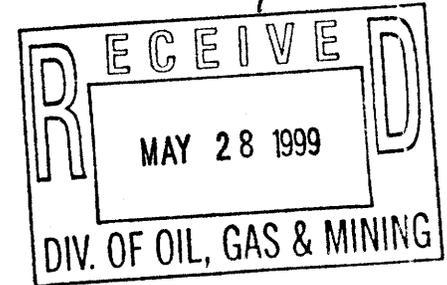



**ARK LAND COMPANY**
**JAN L. WOOTON**  
 Senior Property Records Analyst

May 25, 1999

*ACT/007/016 #2*

 Pamela Grubaugh-Littig  
 Division of Oil, Gas and Minerals  
 Utah Coal Regulatory Program  
 1594 West North Temple  
 Suite 1210  
 Salt Lake City, Utah 84114-5801

**Re: Mountain Coal Company, LLC Request for Relinquishment of Federal Coal Lease No. U-8319**

Dear Ms. Grubaugh-Littig,

You will find enclosed a copy of the package submitted to the Utah State Office of the Bureau of Land Management relinquishing the above-referenced federal lease. As you can see, the letter was stamped filed May 17, 1999 in that office. It is my understanding that the Bureau of Land Management will send notice to the surface owners of the property advising them of the pending relinquishment.

I appreciate your following up with me on our questions concerning this property and your assistance on such short notice. If you need anything further in order to facilitate processing this relinquishment, please do not hesitate to contact me. We look forward to working with you on this and other matters as they arise.

Sincerely,

Jan L. Wooton

cc: Chris Merritt-Utah State Office of BLM (w/o enclosures)

A Subsidiary of

**Mountain Coal Company, LLC**  
 c/o Ark Land Company  
 CityPlace One, Suite 300  
 St. Louis, Missouri 63141  
 (314) 994-2700

May 14, 1999

Mr. William Lamb, Director  
 Utah State Office  
 Bureau of Land Management  
 324 S. State Street, 4th Floor  
 Salt Lake City, UT 84111-2303

ATTN: Chris Merritt

**Re: Request for Relinquishment  
 Coal Lease U-8319, Carbon County, Utah**

Dear Mr. Lamb,

Please consider this letter and the accompanying documents, submitted herein in triplicate, as Mountain Coal Company, LLC's ("Mountain Coal") relinquishment of the captioned federal coal lease. This lease contains 42.99 acres as hereafter described, and it is Mountain Coal Company, LLC's intent to relinquish the lease in its entirety.

This relinquishment is being submitted in accordance with 43 CFR, Sec. 3452. Mountain Coal relinquishes this lease because the lands contained in the lease are mined out pursuant to the applicable mine plan and ongoing reclamation activity requires only surface access.

In support of this request we have enclosed herewith the following:

1. A copy of the subject coal lease, along with amendments and modifications thereto.
2. A table showing the lease terms and conditions and the status of compliance with same.
3. A certificate of compliance.

The lands encompassed in Lease U-8319 are as follows:

T13S, R8E, SLM, Carbon County, Utah

Section 18: Lot 4

Containing 42.99 acres, more or less.

UTAH STATE OFFICE  
 RECEIVED  
 ACCOUNTS UNIT  
 99 MAY 17 AM 10:18  
 DEPT. OF THE GOVERNOR  
 BUR. OF LAND MGMT

Mr. William Lamb  
May 14, 1999  
page 2

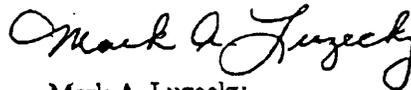
The reclamation of this property is essentially complete and progressing in accordance with the approved reclamation bond. The mine portals have been closed and sealed and Mountain Coal is preparing to apply for Phase I Bond Release on the 42.99 acres.

The subject lease is covered by Mountain Coal's Performance Bond No. 14-000-068-0010-UT in the amount of \$5,000.00, with Liberty Mutual Insurance Company as surety, in favor of the United States.

Mountain Coal represents that the mining of the subject lease was carried out according to the approved resource recovery and protection plan, that compliance with the lease terms has been met, and that the public interest will not be impaired by having the subject lease relinquished. We request that you consider this application as expeditiously as possible and assist the coordination of activities required in the processing of this request.

Your assistance and cooperation are greatly appreciated. Should you have any questions or need any additional information, please contact Doug Downing of Ark Land Company at 314-994-2954.

Very truly yours,



Mark A. Luzecky  
Vice President

Enclosures

RELINQ-9.LTR



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
UTAH STATE OFFICE  
324 SOUTH STATE, SUITE 301  
SALT LAKE CITY, UTAH 84111-2303

01-UT-216-004

IN REPLY REFER TO

3452  
U-8319  
(U-942)

APR 15 1987

Beaver Creek Coal Company  
P. O. Box 1378  
Price, UT 84501

## DECISION

Coal Lease  
U-8319

### Decision Dated April 10, 1987 Corrected

A decision approving a partial relinquishment of coal lease U-8319 effective February 26, 1987 was issued April 10, 1987.

It has come to the attention of this office that in describing the lands relinquished the section number in T. 13 S., R. 8 E., SLM, Utah was inadvertently omitted.

Therefore, the land description of the lands being relinquished in the decision dated April 10, 1987 is hereby corrected to read:

- T. 13 S., R. 8 E., SLM, Utah  
Sec. 18, lots 1-3, NW $\frac{1}{2}$ NE $\frac{1}{2}$ , S $\frac{1}{2}$ NE $\frac{1}{2}$ ,  
E $\frac{1}{2}$ NW $\frac{1}{2}$ , NE $\frac{1}{2}$ SW $\frac{1}{2}$ .
- T. 13 S., R. 7 E., SLM, Utah  
Sec. 12, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ .
- T. 13 S., R. 7 E., SLM, Utah  
Sec. 13, NE $\frac{1}{2}$ NE $\frac{1}{2}$ , N $\frac{1}{2}$ NW $\frac{1}{2}$ NE $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{2}$ NE $\frac{1}{2}$ .

Containing 918.76 acres

ACTIVE Chief, Minerals  
Adjudication Section



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
UTAH STATE OFFICE  
324 SOUTH STATE, SUITE 301  
SALT LAKE CITY, UTAH 84111-2303

01-516 07  
IN REPLY REFER TO  
3452  
U-8319  
(U-942)

APR 10 1987

## DECISION

Beaver Creek Coal Company	:	
P. O. Box 1378	:	Coal Lease
Price, UT 84501	:	U-8319

### Coal Lease Relinquished in Part

A partial relinquishment of the following described lands in coal lease U-8319 was filed in this office on February 26, 1987 by Beaver Creek Coal Company.

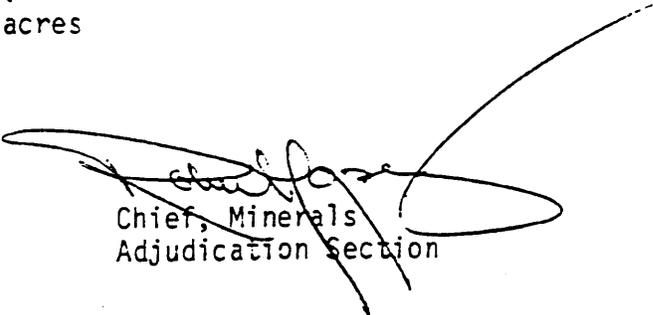
- T. 13 S., R. 8 E., SLM, Utah  
Lots 1-3, NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .
- T. 13 S., R. 7 E., SLM, Utah  
Sec. 12, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ .
- T. 13 S., R. 7 E., SLM, Utah  
Sec. 13, NE $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ .

Containing 918.76 acres

In accordance with the regulations in 43 CFR 3452.1-3, the partial relinquishment of coal lease U-8319 is hereby approved effective February 26, 1987.

The following described lands are being retained in coal lease U-8319:

- T. 13 S., R. 8 E., SLM, Utah  
Sec. 18, lot 4.  
Containing 42.99 acres

  
Chief, Minerals  
Adjudication Section

Enclosure  
Relinquishment

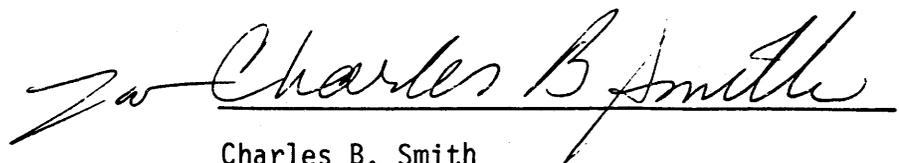
RECEIVED  
FEDERAL BUREAU OF LAND MANAGEMENT  
1987 FEB 26 AM 10:00  
DEPT. OF INTERIOR  
BUREAU OF LAND MGMT.

PARTIAL LEASE RELINQUISHMENT

BEAVER CREEK COAL COMPANY ("Beaver Creek"), owner of Federal Coal Lease U-8319 ("Lease"), relinquishes all its right, title, and interest, subject to the exceptions and reservations contained herein, in those lands embraced by the Lease insofar, and only insofar, as described in Exhibit A, attached hereto and incorporated herein by reference.

Beaver Creek excepts and reserves unto itself (i) all remaining right, title, and interest in the Lease, including that pertaining to Lot 4 of Section 18, Township 13 South, Range 8 East, SLM Utah, containing 42.99 acres; (ii) all surface rights or interests, of whatever nature or kind, (a) not acquired by Beaver Creek pursuant to the Lease and (b) reserved and excepted in clause (i) above; (iii) all permits, grants, or other authorizations Beaver Creek or any affiliate or subsidiary has acquired from federal, state, local or other governmental entities allowing it to conduct mining and related operations on the Lease or at the Beaver Creek #7 Mine, and (iv) all rights or interest, of whatever nature or kind, necessary or desirable to conduct mining and related operations on the Lease or at the Beaver Creek #7 Mine.

Executed this 19<sup>th</sup> day of February 1987.



Charles B. Smith

Vice President

Beaver Creek Coal Company

STATE OF UTAH )  
 )  
COUNTY OF CARBON ) ss.

On the 19<sup>th</sup> day of February, 1987 A.D., personally appeared before me Charles B. Smith, who being by me duly sworn, did say that he is the Vice President of Beaver Creek Coal Company, and that said instrument was signed on behalf of said corporation by authority of its bylaws, and said Charles B. Smith acknowledged to me that said corporation executed the same.

My commission expires: Nov 16, 1991

James W. Macomber  
Notary Public

(Seal)

Address 555 17<sup>th</sup> St.  
Albany, CO 80202

Exhibit A

Tract No. 1  
Sec. 18

T. 13S., R.8E. SLM Utah  
Lots 1-3, NW1/4 NE1/4, S1/2 NE1/4,  
E1/2 NW1/4, NE1/4 SW1/4.  
Containing 368.76 acres

Tract No. 2  
Sec. 12

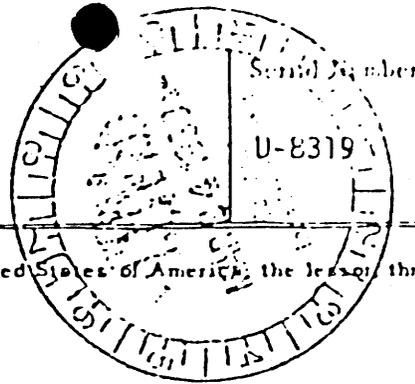
T.13S., R.7E. SLM Utah  
E1/2, E1/2 W1/2.  
Containing 480.00 acres

Tract No. 3  
Sec. 13

T.13S., R7E. SLM Utah  
NE1/4 NE1/4, N1/2 NW1/4 NE1/4,  
N1/2 S1/2 NW1/4 NE1/4.  
Containing 70.00 acres

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

MODIFIED COAL LEASE



This lease, is entered into on  
Land Management, and

MAR 26 1980

by the United States of America, the lessor, through the Bureau of

Swisher Coal Co.  
P. O. Box AU  
Price, Utah 84501

and shall become effective on March 1, 1970, the effective date of the original lease . the lessee.

Sec. 1. STATUTES AND REGULATIONS - This lease is issued pursuant and subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sections 181-263, hereafter referred to as the Act. This lease is also subject to all regulations of the Secretary of the Interior (including, but not limited to, 30 CFR Part 211 and 43 CFR Group 3000) which are now or hereafter in force and which are made a part hereof, except that no amendment to the regulations made subsequent to the effective date of this lease shall alter the rental and production royalty requirements in Section 5 and 6 of this lease. (Continued on page 3)

WITNESSETH:

Sec. 2 RIGHTS OF LESSEE - (a) The lessee is now the holder of coal lease U-8319, issued March 1, 1970, under the above-cited Act, which embraces 891.75 acres in Carbon County, Utah.

(b) Upon application by the lessee for modification of the lease, it has been found that it would be in the interest of the United States to modify the lease under Sec. 3 of the Act cited to include as additional lands the NE $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 13, T. 13 S., R. 7 E., SLM, Utah, containing 70 acres.

(c) The lessor, in consideration of the bonus, rents, and royalties and other conditions hereinafter set forth hereby grants and leases to the lessee the exclusive right and privilege to mine and dispose of all coal in the following described tracts (leased lands) situated in the State of Utah:

Tract No. 1: T. 13 S., R. 8 E., SLM, Utah  
Sec. 18, lots 1-4, NW $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .  
Containing 411.75 acres

Tract No. 2: T. 13 S., R. 7 E., SLM, Utah  
Sec. 12, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ .  
Containing 480.00 acres

Tract No. 3: T. 13 S., R. 7 E., SLM, Utah  
Sec. 13, NE $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ .  
Containing 70.00 acres

containing 961.75 acres, more or less, together with the right to construct all works, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for a period of 20 years and so long thereafter as the condition of continued operation is met.

(continued on page 4)

Sec. 3. DILIGENCE - The lessee shall engage in the diligent development of the coal resources subject to the lease. After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands. The terms diligent development and continued operation are defined in the regulations.

Sec. 4. BOND - The lessee shall file with the appropriate Bureau of Land Management office a lease bond in the amount of \$ 10,000.00 , for the use and benefit of the United States, to insure payment of rentals and royalties and to insure compliance with all other terms of this lease,

the regulations and the Act.  
An increase in the amount of the lease bond may be required by the lessor

at any  
time during the life of the lease to reflect changed conditions.

Sec. 5. RENTAL - An annual rental of \$3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. The anniversary date is the anniversary of the effective date of this lease.

Sec. 6. PRODUCTION ROYALTY - see page 4

~~previous month. However, production royalties payable after the 30th day of the lease shall not be reduced by advance royalties paid during the first 30 years of the lease. Production royalties shall be payable the final day of the month succeeding the calendar month in which the coal is mined.~~

Sec. 7. ADVANCE ROYALTY - Upon request by the lessor, the mining supervisor may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of the condition of continued operation for any particular year. Any payment of advance royalties in lieu of continued operation shall be pursuant to an agreement signed by the lessor and lessor, which shall be made a part of this lease. The agreement shall include a schedule of payments and shall be subject to the advance royalty conditions set forth in the regulations. (Continued on page 4)

Sec. 8. METHOD OF PAYMENTS - The lessee shall make rental payments to the appropriate Bureau of Land Management office until either production royalties or advance royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the mining supervisor. All remittances to Bureau of Land Management shall be made payable to the Bureau of Land Management, those to the Geological Survey shall be made payable to the United States Geological Survey.

Sec. 9. EXPLORATION PLAN - As specified in the regulations, the lessee shall submit an exploration plan before conducting any exploration on the leased lands, except casual use, between the effective date of this lease and the date of approval of the mining plan. The lessee shall not commence exploration without

the approved exploration plan.

~~The lessee shall not conduct any operations on the leased lands until the mining plan has been approved. Thereafter, the lessee shall conduct all operations in accordance with the approved mining plan.~~ (See page 4)

**Sec. 11. LOGICAL MINING UNITS (LMU)** - This lease is automatically considered to be an (LMU) and may be combined with other land, including other Federal leaseholds and non-Federal interests in coal, to form a larger (LMU). The mining plan for the (LMU) must include a production schedule that provides for the mining of all the (LMU) reserves, both Federal and non-Federal, within 40 years from the date of the approval of the plan. The definition of (LMU) and (LMU) reserves and other conditions applicable to them are set forth in the regulations.

**Sec. 12. OPERATIONS ON LEASED LANDS** - In accordance with the conditions of this lease, the exploration and mining plans, the regulations and the Act, the lessee shall exercise reasonable diligence, skill, and care in all operations on the leased lands. The lessee's obligations shall include, but not be limited to, the following:

(a) The lessee shall conduct all operations on the leased lands so as to avoid injury to life, health, or property;

(b) The lessee shall conduct operations in such a manner as may be needed to avoid or, where avoidance is impracticable, to minimize and, where practicable, to repair damage to: (i) any forage and timber growth on Federal or non-Federal lands in the vicinity of the leased lands; (ii) crops, including forage and timber, or improvements of a surface owner; or (iii) improvements, whether owned by the United States or by its permittees, licensees, or lessees. The lessor must approve the steps to be taken and the restoration to be made in the event of the occurrence of damage described in this subsection.

(c) The lessee shall minimize to the maximum extent possible wasting of the mineral deposits and other resources, including, but not limited to, surface resources which may be found in, upon, or under such lands. (See 30 CFR 700 and 800)

**Sec. 13. CULTURAL RESOURCES** - (a) Before the approval of a mining plan, the authorized officer may require a survey of all or part of the leased land to provide an inventory of any historical, cultural, and archeological values. The survey shall be conducted by a qualified professional archeologist, approved by the authorized officer, and a report of the survey shall be submitted to the authorized officer. The approval of an exploration or mining plan or the continuation of lease operations may be conditioned on the approval of the survey report and the approval of measures to protect the historical, cultural, and archeological values. The cost of any survey or measures to protect such values discovered as a result of the survey shall be borne by the lessee and items and features of historical, cultural, or archeological value shall remain under the jurisdiction of the United States.

(b) If any items or features of historical, cultural, or archeological value are discovered during lease operations, the lessee shall immediately notify the mining supervisor and shall not disturb such items or features until the mining supervisor issues instructions. If the lessee is ordered to take measures to protect any items or features of historical, cultural, or archeological value discovered during lease operations, the cost of the measures shall be borne by the lessor and such items and features shall remain under the jurisdiction of the United States.

**Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS** - (a) The lessor reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements, or rights-of-way, including leases for the development of minerals other than coal under the Act. The lessor may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right: (i) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (ii) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

**Sec. 15. EQUAL OPPORTUNITY CLAUSE** - During the performance of this lease, lessee agrees to comply with the following:

(a) Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Lessee will take affirmative action to ensure that applicants are employed, and that employees

color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employee upgrading, job assignment, or transfer, recruitment or retention advertising, layoff or termination, rates of pay or other form of compensation, and selection for training, including apprenticeship. Lessee agrees to post in conspicuous places available to employees and applicants for employment, notice to be provided by the lessor setting forth the provisions of this Equal Opportunity clause.

(b) Lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(c) Lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the lessor, advising the labor union or worker representative of the lessee's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) Lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965 as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Secretary of the Interior and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the lessee's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this lease may be cancelled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts or leases in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed as remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(g) Lessee will include the provisions of paragraph (a) through (g) of this section 15 in every contract, subcontract, or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor, or vendor. Lessee will take such action with respect to any contract, subcontract, or purchase order as the Secretary of the Interior may direct as a means of enforcing such provisions including sanctions for noncompliance. *Provided, however,* that in the event the lessee becomes involved in, or is threatened with, litigation with a contractor, subcontractor, or vendor as a result of such direction by the Secretary of the Interior, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

**Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES** - By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms, wash rooms, restaurants and other eating areas, time clock locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Not to prospective contractors and subcontractors of requirements for certification of nonsegregated facilities. A *Certification of Nonsegregated Facilities*, as required by the May 9, 1967 order (32 F.R. 7439, May 19, 1967) on *Elimination of Segregated Facilities*, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

**Sec. 17. EMPLOYMENT PRACTICES** - The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and services of their own choice. The lessee shall restrict the workday to more than 8 hours in any one day for underground work except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the

face. If the laws of the State in which the mine is situated prohibit the employment, in a mine below the surface, of persons of an age greater than 16 years, the lessee shall comply with those laws.

**Sec. 18. MONOPOLY AND FAIR PRACTICES** - The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. Sections 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such regulations shall upon promulgation be binding upon the lessee.

**Sec. 19. ASSIGNMENT** - This lease may be assigned, upon approval of the authorized officer, in accordance with the provisions of 43 CFR Subpart 3453. An assignment will become effective on the first day of the month following approval by the authorized officer or, if the assignee requests, the first day of the month of the approval.

**Sec. 20. RELINQUISHMENT OF LEASE** - The lessee may file a request to relinquish all or any legal subdivision of this lease. The request shall be filed in duplicate with the authorized officer. The authorized officer shall approve the relinquishment if he determines that the lessee has complied with the requirements of the lease, the exploration and mining plans, the regulations and the Act. Upon approval, the relinquishment shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to pay all accrued rentals and royalties and to comply with all other requirements of the lease, the regulations, the exploration and mining plans, the regulations and the Act.

**Sec. 21. NONCOMPLIANCE** - Any failure to comply with the conditions of this lease, the exploration and mining plans, the regulations, or the Act shall be dealt with in accordance with the procedures set forth in the regulations.

**Sec. 22. WAIVER OF CONDITIONS** - The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

**Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS** - (a) The lessor may propose the reasonable readjustment of any conditions of this lease, including royalty rates, the first readjustment to be effective on the 20th year after the effective date and subsequent readjustments to be effective at 10-year intervals thereafter. The lessor shall notify the lessee whether he intends to readjust conditions and, if he intends to readjust, the nature of the readjustments.

The lessor shall give such notice 120 days before the effective date of the readjustment. Unless the lessee, within 60 days after the receipt of the proposed readjusted conditions, files with the lessor an objection thereto or relinquishes the lease, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions with the lessor, and agreement cannot be reached between the lessor and the lessee within a period of 60 days after the filing of the objection, the lease may be terminated by either party upon giving 30 days' notice to the other party; however, the lessor's right to terminate the lease shall be suspended by the lessee's filing of a notice of appeal pursuant to section 29 of this lease, and if the lessee is ultimately successful in his appeal, the lease shall continue without the change in the provisions, the imposition of which, the lessee appealed. If the lessee is unsuccessful in his appeal and, within 30 days of the decision on appeal notifies the lessor that he accepts the decision rendered upon such appeal, then the lease shall continue as amended by the decision.

(c) If the lessee files objections to the proposed readjusted conditions, the existing conditions, except those concerning royalties, shall remain in effect until there has been an agreement between the lessor and the lessee or the new conditions to be incorporated in the lease, or until the lessee has exhausted his rights of appeal under section 29 of this lease, or until the lease is terminated, however, the readjusted royalty provisions shall be effective until there is either agreement between the lessor and the lessee or until the lease is terminated. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

**Sec. 24. DELIVERY OF PREMISES** - Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations for the completion of operations and abandonment.

**Sec. 25. PROPRIETARY INFORMATION** - Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2, and other applicable regulations.

**Sec. 26. LESSEE'S LIABILITY TO LESSOR** - (a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

**Sec. 27. INSPECTIONS AND INVESTIGATIONS** - (a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked, upon request,

at the place where they are customarily maintained.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) copy, and make extracts from any such books and records.

**Sec. 28. UNLAWFUL INTEREST** - No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, 62 Stat. 702, as amended, 18 U.S.C. Sections 431-433, relating to contracts enter into and form a part of this lease insofar as they may be applicable.

**Sec. 29. APPEALS** - The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of an official of the United States Geological Survey, or (c) under applicable regulation from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

**Sec. 1 (continued)** The lease is also subject to all regulations of the Secretary of Energy promulgated pursuant to Sec. 302 of the Department of Energy Organization Act which are now or hereafter in force and which are made a part hereof, except that no amendment to the regulations made subsequent to the effective date of this lease shall alter the rental and production royalty requirements in Sections 5 and 6 of this lease. The lease is also subject to the Surface Mining Control and Reclamation Act of 1977 and to the regulations promulgated thereunder (30 CFR 700 & 800).

## Compliance Evaluation of Lease Terms and Conditions

Terms/Conditions/Stipulations	<b>LEASE NO. U-8319</b> Date: 03/01/70
<b>LEASE RIGHTS GRANTED</b>	Modified Lease effective: 03/01/70
Sec. 1 Lease issued pursuant to terms of ...	Minerals Lands Leasing Act of February 25, 1920, as amended, regulations of the Sec. of Energy promulgated pursuant to section 302, and SMCRA of 1977.
Sec. 2 Lessor grants Lessee the right to mine and dispose of all coal on lands....	Containing 42.99 acres, Carbon County, Utah.
Sec. 3 Diligence	<u>Status:</u> Diligence was achieved and coal mined out in accordance with the approved mine plan.
Sec. 4 Bonds	<u>Status:</u> Included under Mountain Coal Company, LLC's Bond No. 14-000-068-0010-UT, with Liberty Mutual Insurance Company as surety.
Sec. 5 Rental	<u>Status:</u> Payment has been accounted for and reported to MMS.
Sec. 6 Production Royalty	<u>Status:</u> All coal production has been accounted for and reported to MMS for royalty payment. Payments are current.
Sec 7 Advance Royalties	<u>Status:</u> None due.
Sec. 8 Method of Payment	<u>Status:</u> Payments made in compliance with applicable regulations.
Sec. 9 Exploration Plan	<u>Status:</u> Exploration has been conducted in accordance with an approved exploration plan.
Sec. 10 Mining Plan	<u>Status:</u> Operations have been conducted in accordance with the approved mining and exploration plan.
Sec. 11 Logical Mining Unit (LMU)	<u>Status:</u> Lease is not a part of a separate LMU.
Sec. 12. Operations	<u>Status:</u> Operations have been conducted exercising reasonable diligence, skill, and care and minimizing waste of coal and other resources.
Sec. 13 (a) Cultural Resources Before undertaking any activities that may disturb the surface of the leased lands, the Lessee shall conduct	<u>Status:</u> Where necessary, all cultural resource surveys and inventories have been completed. Lessor's rights acknowledged.

Terms/Conditions/Stipulations	LEASE NO. U-8319 Date: 03/01/70
a cultural resource inventory	
<b>Sec. 13 (b) Cultural Resources</b> If any items or features of historical, cultural, or archeological value are discovered they shall be reported immediately to BLM and operations shall be conducted as instructed by the BLM.	<b>Status:</b> Lessor's rights acknowledged.
<b>Sec. 14 Authorization of Other Uses and Disposition of Leased Lands</b>	<b>Status:</b> Lessor's rights acknowledged.
<b>Sec. 15 Equal Opportunity Clause</b>	<b>Status:</b> Employment practices are in compliance with the lease and both Federal and State laws.
<b>Sec. 16 Certification of Nonsegregated Facilities</b>	<b>Status:</b> The mine operations <u>do not</u> have any segregated facilities. Employment practices are in compliance with the lease and both Federal and State laws.
<b>Sec. 17 Employment Practices</b>	<b>Status:</b> Employment practices are in compliance with the lease and both Federal and State laws.
<b>Sec. 18 Monopoly and Fair Practices</b>	<b>Status:</b> Lessor's rights are acknowledged.
<b>Sec. 19 Assignment-</b> Lease may be assigned.	<b>Status:</b> Lessee's obligations are acknowledged.
<b>Sec. 20 Relinquishment of Lease</b>	<b>Description of acreage to be relinquished:</b>  <u>T13S, R8E, SLM, Utah</u>  Section 18, Lot 4  Containing 42.99 acres
<b>Sec. 21 Noncompliance</b>	<b>Status:</b> Lessee's obligations are acknowledged
<b>Sec. 22 Waiver of Conditions</b>	<b>Status:</b> Lessor's rights are acknowledged.
<b>Sec. 23 Readjustment of Terms &amp; Conditions</b>	<b>Status:</b> Lessor's rights are acknowledged
<b>Sec. 24 Delivery of Premises</b>	<b>Status:</b> The areas proposed for relinquishment are being returned in accordance with this section.
<b>Sec. 25 Proprietary Information</b>	<b>Status:</b> Acknowledged.
<b>Sec. 26 Lessee's Liability to Lessor</b>	<b>Status:</b> Lessee's obligations are acknowledged.
<b>Sec. 27 Inspections &amp; Investigations</b>	<b>Status:</b> All books and records have been kept current and are located at Ark Land Company's central office. Lessor's right to investigate leased lands and books is acknowledged.

Terms/Conditions/Stipulations	LEASE NO. U-8319 Date: 03/01/70
Sec. 28 Unlawful Interest	<u>Status:</u> Acknowledged.
Sec. 29 Appeals	<u>Status:</u> Acknowledged.
<b>Sec. 31 Special Stipulations</b> (1) Lessee is required to establish a monitoring system capable of measuring the effects of underground mining on the surface and subsurface resources.	<u>Status:</u> Lessee's obligations are acknowledged.
<b>Sec. 31 Special Stipulations</b> (2) Operations shall be conducted so as to comply with the Federal Water Pollution Control Act and the Clean Air Act.	<u>Status:</u> Acknowledged.
<b>Sec. 31 Special Stipulations</b> (3) Surface mining and reclamation operations are to conform with the requirements of the Surface Mining Control and Reclamation Act of 1977 and are subject to compliance with the Office of Surface Mining Regulations.	<u>Status:</u> Operations have been conducted in accordance with this stipulation.
<b>Sec. 31 Special Stipulations</b> (4) No surface occupancy will be allowed on certain lands located in Section 13.	<u>Status:</u> Acknowledged. Section 13 lands were previously relinquished from the lease.

**CERTIFICATE OF COMPLIANCE  
FEDERAL COAL LEASE U-8319**

THIS CERTIFICATE OF COMPLIANCE is provided as part of Arch of Wyoming, LLC's request for relinquishment of Federal Coal Lease U-8319.

The undersigned officer of Mountain Coal Company, LLC does hereby certify that to the best of his knowledge, information and belief, Mountain Coal Company, LLC is in compliance with the terms and conditions of the captioned lease, including, but not limited to, all payment obligations imposed by the lease and all applicable laws and regulations.

DATED this 14<sup>th</sup> day of May, 1999.

MOUNTAIN COAL COMPANY, LLC

By:   
Mark A. Luzecky  
Vice President