

DRAFT

RECLAMATION AGREEMENT

(C O A L)

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POWER OF ATTORNEY

RECEIVED

OCT 22 1993

**DIVISION OF
OIL, GAS & MINING**

Permit Number: ACT/007/018
Date Original Permit Issued: _____
Effective Date of Agreement: _____

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

DRAFT

COAL RECLAMATION AGREEMENT

--oo00oo--

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

"OPERATOR": Soldier Creek Coal Company

"PERMITTEE": (Company or Name) Soldier Creek Coal Company
(Address) P. O. Box 1029
Wellington, Utah 84542

"PERMITTEE'S REGISTERED AGENT": (Name) C. T. Corporation Systems
(Address) 811 Dallas Avenue
(Phone) Houston, Texas 77002

"COMPANY OFFICERS": See the Soldier Canyon Mine
Mining & Reclamation Plan, Chapter 1

"BOND TYPE": (Form of Bond) Surety

"BOND": (Bond Amount-Dollars) \$3,238,000
(Escalated Year-Dollars)

"INSTITUTION": (Bank or Agency) United Pacific Insurance Company

"POLICY OR ACCOUNT NUMBER": U1712871-1 (Bond) MCD00145 (Insurance)

"LIABILITY INSURANCE": (Exp.) December 31, 1993
(Insurance Company) Flat Top Insurance

"STATE": Utah (Department of Natural Resources)

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR": James W. Carter

EXHIBITS:

		Revision Dates	
"PERMIT AREA"	Exhibit "A"	Oct. '93	_____
"BONDING AGREEMENT"	Exhibit "B"	Oct. '93	_____
"LIABILITY INSURANCE"	Exhibit "C"	Oct. '93	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	Oct. '93	_____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT, hereinafter "AGREEMENT", is entered into by the Permittee.

WHEREAS, on February 6, 1992 (Date of Permit Approval), the Division of Oil, Gas and Mining approved the Permit Application Package, hereinafter "PAP", submitted by Soldier Creek Coal Company, hereinafter "PERMITTEE"; and

WHEREAS, the PAP, as amended or revised in conjunction with the Act and the Rules, constitutes the approved plan for reclamation of the Surface Disturbance; and

WHEREAS, in the conduct of reclamation operations within the Permit Area described in the PAP, the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file and maintain 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 within the Permit Area.

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 Permit Area including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations within the Permit Area. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Permit Area".
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.

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.

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 _____ day of _____, 19 ____

STATE OF UTAH:

James W. Carter, Director
Division of Oil, Gas and Mining

PERMITTEE:

Company Officer - Position
Reid W. Olsen, Vice President and General Manager

Company Officer - Position
Vernal J. Mortensen,
Executive Vice President

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"
PERMIT AREA
LEGAL DESCRIPTION

EXHIBIT "A"

PERMIT AREA

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

Total acres within the approved PERMIT AREA: 5,238 ?

Total acres of proposed DISTURBED AREAS within the Permit Area: 22.8 2410

Map(s) showing the approved PERMIT AREA are attached and provided as:

Exhibit 1.12-1 D-315

Map(s) showing the proposed DISTURBED AREAS within the approved Permit Area are attached and provided as:

Exhibit 5.21-1 E029

Legal Description of PERMIT AREA:

T.12S., R.12E. SL Meridian, Utah, Sec. 32: NW-1/4, ~~SW-1/4~~, ~~NE-1/4~~, E-1/2NE-1/4, S-1/2. *No comma*

T.13S., R.11E. SL Meridian, Utah Sec. 1: lot 8; Sec. 12: E-1/2, E-1/2W-1/2; Sec. 13: NE-1/4NW-1/4, N-1/2NE-1/4, SE-1/4NE-1/4, NE1/4SE-1/4; Sec. 24: S-1/2 *ok*

S-1/2SW1/4SE1/4, portion of SE-1/4SE-1/4 used for sewage lagoon site; Sec. 25: ~~N-1/2NW-1/4NE-1/4~~, portion of N-1/2NW-1/4 SE-1/4 used for topsoil storage area, portion of S-1/2SW-1/4NE-1/4 used for refuse disposal site.

T.13S., R.12E. SL Meridian, Utah, Sec. 4: All; Sec. 5: All; Sec. 6: All; Sec. 7: All; Sec. 8: All; Sec. 9: W-1/2, NE-1/4, N-1/2SE-1/4; Sec. 17: N-1/2; Sec. 18: ~~N-1/2N-1/2, SE-1/4NE-1/4, S-1/2NW1/4, NE-1/4SW-1/4NE-1/4, NW-1/4SW-1/4NE-1/4;~~ and Sec. 19: portion of SW-1/4SW-1/4 used for sewage lagoon site.

NOTE:

In the event that more than one bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each bond is provided.

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Collateral Bond

EXHIBIT "B"

**SURETY BOND
(FEDERAL COAL)**

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of \$ 3,238,000 (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this Reclamation Agreement.

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

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

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

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

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

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this ____ day of _____, 19____.

PERMITTEE

By: _____

Title: _____

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this ____ day of _____, 19____.

SURETY

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH
this ____ day of _____, 19____.

James W. Carter, Director
Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

Bond Number U1712871-1
Permit Number ACT/007/018 UT-0023
Mine Name Soldier Canyon Wine

This bond supersedes bond no. 8107 37 63

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 84160-1203
(801) 538-5340

THE MINED LANDS RECLAMATION ACT

BOND

The undersigned Soldier Creek Coal Company
as principal, and United Pacific Insurance Company as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining, and the U. S. Department of the Interior, Office of Surface Mining
in the penal sum of Five Hundred Twenty-two Thousand Five Hundred Ninety-two & no/100
dollars (\$ 522,592.00-----). Such sum shall be payable to
one, but not both, of the above-named agencies.

The principal estimated in the Mining and Reclamation Plan filed with the
Division of Oil, Gas and Mining on the 15th day of September
19 93, that 11.5 acres of land will be disturbed
by this mining operation in the State of Utah. A description of the disturbed
land is attached hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

The Division shall only accept the bond of a surety company if the bond is
noncancellable by the surety at any time for any reason including, but not
limited to nonpayment of premium or bankruptcy of the permittee during the
period of liability.

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officer.

Soldier Creek Coal Company
Principal (Company)

By Donald J. Appelman VP
Company Officer - Position

Date: September 15, 1993

United Pacific Insurance Company
Surety (Company)

By Michelle M. Ulery
Surety Company Officer - Position
Michelle M. Ulery, Attorney-in-Fact

DATE: September 15, 1993

APPROVED AS TO FORM:

COUNTERSIGNED BY:

Stirling Broadhead
Stirling Broadhead, Utah Resident Agent

By Assistant Attorney General

AFFIDAVIT OF QUALIFICATION

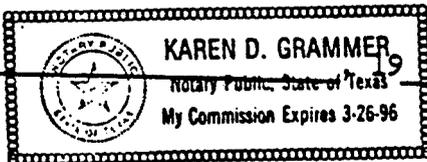
Michelle M. Ulery, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-in-Fact of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

(Signed) Michelle M. Ulery Attorney-in-Fact
Surety Company Officer - Position

Subscribed and sworn to before me this 15th day of September, 19 93.

Karen D. Grammer
Notary Public

My Commission Expires:



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 William N. Burke, Dan W. Burton, Mary C. Jones, Michelle M. Ulery, Karen D. Grammer., individually, of Houston, Texas, 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 5 day of April, 1993

UNITED PACIFIC INSURANCE COMPANY



Charles B. Schmalz
Vice President

STATE OF Pennsylvania
COUNTY OF Philadelphia

} ss.

On this 5 day of April, 1993 personally appeared Charles B. Schmalz 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.



NOTARIAL SEAL
VALENCIA WORTHAM, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Nov. 18, 1996

Valencia Wortham
Notary Public in and for State of Pennsylvania
Residing at Philadelphia

Anita Zippert, 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 15th day of September 1993



Anita Zippert
Secretary

UNITED PACIFIC INSURANCE COMPANY

HOME OFFICE, TACOMA, WASHINGTON

RIDER

To be attached to and form part of Bond Number U1712871-1 executed by Soldier Creek Coal Company Utah - Department of as Principal, and UNITED PACIFIC INSURANCE COMPANY, as Surety, in favor of Natural Resources

and dated September 15, 19 93

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

the following language shall become part of said bond:

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

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

This rider shall become effective as of the 15th day of September, 1993, standard time.

Signed, sealed and dated this 15th day of September, 1993.

Soldier Creek Coal Company
PRINCIPAL

By Jeffrey A. Connelly
Jeffrey A. Connelly, Vice President

ACCEPTED:
State of Utah
Dept. of Natural Resources

By _____

UNITED PACIFIC INSURANCE COMPANY
By Michelle M. Ulery
Michelle M. Ulery ATTORNEY-IN-FACT

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 William N. Burke, Dan W. Burton, Mary C. Jones, Michelle M. Ulery, Karen D. Grammer., individually, of Houston, Texas, 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 5 day of April, 1993

UNITED PACIFIC INSURANCE COMPANY



Charles B. Schmalz
Vice President

STATE OF Pennsylvania }
COUNTY OF Philadelphia } ss.

On this 5 day of April, 1993 personally appeared Charles B. Schmalz 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.



NOTARIAL SEAL
VALENCIA WORTHAM, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Nov. 18, 1996

Valencia Wortham
Notary Public in and for State of Pennsylvania
Residing at Philadelphia

Anita Zippert, 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 15th day of September 19 93



Anita Zippert
Secretary



1 RELIANCE INSURANCE COMPANY
Home Office — Philadelphia, Pennsylvania
Administrative Offices — Philadelphia, Pennsylvania

6 UNITED PACIFIC INSURANCE COMPANY
Home Office — Tacoma, Washington
Administrative Offices — Philadelphia, Pennsylvania

INCREASE/DECREASE RIDER

To be attached to and form part of Reclamation BOND NO. U1712871-1 issued by the
Surety on behalf of Soldier Creek Coal Company as principal
in favor of Utah - Department of Natural Resources said bond having been issued in
the amount of Five Hundred Twenty-two Thousand Five Hundred DOLLARS (\$ 522,592.00)
Ninety-two & no/100
effective from the 15th day of September 19 93

It is hereby understood and agreed the amount of the aforesaid bond is hereby increased/decreased
from Five Hundred Twenty-two Thousand Five Hundred Ninety- DOLLARS (\$ 522,592.00)
two & no/100
to Three Million Two Hundred Thirty-eight Thousand & no/100 DOLLARS (\$3,238,000.00)
effective as of the 15th day of September 19 93

Provided, however, the liability of the Surety for defaults occurring
prior to the 15th day of September 19 93 shall not exceed
Five Hundred Twenty-two Thousand Five Hundred Ninety-two & DOLLARS (\$ 522,592.00)
no/100
and the liability for defaults occurring after said date shall not exceed
Three Million Two Hundred Thirty-eight Thousand & no/100 DOLLARS (\$3,238,000.00)
and the total liability of the Surety shall in no event exceed
Three Million Two Hundred Thirty-eight Thousand & no/100----- DOLLARS (\$3,238,000.00)

Signed, sealed and dated this 15th day of September 19 93

Soldier Creek Coal Company

By Coby C. Hesse
Coby C. Hesse, Vice Pres PRINCIPAL

United Pacific Insurance Company

By Dan W. Burton
Dan W. Burton, ATTORNEY-IN-FACT



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 William N. Burke, Dan W. Burton, Mary C. Jones, Michelle M. Uery, Karen D. Grammer., individually, of Houston, Texas, 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 5 day of April, 1993

UNITED PACIFIC INSURANCE COMPANY



Charles B. Schmalz
Vice President

STATE OF Pennsylvania
COUNTY OF Philadelphia

} ss.

On this 5 day of April, 1993 personally appeared Charles B. Schmalz 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.



NOTARIAL SEAL
VALENCIA WORTHAM, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Nov. 18, 1996

Valencia Wortham
Notary Public in and for State of Pennsylvania
Residing at Philadelphia

Anita Zippert, 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 15th day of September 19 93



Anita Zippert
Secretary

EXHIBIT "C"
LIABILITY INSURANCE

CERTIFICATE OF LIABILITY INSURANCE

Issued To:

State of Utah

Department of Natural Resources

Division of Oil, Gas and Mining

--ooOOoo--

THIS IS TO CERTIFY THAT:

Flat Top Insurance

(Name of Insurance Company)

P. O. Box 1439, Bluefield, WV 24701

(Home Office Address of Insurance Company)

HAS ISSUED TO:

The Coastal Corporation's Soldier Creek Coal Company

(Name of Permittee)

Soldier Canyon Mine

(Mine Name)

ACT/007/018

(Permit Number)

CERTIFICATE OF INSURANCE:

MCD 001405 and MCP 001406

(Policy Number)

12-31-92

(Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R645-301-890 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.

- 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:

_____	_____
(Agent's Name)	(Phone)

(Company Name)	
_____	_____
(Mailing Address)	(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.)

(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn before me by _____

this ____ day of _____, 19____.

(Signature)

My Commission Expires:_____

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

9-7-93

PRODUCER

Flat Top Insurance
P. O. Box 1439
Bluefield, WV 24701

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

COMPANIES AFFORDING COVERAGE

- COMPANY LETTER **A** Fidelity & Casualty Co. of New York
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

INSURED

The Coastal Corporation, Etal.
c/o Energy Insurance Int'l.
P. O. Box 36429
Houston, TX 77236-6429



COVERAGES

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY				GENERAL AGGREGATE \$2,000,000 PRODUCTS-COMP/OP AGG. \$2,000,000 PERSONAL & ADV. INJURY \$2,000,000 EACH OCCURRENCE \$2,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 MED. EXPENSE (Any one person) \$ 10,000
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. <input checked="" type="checkbox"/> OWNER'S & CONTRACTOR'S PROT. <input checked="" type="checkbox"/> XCU	MCD001405	12/31/92	12/31/93	
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY				EACH OCCURRENCE \$ AGGREGATE \$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$ DISEASE—POLICY LIMIT \$ DISEASE—EACH EMPLOYEE \$
A	OTHER Pollution	MCP001406	12/31/92	12/31/93	\$500,000 Ea. Incident \$500,000 Aggregate \$5,000 Deductible

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Soldier Creek Coal Company is included as a Named Insured under the referenced policies as respects Permits No. ACT/007/034 and ACT/007/018

CERTIFICATE HOLDER

State of Utah
Div. of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84108-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL, ~~IN ADVANCE~~ MAIL 90 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OF LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

FOR: *Advey O. Mosh*

THE COASTAL CORPORATION

NAMED INSUREDS

- A.**
- ANR Coal Company
 - ANR Western Coal Development Company
 - Birmingham Coal Company
 - Brooks Run Coal Company
 - Cat Run Coal Company
 - Coastal Coal Sales, Inc. (formerly Coastal Coal International, Inc.)
 - Enterprise Coal Company (formerly Apache Mining Co.)
 - Greenbrier Coal Co.
 - Kingwood Coal Company
 - Skyline Coal Company
 - Southern Utah Fuel Company
 - Unique Mining Systems, Inc.
 - Utah Fuel Company
 - Virginia City Coal Company
 - Virginia Iron, Coal and Coke Company

and/or subsidiary, associated and affiliated companies or owned or controlled companies as were or are now or may hereinafter constituted, and

- B.**
- The Coastal Corporation, Coastal Natural Gas Company, Coastal States Energy Company and American Natural Resources Company but only in their capacity as parent and/or holding company to those entities scheduled in (A) above and, only as respects liabilities arising out of operations carried out by or for those entities scheduled in (A) above.

For the purpose of receiving and giving notice and payment or return of premium The Coastal Corporation shall be deemed the only named insured and shall act as the agent of any and all other named insureds.

Prepared by:

Flat Top Insurance Agency
P. O. Box 1439
Bluefield, WV 24701

12-30-92

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: ACT/007/018
Effective Date: September 15, 1993

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This STIPULATION TO REVISE RECLAMATION AGREEMENT entered into by and between the PERMITTEE and DIVISION incorporates the following revisions or changes to the RECLAMATION AGREEMENT: (Identify and Describe Revisions Below)

Replacement of bond and insurance required with change in ownership of Sage Point Coal Company (and its Soldier Creek Coal Company) from Sun Company, Inc. to Coastal States Energy Company

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the PERMITTEE and are approved by the DIVISION:

Replace the RECLAMATION AGREEMENT in its entirety.

Replace Exhibit "A" - PERMIT AREA.

Replace Exhibit "B" - BONDING AGREEMENT.

Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$ _____) to (\$ _____).

The BONDING Type is changed from _____ to _____.

The SURFACE DISTURBANCE is revised from _____ acres to _____ acres.

The EXPIRATION DATE is revised from _____ to _____.

The LIABILITY INSURANCE carrier is changed from _____

to _____.

The AMOUNT of INSURANCE coverage for bodily injury and property damage is changed from (\$ _____) to (\$ _____).

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal
this ____ day of _____, 19____.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH
this ____ day of _____, 19____.

Director, Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

**AFFIDAVITS
OF
QUALIFICATION**

POWER OF ATTORNEY

