

FEDERAL
February 3, 1997

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, ACT/007/018, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGGM) to:

Canyon Fuel Company, LLC
555 Seventeenth Street
Denver, Colorado 80202
(303) 293-7576

for the Soldier Canyon Mine. Canyon Fuel Company, LLC is the lessee of federal, state and fee-owned property. A performance bond is filed with the DOGM in the amount of \$3,238,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA - The permittee is authorized to conduct coal mining activities on following described lands within the permit area at the Soldier Canyon Mine situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 12 East, SLBM

Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: W1/2, NE1/4, N1/2SE1/4;
Section 17: N1/2;

Section 18: N1/2N1/2, SE1/4NE1/4, S1/2NW1/4,
NE1/4SW1/4NE1/4, NW1/4SW1/4NE1/4; and
Section 19: Portion of SW1/4SW1/4

Township 12 South, Range 12 East, SLBM

Section 32: NW1/4, SW1/4NE1/4, E1/2NE1/4, S1/2

Township 13 South, Range 11 East, SLBM

Section 1 : E1/2SE1/4;

Section 11: SE1/4SE1/4;

Section 12: E1/2, E1/2N1/4, E1/2SW1/4;

Section 13: N1/2NE1/4, NE1/4NW1/4, SE1/4NE1/4, NE1/4SE1/4;

Section 24: Portions of SE1/4SE1/4;

Section 25: Portions of N1/2NW1/4SE1/4, Portions of S1/2SW1/4NEE1/4;

IBC #1 Legal: Beginning at the north east corner of Section 12, Township 13 South Range 11 East, go 2,508 Feet south 00°26'03 east, thence 1,324 feet north 89°47'01" west, thence 3,772 feet south 00°22'14" east, thence 921 feet north 45°20'28" west, thence 209 feet north 12°10'17" west, thence 252 feet north 00°40'55" east, thence 377 feet north 07°27'51" east, thence 151 feet north 06°50'34" west, thence 139 feet north 15°02'16" west, thence 1,236 feet north 36°36'37" west, thence 417 feet north 12°54'07" west, thence 281 feet north 07°34'52" west, thence 198 feet north 25°47'14" west, thence 197 feet north 39°01'24" west, thence 212 feet north 07°19'35" west, thence 425 feet north 27'01" west, thence 178 feet north 11°41'22" west, thence 864 feet north 27°07'43" west, thence 240 feet north 06°28'20" west, thence 238 feet north 01°12'13" west, thence 194 feet north 11°18'36" east, thence 315 feet north 16°52'27" east, thence 3,436 feet south 89°26'59" east, thence 2,508 feet south 00°26'03" east to point of beginning; and

IBC #2 Legal: Beginning at the north east corner of IBC #1; thence north 0°00'00" west for a distance of 3720.3 feet; thence north 90°00'00" west for a distance of 1,192.8 feet; thence south 28°00'00" west for a distance of 4,181.6 feet; thence south 89°0'00" east for a distance of 3,163.7 feet to the pont of beginning; containing approximately 186 acres (See exhibit 1.12-2)

As described more precisely in the Soldier Canyon Mine Mining and Reclamation Permit on file with the Division of Oil, Gas and Mining.

This legal description is for the permit area of the Soldier Canyon Mine. The permittee is authorized to conduct underground coal mining activities on the foregoing described property subject to the conditions of the leases, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM - This permit becomes on February 3, 1997 and expires on February 3, 2002.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

- Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
 - B. immediate implementation of measures necessary to comply; and
 - C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
- Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:
- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
 - B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-3023 for compliance, modification, or abandonment of existing structures.
- Sec. 12 RECLAMATION FEE PAYMENT - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

- Sec. 14 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

The above conditions (Secs. 1-17) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Lawrence P. Brantley for J. W. Carter

Date: 2/3/97

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.


Authorized Representative of the Permittee

Date: 2/24/97

0008

Document Information Form

Mine Number: C/007/018

File Name: Incoming

To: DOGM

From:

Person N/A

Company ACORD

Date Sent: N/A

Explanation:

Certificate of Insurance

cc:

File in: C/007, 018, Incoming

Refer to:

- Confidential
- Shelf
- Expandable

Date _____ For additional information

ACT/007/018 *Open Bids Sr. Original file of file/Copy # 4*

ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY)
03/28/97

PRODUCER
Johnson & Higgins of California
Casualty Department
29 Century Park East
Los Angeles, CA 90067
Tel: (310) 551-4667
0659A-GL5H OLIN

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 A	INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
COMPANY B	
COMPANY C	
COMPANY D	

INSURED
ATLANTIC RICHFIELD COMPANY, ITS
SUBSIDIARIES AND SUBSIDIARIES
INCLUDING CANYON FUEL COMPANY, LLC.
6955 SOUTH UNION PARK CENTER
SUSITE 550
MIDVALE, UTAH 84047

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	
A	GENERAL LIABILITY	ISL G1 423256-0 <i>Surface</i>	12-20-96	01-01-99	BODILY INJURY OCC	\$ N/A
	<input checked="" type="checkbox"/> COMPREHENSIVE FORM				BODILY INJURY AGG	\$ N/A
	<input checked="" type="checkbox"/> PREMISES/OPERATIONS UNDERGROUND EXPLOSION & COLLAPSE HAZARD				PROPERTY DAMAGE OCC	\$ N/A
	<input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPER				PROPERTY DAMAGE AGG	\$ N/A
	<input checked="" type="checkbox"/> CONTRACTUAL				BI & PD COMBINED OCC	\$ 2,000,000
	<input checked="" type="checkbox"/> INDEPENDENT CONTRACTORS				BI & PD COMBINED AGG	\$ 4,000,000
	<input checked="" type="checkbox"/> BROAD FORM PROPERTY DAMAGE				PERSONAL INJURY AGG	\$ N/A
	<input checked="" type="checkbox"/> PERSONAL INJURY					
	AUTOMOBILE LIABILITY				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> ALL OWNED AUTOS (Private Pass)				PROPERTY DAMAGE	\$
	<input type="checkbox"/> ALL OWNED AUTOS (Other than Private Passenger)				BODILY INJURY & PROPERTY DAMAGE COMBINED	\$
	<input type="checkbox"/> HIRED AUTOS					
	EXCESS LIABILITY				EACH OCCURRENCE	\$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS	
	<input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL			EACH ACCIDENT	\$
		<input type="checkbox"/> EXCL			DISEASE - POLICY LIMIT	\$
	OTHER				DISEASE - EACH EMPLOYEE	\$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (LIMITS MAY BE SUBJECT TO PERMIT NO. ACT/007/018.
SOLDIER CANYON MINE IS INCLUDED AS A NAMED INSURED UNDER THE REFEREN
THIS CERTIFICATE IS ISSUED IN LIEU OF CERTIFICATE DATED DECEMBER 18,

File in:
 Confidential
 Shelf
 Expandable
 Refer to Record No 0003 Date _____
 In C/ 007, 018, Incoming
 For additional information

CERTIFICATE HOLDER

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
P.O. BOX 145801
SALT LAKE CITY, UTAH 84114-5801

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL endeavor to MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL INCREASE OUR LIABILITY TO THAT OF AN AGENT OR BROKER OF AN OTHER COMPANY, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE

ACT/007/018

Green Bidders Sr. Original first of Yr/Copy # 4

ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY)
03/28/97

PRODUCER
 Johnson & Higgins of California
 Casualty Department
 29 Century Park East
 Los Angeles, CA 90067
 Tel: (310) 551-4667
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COMPANY B	
COMPANY C	
COMPANY D	

INSURED
 ATLANTIC RICHFIELD COMPANY, ITS
 SUBSIDIARIES AND SUBSIDIARIES
 INCLUDING CANYON FUEL COMPANY, LLC.
 6955 SOUTH UNION PARK CENTER
 SUSITE 550
 MIDVALE, UTAH 84047

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	
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	<input checked="" type="checkbox"/> CONTRACTUAL				BI & PD COMBINED AGG	\$ 4,000,000
	<input checked="" type="checkbox"/> INDEPENDENT CONTRACTORS				PERSONAL INJURY AGG	\$ N/A
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	<input checked="" type="checkbox"/> PERSONAL INJURY					
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	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per accident)	\$
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	<input type="checkbox"/> ALL OWNED AUTOS (Other than Private Passenger)				BODILY INJURY & PROPERTY DAMAGE COMBINED	\$
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	EXCESS LIABILITY				EACH OCCURRENCE	\$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS	
	<input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL <input type="checkbox"/> EXCL			EACH ACCIDENT	\$
					DISEASE - POLICY LIMIT	\$
					DISEASE - EACH EMPLOYEE	\$
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (LIMITS MAY BE SUBJECT TO RETENTIONS)
 SOLDIER CANYON MINE IS INCLUDED AS A NAMED INSURED UNDER THE REFERENCED POLICY(S) AS RESPECTS TO PERMIT NO. ACT/007/018.
 THIS CERTIFICATE IS ISSUED IN LIEU OF CERTIFICATE DATED DECEMBER 18, 1996.

CERTIFICATE HOLDER
 STATE OF UTAH
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING
 1594 WEST NORTH TEMPLE, SUITE 1210
 P.O. BOX 145801
 SALT LAKE CITY, UTAH 84114-5801

CANCELLATION
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IN NO CASE WAIVE OR DIMINISH THE LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
 AUTHORIZED REPRESENTATIVE

