incoing

DECREASE RIDER

To be attached to Bond Number _____ issued by LINCOLN GENERAL INSURANCE COMPANY (as Surety) for Utah America Energy, Inc. (as Principal), in the amount of One Million Two Hundred Fifty Three Thousand and 00/100 _____ (\$ 1,253,000.---), effective the 24th day of January, 2001, (Increased by a rider), Effective date of original bond is 15th of September, 1998.

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Principal and the Surety that, the bond amount is hereby decreased from the amount above to: One Million Sixty One Thousand Three Hundred Twenty Eight and 00/100 (\$1,061,328.---).

All other items, limitations and conditions of said bond except as herein expressly modified shall remain unchanged.

This rider shall be effective as of the 23rd day of July, 2002.

LINCOLN GENERAL INSURANCE COMPANY
3350 Whiteford Road
York, Pennsylvania 17402

Attorney-In-Fact: Pauline K. Messerly
Pauline K. Messerly

LINCOLN GENERAL INSURANCE COMPANY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Lincoln General Insurance Company, organized and existing by virtue of the Laws of the Commonwealth of Pennsylvania, does hereby nominate, constitute and appoint:

Stephen R. Mummert, Pauline K. Messerly, of York, PA

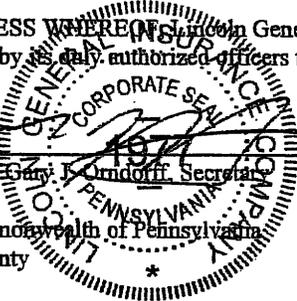
its true and lawful attorney(s)-in-fact to sign, seal and execute for and on its behalf, as surety, bonds, undertakings, and other obligatory instruments of similar nature and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation, and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the following Resolution adopted by the Board of Directors of the corporation on the 6th day of February, 1991.

"Resolution that the President, or any Vice President, in conjunction with any Secretary or Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-Fact of the Company in its name and as its acts to execute and acknowledge for and on its behalf as Surety any and all Bonds, recognizances, contract of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by any of said Attorney-in-fact shall be as binding upon the Company as if they been had duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons."

IN WITNESS WHEREOF, the Lincoln General Insurance Company has caused its corporate seal to be affixed, and these presents to be signed by its duly authorized officers this 17th day of February, 2000.

Attest:



Gary J. Orndorff, Secretary

The Commonwealth of Pennsylvania
York County

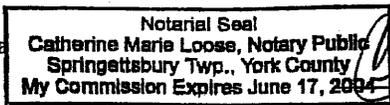
By:

Glenn E. Sell, Jr.

Glenn E. Sell, Jr., Vice President

On this 17th day of February, 2000, before me personally came Glenn E. Sell, Jr., to me known, who being duly sworn, did depose and say: that he is a Vice President of the Corporation described in and which executed the above instrument: that he knows the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order and authority and the same was his free act and deed.

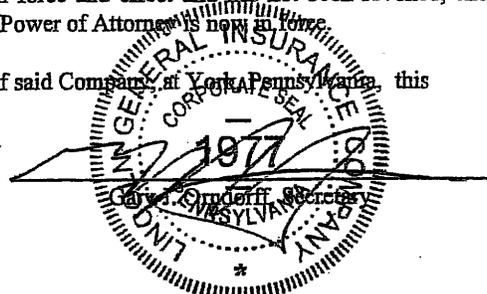
The Commonwealth of Pennsylvania
York County



Notary Public

I, Gary Orndorff, Secretary of Lincoln General Insurance Company, a corporation of the Commonwealth of Pennsylvania do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked, and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney is now in force.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at York, Pennsylvania, this
23rd day of July, 2002.



Lincoln General
Insurance Company



Phone 717-757-0000

FAX # 717-751-0165

3350 Whiteford Rd., York, PA 17402-9032

INCREASE RIDER

To be attached to Bond Number _____, issued by **LINCOLN GENERAL INSURANCE COMPANY (as Surety)** for UtahAmerican Energy, Inc.

_____ (as Named Insured), in favor of State of Utah, Division of Oil, Gas and Mining (Division) and the

U. S. Department of Interior, Office of Surface Mining Reclamation & Enforcement (as Obligee) in the amount of One Million One Hundred Thirty

Seven Thousand Seven Hundred Twenty Six and 00/100 DOLLARS (\$1,137,726.00), effective

the 15th day of September, 19 98.

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Named Insured and the Surety that, the bond amount is hereby increased from the above to: One Million Two Hundred Fifty Three Thousand and 00/100----- DOLLARS (\$ 1,253,000.00-----).

All other items, limitations and conditions of said bond except as herein expressly modified shall remain unchanged.

This rider shall be effective as of the 24th day of January, ~~19~~ 2001

Principal: UtahAmerican Energy, Inc.

Address: Box 187, St. Clairsville, OH 43950

Signature: [Handwritten Signature] President

LINCOLN GENERAL INSURANCE COMPANY
3350 Whiteford Road
York, Pennsylvania 17402

Attorney-In-Fact: [Handwritten Signature]
Karen Williams

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Lincoln General Insurance Company, organized and existing by virtue of the Laws of the Commonwealth of Pennsylvania does hereby nominate, constitute and appoint:

Roger Reschini, Daniel Jack, Colleen M. Mazey and Karen Williams of Indiana, in the State of Pennsylvania,

its true and lawful attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal. This Power of Attorney is granted and is signed by the authority of the following Resolution adopted by the Board of Directors of the Company on the 6th day of February, 1991.

"Resolution that the President, or any Vice President, in conjunction with any Secretary or Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-Fact of the Company in its name and as its acts to execute and acknowledge for and on its behalf as Surety any and all Bonds, recognizances, contract of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by any of said Attorney-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons."

IN WITNESS WHEREOF, Lincoln General Insurance Company has caused its corporate seal to be affixed, and these presents to be signed by its duly authorized officers this 20th day of May, 1999.

Attest: [Signature] Gary Cindorff, Secretary

By: [Signature] William G. Star, President [Corporate Seal: LINCOLN GENERAL INSURANCE COMPANY, 1977, PENNSYLVANIA]

The Commonwealth of Pennsylvania York County

On this 20th day of May, 1999, before me personally came William G. Star to me known, who being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument: that he knows the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order and authority and the same was his free act and deed.

The Commonwealth of Pennsylvania York County

[Notary Seal: Kristie L. Coulson, Notary Public, Springettsbury Twp., York County, My Commission Expires Apr. 7, 2003, Member, Pennsylvania Association of Notaries]

[Signature] Notary Public

I, Gary Cindorff, Secretary of Lincoln General Insurance Company, a corporation of the Commonwealth of Pennsylvania do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked, and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney is now in force.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at Indiana, Pennsylvania this 24th day of January, 2001.

[Signature] Gary Cindorff, Secretary

[Corporate Seal: LINCOLN GENERAL INSURANCE COMPANY, 1977, PENNSYLVANIA]

Bond Number: _____

EXHIBIT "B"

**SURETY BOND
(FEDERAL COAL)**

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of \$1,137,726.00 (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND will remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSM from any and all expenses which the DIVISION and OSM may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

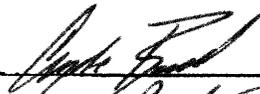
The SURETY will give prompt notice to the PERMITTEE and to the DIVISION and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 18 day of September, 1998.

UtahAmerican Energy, Inc.

PERMITTEE

By: 

Title: President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this 15th day of September, 1998.

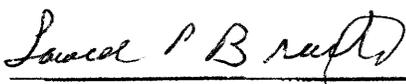
Lincoln General Insurance Company

SURETY

By: 

Title: Michelle Filler, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH
this 14th day of December, 1998.



Lowell P. Braxton, ~~Acting~~ 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.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Lincoln General Insurance Company, organized and existing by virtue of the Laws of the Commonwealth of Pennsylvania does hereby nominate, constitute and appoint: Roger Reschini, Daniel Jack, Michelle Filler, Colleen M. Mazey of Reschini Insurance Agency of Indiana, in the state of Pennsylvania its true and lawful attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof no more than ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00):

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by the authority of the following Resolution adopted by the Board of Directors of the Company on the 6th day of February, 1991.

"Resolution that the President, or any Vice President, in conjunction with any Secretary or Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-Fact of the Company in its name and as its acts to execute and acknowledge for and on its behalf as Surety any and all Bonds, recognizances, contract of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by any of said Attorney-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons."

IN WITNESS WHEREOF, Lincoln General Insurance Company has caused its corporate seal to be affixed, and these presents to be signed by its duly authorized officers this 18th day of June 1996.

Attest:

[Signature]
Assistant Secretary

By:

[Signature]
President

WARNING - THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED & BLUE HEADING

The Commonwealth of Pennsylvania
York County

On this 18th day of June 1996, before me personally came Kenneth R. Taylor to me known, who being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument: that he knows the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company, and that he executed the said instrument by like order and authority and the same was his free act and deed.

Notarial Seal
Catherine Marie Lousa, Notary Public
Springettsbury Twp., York County
My Commission Expires June 17, 2000

The Commonwealth of Pennsylvania
York County

Catherine Marie Lousa
Notary Public

I, Gary Orndorff, Secretary of Lincoln General Insurance Company, a corporation of the Commonwealth of Pennsylvania do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and of the whole of the original and that the said Power of Attorney is still full force and effect and has not been revoked, and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney is now in force.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of York, this 15th day of September 1998.

[Signature]
Assistant Secretary

