0004

cc: D. Guy
P. Pope
K. West

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

February 17, 1995

Paige Beville
Manager, Environmental, Health, and Safety
ARCO Coal Company
555 Seventeenth Street
Denver, CO 80202

Re: Acceptance of Rider to Decrease Bond #U629895, Phase II Bond Release, Gordon Creek #3 and #6 Mines, Mountain Coal Company, ACT/007/017, Folders #3 and #4, Carbon County, Utah

Dear Ms. Beville:

Enclosed please find a copy of the rider to the above-noted bond which acknowledges acceptance of the decrease in the bond due to the Phase II Bond Release, effective February 13, 1995.

If you have any questions, please call me.

Sincerely,

Pamela Grubaugh-Littig
Permit Coordinator

Enclosure
cc: Susan White

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

On January 16, 1995, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Cora R. Galinato (Seal)

CORA R. GALINATO
COMM. #987492
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Commission Exp. March 24, 1997

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint **Cassie J. Berrisford, individually, of Los Angeles, California**, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

> "Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its **Vice President** and its corporate seal to be hereto affixed, this **8 day of October, 1993**

UNITED PACIFIC INSURANCE COMPANY

Vice President

STATE OF Washington }
COUNTY OF King }ss.

On this **8 day of October, 1993** personally appeared **Lawrence W. Carlstrom** to me known to be the **Vice President** of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

NOTARY PUBLIC 8-16-97 STATE OF WASHINGTON

Notary Public in and for State of Washington
Residing at Sumner

I, **Robyn Layng, Assistant Secretary** of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 16th day of January 19 95

Assistant Secretary

BDU-1431 Ed. 3/93

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 9, 1995

Paige Beville
Manager, Environmental, Health and Safety
ARCO Coal Company
555 Seventeenth Street
Denver, Colorado 80202

Re: Phase II Bond Release, Gordon Creek #3 and #6 Mines, Mountain Coal Company, ACT/007/017, Folder #3 and #4, Carbon County, Utah

Dear Ms. Beville:
Paige

Enclosed please find the Decision Document and Findings for the Phase II Bond Release for Gordon Creek #3 and #6 Mines. Pursuant to these findings, the Division will release $85,429 (Phase II) for the Gordon Creek #3 and #6 Mines. The remaining $52,971 represents the amount of bond retained for the revegetated area which would be sufficient to cover the cost of reestablishing revegetation if completed by a third party.

If you have any questions, please call me or Pamela Grubaugh-Littig.

Sincerely,

Lowell P. Braxton
Associate Director, Mining

Enclosure
cc: Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich

DECISION DOCUMENT
PHASE II BOND RELEASE
GORDON CREEK #3 AND #6 MINES
ACT/007/017

SUMMARY OF THE REVIEW PROCESS

The Gordon Creek #3 and #6 Mines is a reclaimed underground coal mine located in Coal Canyon, approximately 20 road miles northwest of Price, Utah . The permit area is located on the Jump Creek Utah, U.S. Geological Survey 15 minutes quadrangle map. The Gordon Creek #3 and #6 Mines shared common surface facilities, except conveyors and stockpiles. The Gordon Creek # 3 Mine was opened in 1969 and was continuously operated until September 1983. Three underground operations were located within a short distance of the Gordon Creek #3 Mine , - Sweets, National and Consumers Mine which were active in the 1940's, but are now closed. The Gordon Creek #6 Mine, located 160 feet above the #3 Mine was opened in 1978, although the construction and disturbance was created in 1969 (the same time as the #3 opened), and was operated until November 1980, when it closed due to economic and safety factors. Portals were sealed for both mines in September 1983.

The permit area is located on the eastern edge of the Wasatch Plateau and is characterized by a steep, narrow canyon containing conspicuous sandstone cliffs. The elevation of the area lies between 7,550 and 7,850 feet above sea level. Vegetation types adjacent to the mine area were oak-shrubland and sagebrush-grassland communities. The permit area cover 668 acres with the bonded area of about 28 acres. The mine permit area is located on mostly privately-owned land, with some state lands. Coal was mined from fee, state, county and federal leases.

Mine site reclamation included portal seals, structural removal, coal waste removal, backfilling, grading and revegetation. The Gordon Creek #3 and #6 Mines completed Phase I reclamation during the period of September 15, 1985 through November 30, 1986. The original bond posted for this property was $346,000. The Division approved a 60% bond release ($216,062) on June 26, 1987.

The Mountain Coal Company submitted a Phase II bond release application to the Division for the Gordon Creek #3 and #6 Mines on December 13, 1993 including a SEDCAD analysis and vegetative information. Mountain Coal Company requested release of an additional 30% of the original bond, or $103,800 for the Phase II bond release.

The Phase II bond release inspection was conducted on May 18, 1994 with personnel from the Division, OSM-Albuquerque Field Office, OSM- Western Support Center, and Mountain Coal Company in attendance.

FINDINGS FOR PHASE II BOND RELEASE
GORDON CREEK #3 AND #6 MINES
ACT/007/017

In accordance with R645-301-880.120 and 200, the Mountain Coal Company published the newspaper advertisement for the Phase II bond release in the Sun Advocate on September 21, 28 and October 5 and 12, 1993. The Division scheduled the Phase II bond release inspection for May 18, 1994 by sending letters on April 22, 1994. This inspection was scheduled when weather permitted for inspection and evaluation of the reclamation work involved.

The Phase II bond release inspection was conducted on May 18, 1994 with the following attendees:

DOGM:	Susan White, Tom Munson, Henry Sauer, Pamela Grubaugh-Littig
OSM-AFO:	Edzel Pugh and Russ Porter
OSM-WSC:	Daylan Figgs and Phil Reinholtz
Mountain Coal Company:	Dan Guy and Dana Ballard (Blackhawk Engineering)

Vegetation Data for Phase II Bond Release

Mountain Coal Company notified the Division of its intent to conduct vegetation sampling on July 29 through July 31, 1993 for Phase II bond release. The Division subsequently notified OSM and invited them to conduct their own sampling. Division vegetation sampling was completed on August 6 and 10, 1993.

Mountain Coal Company sampled for vegetative cover and woody species density. Vegetative cover and woody species density met the Division's requirement for sample adequacy while production measurements were only taken to provide guidance to Mountain Coal Company for final bond release. Mountain Coal Company summarizes the statistical differences in the data in Table 33 of the vegetation report for bond release. The report finds that the reclaimed area is either significantly greater than or equal to the vegetation reference area for vegetative cover and woody plan density.

The Division sampled only for vegetative cover on the reclaimed mine site and the reference area. Vegetation composition and diversity data were obtained from

the cover data. The Division also found that the reclaimed area was either significantly greater than or equal to the vegetation reference area.

Statgraphics, Version 6 (1992) was used for all of the statistical analysis. The Division found no significant difference between the vegetation on the lower pad area and the reference area. Data from the Division and Mountain coal Company indicate the same statistical conclusion. According to the Division's definition of successful revegetation establishment, Gordon Creek #3 and #6 Mines have met the minimum qualification for the vegetation cover portion of Phase II bond release. R645-301-356.120 states that the reclaimed area only has to meet 90 percent of the success standard. All of the statistical conclusions used in this analysis were based on 100 percent of the standard. This fact provides greater confidence for Phase II bond release at this site. All of this information was forwarded to OSM-AFO on May 5, 1994, prior to the bond release inspection.

A final report by Division Biologist, Susan White, was done July 7, 1994 subsequent to the Phase II bond release field inspection and recommended Phase II bond release pursuant to R645-301-880.320.

Contribution of Additional Suspended Solids

An analysis related to past and present erosion rates from reclaimed mine sites were submitted by Mountain Coal Company using a Sediment Production Comparison generated by the Civil Software Design SEDCAD + Program, Version 3 (1992). The runoff volume, peak flow and sediment concentration were compared between past and present activities. Initial results of this computer analysis indicated that the sediment loads from the reclamation activities are no different than the pre-mining conditions. This information was forwarded to OSM-AFO on May 5, 1994.

The Universal Soil Loss Equation used in SEDCAD does not allow for gully erosion and an on-site assessment was made to ascertain any significant rill or gully erosion. This field assessment was made May 18, 1994. Based on visual observation by the Division Hydrologist, Tom Munson, he concluded the site was stable. A Phase II bond release was recommended based on the outcome of the site visit observation and the Sediment Production Comparison for pre- and postmining pursuant to R645-301-880.320, as well as reviewing past inspection report to document overall stability. The site has sustained several severe storm events successfully.

This Phase II bond release encompasses the entire surface disturbance for the Gordon Creek #3 and #6 MInes.

Remaining Reclamation

Reclamation was completed in 1986 and the ten year bond liability period is completed in 1996. Mountain Coal Company started collecting the requisite vegetative information for two years for final bond release in 1994.

Other Actions Surrounding Bond Release Inspection

On June 20, 1994 TDN X94-020-179-002 TV3 was received at the Division for 1) "Failed to demonstrate in writing to the Division that there was insufficient spoil to backfill face-up at #6 Mine", 2) "Failed to use all reasonably available spoil to backfill the face-up at #6 Mine", and 3) "Failed to eliminate all highwalls at face-up at #3 Mine", as a result of the May 18, 1994 Phase II Bond Release inspection. The Division submitted a response to OSM-AFO for this TDN on June 30, 1994. On July 18, 1994, TDN #94-020-179-002 TV1 was issued as a result of TDN X94-020-179-001TV3 being withdrawn and read: "Failed to eliminate all highwalls at Mine #3 and #6". The Division responded on July 28, 1994, but this response was found inappropriate by OSM-AFO on August 18, 1994.

On August 29, 1994, the Division responded to the August 18, 1994 OSM-AFO finding by letter to Ed Kay, Deputy Directory of OSM in Washington requesting and informal review of the TDN, i.e. review of the documentation surrounding the TDN issue. On September 9, 1994 the Division requests a stay of the Informal Appeal based on pending acquisition of field data and submittal of additional informal regarding availability of excess spoil at the mine. Verbal concurrence from OSM-Washington is granted on September 23, 1994 to this request. On September 27, 1994, the Division requested a second extension to October 5, 1994 to formalize the Division's position on the availability of spoil at this site. By letter dated October 3, 1994 to Ed Kay, OSM-Washington from Lowell Braxton, Associate Director, Mining, Division, a request is made to put the TDN informal appeal on hold until the October 1994 site visit by OSM-Washington is completed.

A site visit by OSM-Washington, OSM-AFO, OSM-WSC, and the Division to the Gordon Creek #3 and #6 Mines on October 24, 1994 with the following attendees:

OSM: Ed Kay and Vermal Davis (Washington), Charles Sandberg (OSM-WSC), Thomas Ehmett and Edzel Pugh (OSM-AFO)
Division: Lowell Braxton, Pete Hess, and Joe Helfrich
Mountain Coal Company: Paige Beville and Dan Guy

Pursuant to the October 24, 1994 site visit, OSM-Washington reversed the AFO decision of August 18, 1994.

On August 22, 1994 Lowell Braxton sent a letter to Thomas Ehmett requesting comments on any other outstanding issued at the Gordon Creek #3 and #6 Mines. No comments on any technical issues related to the Phase II bond release have been received to date.

Decision for Phase II Bond Release

Based on the documented findings that: 1) vegetation has been established pursuant to R645-301-880.320, and 2) no reclaimed lands at the Gordon Creek #3 and #6 Mines are contributing additional suspended solids to streamflow or runoff outside the permit area in excess of the requirement set by UCA 40-10-17 (j) of the Act and by R645-301-751, the Division proposes to release $85,429.

The remaining $52,971 represents the amount of bond retained for the revegetated area which would be sufficient to cover the cost of reestablishing revegetation if completed by a third party.

NEWSPAPER PUBLICATION

PUBLIC NOTICE FOR PERMIT RENEWAL
GORDON CREEK NO. 3/6 MINES
MOUNTAIN COAL CO.
P.O. BOX 591
SOMERSET, COLORADO 81434

Mountain Coal Company, P.O. Box 591, Somerset, Colorado 81434, a wholly owned subsidiary of Atlantic Richfield Company, has filed with the Utah Division of Oil, Gas & Mining an application for renewal of its Mining and Reclamation Plan Permit for its Gordon Creek No. 3/6 Mines. The Gordon Creek No. 3/6 Mines are located in Coal Canyon, approximately 25 miles northwest of Price, Utah. The permit area is described as follows:

Township 13 South, Range 8 East, SLBM, Utah

Section 8:	SE1/4SE1/4
Section 9:	S1/2SW1/4, SW1/4SE1/4
Section 16:	W1/2, SW1/4NE1/4
Section 17:	E1/2NE1/4, NE1/4SE1/4

The Gordon Creek No. 3/6 Mines were permanently reclaimed in September 1986. Phase I Bond Release was granted in June 1987, and Phase II Bond Release was granted in January 1995.

The application was filed, and this notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977 and State and Federal regulations promulgated pursuant to said act.

The Gordon Creek No. 3/6 Mines are located on the "Jump Creek, Utah", U.S. Geological Survey 7.5-minute quadrangle map.

The application is available for public inspection at the:

Carbon County Courthouse
Price, Utah 84501

Mining and Reclamation Plan
Gordon Creek No. 3/6 Mines
Permit Application

Written comments, objections, or requests for informal conferences on the application may be submitted to : State of Utah Department of Natural Resources, Division of Oil, Gas & Mining, 355 West North Temple, #3 Triad Center Suite 350, Salt Lake City, Utah 84180-1203.

Reliance

RELIANCE SURETY COMPANY
Philadelphia, Pennsylvania
RELIANCE INSURANCE COMPANY
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY
Philadelphia, Pennsylvania
RELIANCE NATIONAL INDEMNITY COMPANY
Philadelphia, Pennsylvania

RIDER

To be attached to and form a part of

Type of Bond: MINED LAND RECLAMATION ACT BOND

Bond No. U629895

executed by MOUNTAIN COAL COMPANY, as Principal,

and by UNITED PACIFIC INSURANCE COMPANY, as Surety,

in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING

and dated September 5, 1991.

In consideration of the premium charged for the attached bond, it is hereby agreed to change:

THE AMOUNT OF THE BOND IS REDUCED:

From: $138,400.00

(One Hundred Thirty-Eight Thousand Four Hundred and no/100---dollars)

To: $52,971.00

(Fifty-Two Thousand, Nine Hundred Seventy-One and no/100 -- dollars)

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider is effective January 16, 1995

Signed and Sealed January 16, 1995

Principal MOUNTAIN COAL COMPANY

By: Richard L. Rich Vice-President
Title

UNITED PACIFIC INSURANCE COMPANY

By: Cassie J. Berrisford
Cassie J. Berrisford, Attorney-in-Fact

RIDER ACCEPTED (Please sign duplicate of this Rider and return to Surety)

By: [illegible]

Date 2/13/95

BD-1468 4/94

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Richard D. Pick**, known to me to be the Vice President of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this thirty-first day of January, 1995.

PAMELA J. POPE
NOTARY PUBLIC
STATE OF COLORADO

Notary Public

Address: Denver, Colorado

My commission expires: June 21, 1995

CERTIFICATE

I, **Thomas F. Linn**, a duly appointed Assistant Secretary of **Mountain Coal Company** (the "Company"), a corporation organized under the laws of the State of Delaware, do hereby certify that:

1. Richard D. Pick was duly appointed Vice President of Mountain Coal Company, a wholly-owned subsidiary of Atlantic Richfield Company, pursuant to and in accordance with a Resolution of Mountain Coal Company's Board of Directors, and that said Vice President is currently a qualified and acting Vice President of Mountain Coal Company.

2. Said Vice President in his capacity as Vice President of Mountain Coal Company is empowered to execute and deliver various documents and instruments in accordance with the following resolution adopted by the Board of Directors of Atlantic Richfield Company at its meeting on September 19, 1994:

   RESOLVED, That the Chairman, the President, any Vice President and the Treasurer be and they are hereby severally empowered to execute all contracts, documents, assignments, releases, proxies, powers of attorney with full and general or limited authority, with power of substitution, or any other instrument similar or dissimilar to the preceding, and other papers requiring execution in the name of the Company; and the Secretary and any Assistant Secretary are hereby authorized to affix the seal of the Company to such papers as require the seal. Each of such officers is hereby empowered to acknowledge and deliver any such instruments or papers as fully as if special authority had been granted in each particular case.

I further certify that the foregoing Resolution is still in full force and effect and has not been amended or rescinded.

WITNESS my hand and seal of this Company this thirty-first day of January, 1995.

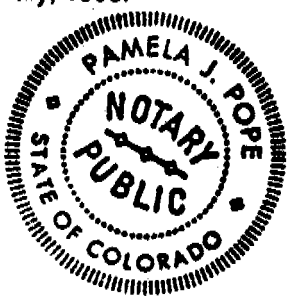
[SEAL]

Thomas F. Linn
Assistant Secretary

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Thomas F. Linn**, known to me to be the Assistant Secretary of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this thirty-first day of January, 1995.



Notary Public

Address: Denver, Colorado

My commission expires: June 21, 1995

ARCO Coal Company

Internal Correspondence

Date: January 12, 1995

Subject: **Gordon Creek Mines 3 and 6 - Bond Reduction Request Bond U-629895. Utah Permit ACT/007/017**

From/Location: Paige B. Beville

To/Location: Julia E. Fisher, Insurance - AP 4951

Attached is a copy of the Decision Document from the Utah Department of Oil, Gas and Mining authorizing Phase II Bond release and the reduction of the Reclamation Bond covering Gordon Creek Mines 3 and 6 in Utah. We are therefore requesting a reduction in Bond U-629895 from $138,400 to $52,971, a difference of $85,429.

Please let me know if you need any additional information.

Attachment

cc: S. W. Anderson w/attachment
P. G. Schmidt w/attachment
D. W. Guy w/attachment
R. D. Pick w/o attachment