

### Document Information Form

Mine Number: CI007/018

File Name: Internal

To: DOGM

From:

Person N/A

Company N/A

Date Sent: N/A

Explanation:

RECLAMATION AGREEMENT

cc:

File in: CI 007, 018, Internal

- Refer to:
- Confidential
  - Shelf
  - Expandable

Date \_\_\_\_\_ For additional information

Updated January 1991

## RECLAMATION AGREEMENT

(COAL)

### CONTENTS:

RECLAMATION AGREEMENT

EXHIBIT "A"  
SURFACE DISTURBANCE

EXHIBIT "B"  
BONDING AGREEMENT  
SURETY BOND  
COLLATERAL BOND  
IRREVOCABLE LETTER OF CREDIT  
ASSIGNMENT OF CERTIFICATE OF DEPOSIT

EXHIBIT "C"  
LIABILITY INSURANCE

EXHIBIT "D"  
STIPULATION TO REVISE RECLAMATION AGREEMENT

AFFIDAVITS OF QUALIFICATION

POWER OF ATTORNEY

File in:

- Confidential
- Shelf
- Expandable

Refer to Record No. 0023 Date \_\_\_\_\_

In C/ 007, 018, Internal \_\_\_\_\_

For additional information \_\_\_\_\_

Permit Number: ACT/007/018  
Date Permit Issued: 2/3/87  
Effective Date of Agreement: 5-2-91

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

COAL RECLAMATION AGREEMENT  
--ooOOoo--

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT": (Mine Permit No.) ACT/007/018 (County) Carbon

"MINE": (Name of Mine) Soldier Canyon Mine

"PERMITTEE": (Company or Name) Soldier Creek Coal Company  
(Address) P.O. Box I  
Price, UT 84501

"PERMITTEE'S REGISTERED AGENT": (Name) C.T. Corporation System  
(Address) 1360 South Main Street  
(Phone) Salt Lake City, UT 84101  
(801) 531-7090

"COMPANY OFFICERS": R.W. Olsen - President  
J.E. Braby - Assistant Secretary

"BOND TYPE": (Form of Bond) Surety

"BOND": (Bond Amount-Dollars) \$1,940,000 - 1991 Dollars  
(Escalated Year-Dollars)

"INSTITUTION": (Bank or Agency) Federal Insurance Co  
POLICY OR ACCOUNT NUMBER 8107-37-63

"LIABILITY INSURANCE": (Exp.) Until cancelled  
(Insurance Company) Alexander & Alexander

"STATE": Utah (Department of Natural Resources)

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR" Dianne R. Nielson

EXHIBITS:

		Revision Dates		
"SURFACE DISTURBANCE"	Exhibit "A"	_____	_____	_____
"BONDING AGREEMENT"	Exhibit "B"	_____	_____	_____
"LIABILITY INSURANCE"	Exhibit "C"	_____	_____	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	_____	_____	_____

## RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereinafter referred to as "Agreement") is entered into by the Permittee.

WHEREAS, on February 3, 1987, the Division approved the Permit Application Package, hereinafter "PAP", submitted by Soldier Creek Coal Company, hereinafter "Permittee"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; and

WHEREAS, the Permittee is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws & regulations relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to issue the subject a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of the PAP, the Act and the Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the cost of actual reclamation exceeds the bond amount.
3. The Permittee agrees to provide a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
4. The Permittee agrees to provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.

## RECLAMATION AGREEMENT

5. The Permittee agrees to maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve, a written modification to this Agreement.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
10. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D" (other exhibits as appropriate).
11. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this agreement.
12. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.

RECLAMATION AGREEMENT

- 13. In the event of forfeiture, the Permittee agrees to be liable for additional costs in excess of the bond amount which may be incurred by the Division in order to comply with the PAP, the Act, and the Rules. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded to the appropriate party.
- 14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.

SO AGREED this 2nd day of May, 19 91

STATE OF UTAH:

Dianne R. Nielson  
Dianne R. Nielson, Director  
Division of Oil, Gas and Mining

PERMITTEE:

R.W. Olsen  
Company Officer - Position  
R.W. Olsen - President

J.E. Braby  
Company Officer - Position  
J.E. Braby - Assistant Secretary

**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 Principal is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT "A"  
SURFACE DISTURBANCE  
LEGAL DESCRIPTION

Revised October 1990  
Exhibit "A" - SURFACE DISTURBANCE

Permit Number: ACT/007/018  
Effective Date: April 16, 1991

**SURFACE DISTURBANCE**

--ooOOoo--

In accordance with the RECLAMATION AGREEMENT, the PERMITTEE intends to conduct coal mining and reclamation activities on or within the SURFACE DISTURBANCE as described hereunder:

Total acres of SURFACE DISTURBANCE: 22.8

Legal Description of SURFACE DISTURBANCE:

As per Maps attached and referred to as:

- Exhibit 5.1-2 - Central Mine Disturbance
- Exhibit 6.1-1 - Sewage Lagoon & Top Soil Storage Area

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this

16th day of April, 1991.

FEDERAL INSURANCE COMPANY

SURETY

By: J. David Emrich

J. David Emrich

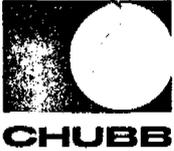
Title: Attorney-in-Fact

EXHIBIT "B"  
BONDING AGREEMENT

Surety Bond

Collateral Bond

EXHIBIT "B"  
SURETY BOND  
(FEDERAL COAL)



# CHUBB GROUP OF INSURANCE COMPANIES

15 Mountain View Road, Warren, New Jersey 07060

RIDER to be attached to and form a part of  
 Bond No. 8107-37-63 wherein  
 FEDERAL INSURANCE COMPANY  
 is named as Surety, on behalf of  
 Soldier Creek Coal Company  
 as Principal, in favor of State of Utah, Division of Oil, Gas and Mining,  
 and the U.S. Department of the Interior, Office of Surface Mining  
 as Obligee, in the sum of \$577,000.00  
 dated 08/15/85, effective 08/16/85  
 Permit #ACT/007/018

IT IS HEREBY UNDERSTOOD AND AGREED that effective the 16th day of April, 1991  
 the penalty of this bond is INcreased  
 from FIVE HUNDRED SEVENTY SEVEN THOUSAND AND 00/100 DOLLARS (\$577,000.00)  
 to ONE MILLION NINE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS (\$1,940,000.00)  
 as to losses occurring after said effective date. Acreage amended from: 36.4 to 22.8

Provided, however, that the liability of the Principal and Surety hereon shall not be cumulative or in any event exceed the revised bond amount referred to herein.

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

Signed, sealed and dated this 16th day of April, 19 91

If bond amount is being DECREASED sign below  
 & return a copy with original signature to the  
 Surety:  
 ACCEPTED  
 By: \_\_\_\_\_  
 (Signature of Obligee)  
 Name:  
 Title:

Soldier Creek Coal Company  
 By: R.W. Olsen (SEAL)  
 Name: Reid W. Olsen  
 Title: President  
 FEDERAL INSURANCE COMPANY  
 By: J. David Emrich (SEAL)  
 Name: J. David Emrich  
 ATTORNEY-IN-FACT

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, an Indiana Corporation, has constituted and appointed, and does hereby constitute and appoint James D. McMahon, Denise DuMont, Matthew E. Lubin J. David Emrich, Brice R. Gamber and Alexandra S. Handago of Philadelphia, Pennsylvania-----

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds or obligations (other than Bail Bonds) given or executed in the course of its business, and any instruments amending or altering the same, and consents to the modification or alteration of any instruments referred to in said bonds or obligations.

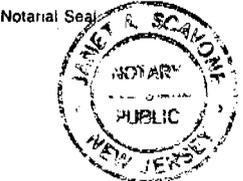
In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Vice President and Assistant Secretary and its corporate seal to be hereto affixed this 1st day of May 19 90

Richard D. O'Connor Assistant Secretary

FEDERAL INSURANCE COMPANY By James D. Dixon Vice President

STATE OF NEW JERSEY } SS. County of Somerset

On this 1st day of May 19 90, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company, and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority; and that he is acquainted with James D. Dixon and knows him to be the Vice President of said Company, and that the signature of said James D. Dixon subscribed to said Power of Attorney is in the genuine handwriting of said James D. Dixon and was thereto subscribed by authority of said By-Laws and in deponent's presence.



Acknowledged and Sworn to before me on the date above written. Janet A. Scavone Notary Public, State of New Jersey, No 2066520, Commission Expires October 2, 1994

STATE OF NEW JERSEY } SS. County of Somerset

CERTIFICATION

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 2, 1990 and that this By-Law is in full force and effect.

ARTICLE XVIII.

Section 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice Chairman or the President or a Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, Vice Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I further certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

Given under my hand and the seal of said Company at Warren, N.J., this 16th day of April 19 91

James D. McMahon Assistant Secretary



EXHIBIT "C"  
LIABILITY INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

Issued To:  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
-ooOoo-

THIS IS TO CERTIFY THAT:

Travelers Indemnity Company

(Name of Insurance Company)

One Tower Square, Hartford, Connecticut 06183

(Home Office Address of Insurance Company)

HAS ISSUED TO:

Soldier Creek Coal Company

(Name of Permittee)

Soldier Canyon Mine

(Mine Name)

ACT/007/018

(Permit Number)

CERTIFICATE OF INSURANCE:

TLJSLG-186T908-A-91

(Policy Number)

January 1, 1991

(Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R614-301-890 Terms and Conditions for Liability Insurance:

- A. The DIVISION shall require the PERMITTEE to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.

Revised October 1990  
CERTIFICATE OF LIABILITY INSURANCE

- C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

IN ACCORDANCE WITH THE ABOVE TERMS AND CONDITIONS, and the Utah Code Annotated 40-10-1 et seq., the Insurance Company hereby attests to the fact that coverage for said Permit Application is in accordance with the requirements of the State of Utah and agrees to notify the Division of Oil, Gas and Mining in writing of any substantive change, including cancellation, failure to renew, or other material change. No change shall be effective until at least thirty (30) days after such notice is received by the Division. Any change unauthorized by the Division is considered breach of the RECLAMATION AGREEMENT and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

Charlene M. Washburn

(Agent's Name)

301-547-2890

(Phone)

Alexander & Alexander Inc.

(Company Name)

111 Market Place

(Mailing Address)

Baltimore, MD 21202

(City, State, Zip Code)

The undersigned affirms that the above information is true and complete to the best of his/her knowledge and belief, and that he/she is an authorized representative of the above-named insurance company. (An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.)

Charlene M. Washburn 4/11/91 Assistant Vice President  
(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn before me by Charlene M. Washburn

this 11th day of April, 1991.

Margaret A. Lowicki  
(Signature)

My Commission Expires: October 1st, 1993  
(Date)

AFFIDAVIT OF QUALIFICATION  
INSTITUTION (Bank or Agency)

--ooOOoo--

I, Charlene M. Washburn, being first duly sworn under oath,  
deposes and says that he/she is the (~~officer~~ or agent) \_\_\_\_\_  
of Travelers Indemnity Company; and that he/she is duly authorized to  
execute and deliver the foregoing obligations; and that said INSTITUTION (Bank or  
Agency) is authorized to execute the same and has complied in all respects with the  
laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) Charlene M. Washburn, agent  
Name - Position

Subscribed and sworn to before me this 11th day of April, 1991.

Margaret G. Lowicki  
Notary Public

My Commission Expires:

Oct. 1st, 1993.

Attest:

STATE OF Maryland )  
CITY Baltimore ) ss:  
COUNTY OF Baltimore )

AFFIDAVITS OF QUALIFICATION







POWER OF ATTORNEY

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, an Indiana Corporation, has constituted and appointed, and does hereby constitute and appoint James D. McMahon, Denise DuMont, Matthew E. Lubir J. David Emrich, Brice R. Gamber and Alexandra S. Handago of Philadelphia, Pennsylvania-----

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds or obligations (other than Bail Bonds) given or executed in the course of its business, and any instruments amending or altering the same, and consents to the modification or alteration of any instruments referred to in said bonds or obligations.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Vice President and Assistant Secretary and its corporate seal to be hereto affixed this 1st day of May 19 90

Richard D. O'Connor Assistant Secretary

FEDERAL INSURANCE COMPANY By James D. Dixon Vice President

STATE OF NEW JERSEY } ss. County of Somerset

On this 1st day of May 19 90, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company, and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority; and that he is acquainted with James D. Dixon and knows him to be the Vice President of said Company, and that the signature of said James D. Dixon subscribed to said Power of Attorney is in the genuine handwriting of said James D. Dixon and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal JANET A. SCAVONE Notary Public NEW JERSEY

Acknowledged and Sworn to before me on the date above written. Janet A. Scavone Notary Public, State of New Jersey No 2066520 Commission Expires October 2, 1994

STATE OF NEW JERSEY } ss. County of Somerset

CERTIFICATION

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 2, 1990 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

Section 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice Chairman or the President or a Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, Vice Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I further certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

Given under my hand and the seal of said Company at Warren, N.J., this 16th day of April 19 91

Assistant Secretary

FEDERAL INSURANCE COMPANY INDIANA

