

UtahAmerican Energy, Inc.



C/007/013 Incoming  
Lila Canyon Project  
P. O. Box 910 # 3736  
East Carbon, Utah 84501  
Phone: (435) 888-4000  
(435) 650-3157  
Fax: (435) 888-4002

February 7, 2011

Daron Haddock  
Permit Supervisor  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Re: UtahAmerican Energy, Inc. Horse Canyon Mine, Permit Renewal, Horse Canyon Part "A" and Lila Canyon Part "B" ACT/009-013

Dear Mr. Haddock,

Please find attached the application for renewal for ACT/009-013, Horse Canyon Mine. A draft Public Notice is included along with bonding information and current liability insurance.

C1 And C2 forms are included.

If you have any questions please give me a call.

Sincerely,

R. Jay Marshall P.E.  
Project Manager / Chief Engineer  
Lila Canyon Mine

RECEIVED  
FEB 07 2011  
DIV. OF OIL, GAS & MINING

## APPLICATION FOR PERMIT PROCESSING

<input type="checkbox"/> Permit Change	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: ACT/007/013
Title of Proposal: Permit Renewal Application. 11-003						Mine: Horse Canyon
						Permittee: UtahAmerican Energy, Inc.

Description, include reason for application and timing required to implement:

**Instructions:** If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

<input type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO #
<input type="checkbox"/> Yes	<input type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV #
<input type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: Permit Renewal
<input type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

**X Attach 3 complete copies of the application.**

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations herein.

*Rita Marshall*  
Signed - Name - Position - Date

Subscribed and sworn to before me this 7<sup>th</sup> day of February, 19 2011

*Linda Kerns*  
Notary Public  
My Commission Expires: March 27, 19 2013  
Attest: STATE OF Utah  
COUNTY OF Carbon



Received by Oil, Gas & Mining

RECEIVED

FEB 07 2011

DIV. OF OIL, GAS & MINING

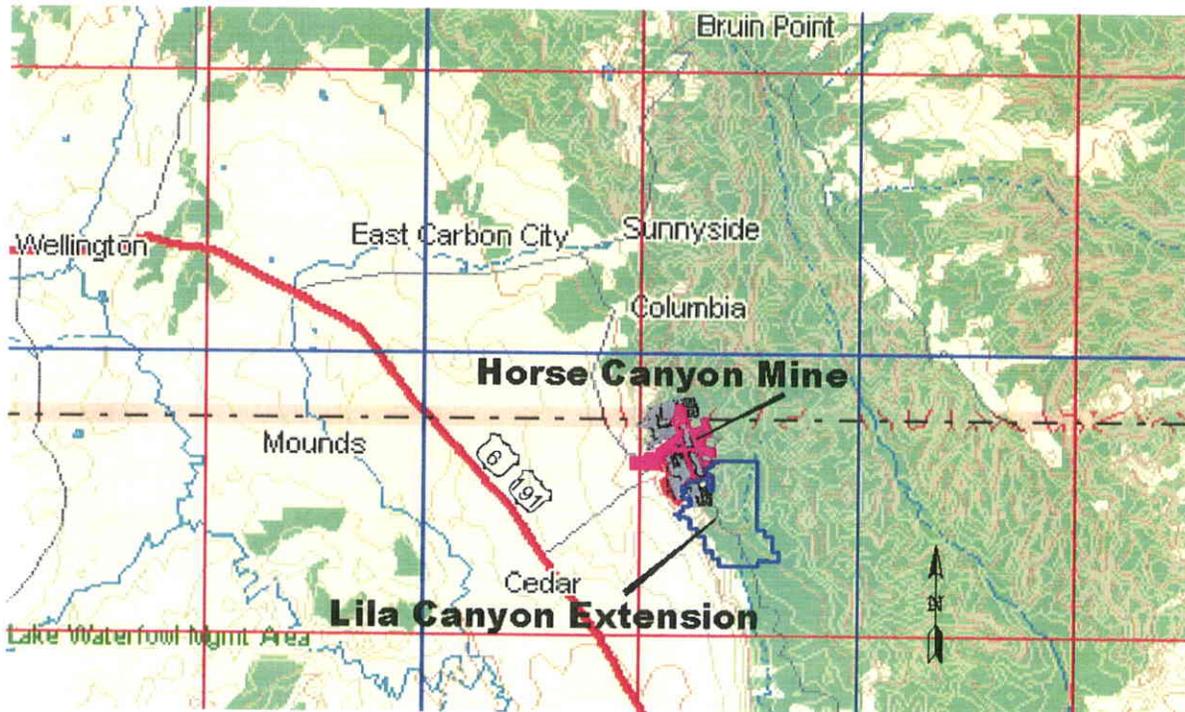
ASSIGNED TRACKING NUMBER



**PUBLIC NOTICE**  
**APPLICATION FOR PERMIT RENEWAL**  
**UTAHAMERICAN ENERGY, INC.**  
**BOX 910**  
**EAST CARBON, UTAH 84520**  
**HORSE CANYON MINE**

Notice is hereby given that UtahAmerican Energy, Inc. Submitted an "Application for Permit Renewal" under R645-303-230 for Permit C/007/013 for the Horse Canyon Mine to the State of Utah, Department of Natural Resources Division of Oil, Gas and Mining.

The lands involving activities are located in Carbon and Emery counties. The site is located in Horse and Lila Canyons approximately 25 miles southeast of Price, Utah. The permit area encompasses approximately 1,116 acres in the original Horse Canyon permit, Part "A", and an additional 4,664 acres in the Lila Canyon Extension, Part "B". The permit area is shown on the area map below.



A copy of the permit renewal application may be examined at the office of the Division of Oil, Gas and Mining, 1594 West North Temple, Suite 12310, Salt Lake city, Utah 84114-5801 and also at the Recorders Office located in the Carbon county courthouse in Price, Utah, or the Emery County courthouse in Castle Dale, Utah. Written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted no latter than thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the surface Mining and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in the Sun Advocate February \_\_, \_\_, \_\_, and March \_\_, 2011.

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
5/21/2010

PRODUCER (724)349-1300, Fax(724)349-1446  
Reschini Agency Inc  
922 Philadelphia Street  
P.O. Box 449  
Indiana PA 15701

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED  
UtahAmerican Energy, Inc.  
375 Carbon Avenue

INSURERS AFFORDING COVERAGE  
INSURER A: Federal Insurance Company  
INSURER B:  
INSURER C:  
INSURER D:  
INSURER E:

Price UT 84501

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR/ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY	37104410	06/01/2010	06/01/2011	EACH OCCURRENCE \$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 10,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PERSONAL & ADV INJURY \$ 1,000,000
		<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC				GENERAL AGGREGATE \$ 2,000,000
		AUTOMOBILE LIABILITY				PRODUCTS - COMP/OP AGG \$ 2,000,000
		<input type="checkbox"/> ANY AUTO				COMBINED SINGLE LIMIT (Ea accident) \$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per person) \$
		<input type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
		<input type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE (Per accident) \$
		<input type="checkbox"/> NON-OWNED AUTOS				
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
		<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
		EXCESS/UMBRELLA LIABILITY				AUTO ONLY: AGG \$
		<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				EACH OCCURRENCE \$
		DEDUCTIBLE				AGGREGATE \$
		RETENTION \$				\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTH-ER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT \$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE \$
		OTHER				E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS  
General Liability Coverage is inclusive of XCU Coverage. Reference: Horse Canyon Mine MSHA ID# 42-00100 and Lila Canyon Mine MSHA ID#42-02241 Subsidence Coverage is included with \$500,000 property damage deductible per claim under the General Liability Policy.

## CERTIFICATE HOLDER

State of Utah  
Division of Oil, Gas, and Mining  
Attn: Daron Haddock  
1594 West North Temple  
Suite 1210  
Salt Lake City, UT 84114-5801

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ~~ADVISE~~ ~~BY~~ MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT ~~THE INSURER SHALL IMPOSE NO OBLIGATION OF LIABILITY OR PAYMENT UPON THE INSURED AS A RESULT OF REPRESENTATIVES.~~

AUTHORIZED REPRESENTATIVE  
Karen Williams/KAREN

*Karen Williams*

**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 \$ 1,556,000. (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 13 day of July, ~~19~~ 2001

Utah American Energy, Inc.

PERMITTEE

By: [Signature]

Title: President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal  
this 5th day of July, ~~19~~ 2001

XL Specialty Insurance Company

SURETY

By: [Signature]

Title: Susan C. Bliss, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH  
this 27 day of July, 2001

[Signature]  
Lowell P. Braxton, 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.

Surety Bond Number ISM-2217

**EXHIBIT "B"**  
**SURETY BOND**  
**(FEDERAL COAL)**  
--ooOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL** Utah American Energy, Inc and **SURETY** Rockwood Casualty Insurance Co. hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of \$130,000.00 (\$) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/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** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Exhibit "B"  
Federal Surety Bond  
Federal

Surety Bond Number ISM-2217  
Mine Name/Number \_\_\_\_\_

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

**IN WITNESS WHEREOF**, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 7th day of December, 2005.

Utah American Energy, Inc.  
**PERMITTEE/PRINCIPAL**

By: [Signature]

Title: President

**IN WITNESS WHEREOF**, the **SURETY** has hereunto set its signature and seal this 10th day of November, 2005.

[Signature]  
Kurt D. Tipton, SR. Vice President

Rockwood Casualty Insurance Company  
**SURETY**

By: [Signature]  
John P. Yediny

Title: President & Atty-in-Fact

**SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:**

\_\_\_\_\_  
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 the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

Surety Bond Number ISM-2667

**EXHIBIT "B"**  
**SURETY BOND**  
**(FEDERAL COAL)**  
--ooOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL** Utah American Energy, Inc and **SURETY** Rockwood Casualty Insurance 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 (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of eight thousand dollars (\$) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/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** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

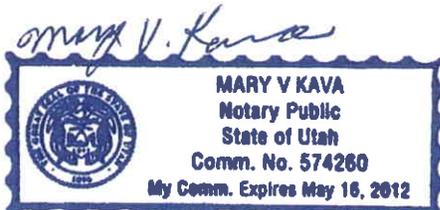
Exhibit "B"  
Federal Surety Bond  
Federal

Surety Bond Number ISM-2667  
Mine Name/Number C/007/013

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 20<sup>th</sup> day of March, 2009.



Utah American Energy, Inc.  
**PERMITTEE/PRINCIPAL**

By: P. Bruce Hill

Title: President & CEO

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 18<sup>th</sup> day of March, 2009.

Rockwood Casualty Insurance Company  
**SURETY**

By: [Signature]  
John P. Yediny

Title: President & Atty-in-Fact

**SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:**

\_\_\_\_\_  
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 the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.