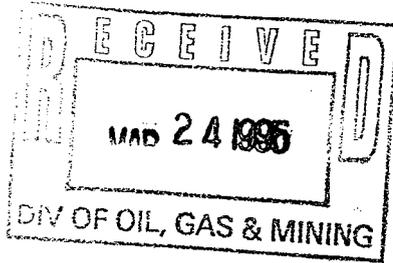


0024



Coastal
The Energy People

March 22, 1995



Joe Helfrich, Permit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

*Original to Fireproof file
Copy to EXP/007/018 #4
(ACTS)
and Joe (2 copies for Keith)*

Dear Mr. *Joe* Helfrich,

Attached is a Surety Bond for \$30,000 for our Dugout Creek Exploration project. When the Division Director has signed the bonding agreement, please send us two copies for our files.

If you need any additional information, please contact me.

Sincerely,

Keith Zobel
Keith Zobel
Environmental Coordinator
Utah Fuel Company

KZ:dk
Attachment

DOGM0322.kz

Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
P.O. BOX 719 • HELPER UT 84526-0719 • 801-637-7925 • FAX 801-637-7929 • SALT LAKE 801-596-7111

Exhibit "B" - BONDING AGREEMENT
SURETY BOND

Permit Number: U-07064

**SURETY BOND
(NON-FEDERAL COAL)
--ooOoo--**

THIS SURETY BOND entered into by and between the undersigned **PERMITTEE**, and **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 (**DIVISION**) in the penal sum of (\$ 30,000.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance 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, 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** from any and all expenses which the **DIVISION** 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** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY's** license.

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".

**Exhibit "B" - BONDING AGREEMENT
SURETY BOND**

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 13th day of March, 19 95.

Soldier Creek Coal Company

PERMITTEE



By: [Signature]

Title: Austin M. O'Toole, Vice President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
13th day of March, 19 95.

St. Paul Fire and Marine Insurance Company

SURETY

By: [Signature]

Title: Dan W. Burton, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH:

[Signature]
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.

CERTIFIED COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1807418

GENERAL POWER OF ATTORNEY - CERTIFIED COPY
(Original on File at Home Office of Company. See Certification.)

F-12838

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

William N. Burke, Elsa Alvarez, Mary C. Jones, Dan W. Burton, Karen D. Grammer,
Wendy W. Stuckey, Sharon J. Sweeney, individually,
Houston, Texas

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

NOT TO EXCEED IN PENALTY THE SUM OF TWENTY-FIVE MILLION DOLLARS (\$25,000,000) EACH

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

"The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate 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 TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Michael B. Keegan
MICHAEL B. KEEGAN, Secretary



STATE OF NEW JERSEY } ss.
County of Sommerset

On this 3rd day of November, 1994, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



Linda Smethers

LINDA SMETHERS, Notary Public, Middlesex, NJ
My Commission Expires December 16, 1996

CERTIFICATION

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

13th day of March, 1995

Michael W. Anderson
MICHAEL W. ANDERSON, Asst. Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.