

company policy or state law, and the purpose of reclamation.

Reporting of Threatened or Endangered Species

Reporting of threatened or endangered wildlife is a requirement of OSM and DOGM regulations. If suspected sightings are made, the applicant will contact appropriate state and federal agencies.

Impact to Raptor Nests through Subsidence

If significant subsidence occurs, or is about to occur, during the April to July period of any year, a nesting survey will be completed to determine if any nesting raptors are in the potential area of impact. If active nests are found, the Division of Wildlife Resources and DOGM will be notified, so as to ensure that all appropriate actions are taken.

Construction of Power Lines

The applicant will request that power lines be constructed per OSM and DOGM regulations in accordance with guidelines set forth in Environmental Criteria for Electric Transmission Systems (USDA, 1970) or with alternate guidelines approved by the regulatory authority.

Impact to Livestock and Wildlife Through Subsidence

In the unlikely event that livestock are killed or injured as a result of surface subsidence, the Applicant will adequately compensate said owner. Furthermore, any subsidence caused surface cracks which are of a size or nature to cause injury or death to livestock or wildlife will be repaired by the Applicant.

Location and Operation of Haul and Access Roads

If, after mining activity commences, an area is identified as apparently causing undue mortality to wildlife, then appropriate mitigation measures will be taken such as erecting "deer crossing" signs, or reducing speed limits. UDWR has determined that most of the mule deer wintering in the vicinity of the project area migrate via canyons west of Fish Creek. Only a few animals utilize Fish Creek or Dugout Canyon as migratory routes.

Regulation of Firearms and Activity Within Mine Boundaries

State and federal wildlife regulations will be enforced on the Applicant's properties within the permit area.

The presence of unauthorized people and companion animals is prohibited in areas controlled by the Applicant. Harassment of wildlife by excessive observation, disturbance of nesting birds and young animals, and chasing wildlife in vehicles (such as snowmobiles), will be discouraged by the Applicant. The unauthorized use of off-road vehicles on land controlled by the Applicant will be prohibited.

Replacement of High Value Habitat

Following mining, revegetation will be primarily concerned with replacing the pre-mining habitats. High value habitats including pinion-juniper, and riparian areas will be restored to pre-mining or better condition.

Regulation of Pesticides

Refer to Section 3.41.22-24.

Windy Gap Process as it Applies to Existing Coal Mines in the Upper Colorado River Basin

The Soldier Canyon Mine has been in temporary cessation since March 25, 1999. There are no employees at the site and there are no mining operations to consume water (January 2005).

Mining Consumption; Ventilation Consumption/Evaporation: None

Coal Producing Consumption/Coal Moisture Loss: None

Sediment Pond Evaporation: Not Applicable

Spring and Seeps Effects From Subsidence: Not Applicable

Alluvial Aquifer Abstractions into Mines: Not Applicable

Alluvial Well Pumpage; Deep Aquifer Pumpage: Not Applicable

Postmining Inflow to Workings: Not Applicable

Direct Diversions; Dust Suppression : Not Applicable

Mine Discharge: None

- 3.40 Reclamation Plan
- 3.41 Revegetation Plan

Introduction

The following revegetation plan has been developed to address all disturbed areas requiring reseeding associated with the Soldier Canyon Mine. At the central mine facilities area, this includes all disturbances with the exception of those associated with Soldier Creek Road and the REI properties (Exhibit 5.21-1). At the sewage lagoons area, all disturbances will be revegetated with the exception of the access roads. These roads will be returned to public use and access.

The short-term goal of this revegetation plan is the immediate stabilization of the disturbed sites through erosion control. This objective will be achieved through controlled grading practices, proper seedbed preparation to encourage rapid plant establishments, inclusion of rapidly establishing species in seed mixtures to be planted and mulch applications.

The long-term goals are to establish useful, productive range and wildlife habitat and create an aesthetically acceptable site. These goals will be attained through the selection and placement of desirable and productive plant species, the return of the best available seedbed material to graded areas, and a commitment to monitor and maintain revegetated areas throughout the bond liability period.

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The angle at which the coal bed is inclined from the horizontal (dip) prevents any gravity discharge of water from the surface entries.

7.31.6 Stream Buffer Zones

As shown on Exhibit 5.21-1, several areas of the central mine facilities lie within 100 feet of Soldier Creek, a perennial stream. Specifically, these areas include the No. 2 exhaust fan, main storage and facility yard, coal handling facilities, parking lot, sediment pond and a small topsoil storage area. The Applicant has provided protection to the stream adjacent to these facilities, via the installation of approximately 885 feet of stream culvert and sediment control measures (Exhibit 7.32-1). These preventative measures will ensure that the water quantity and quality or other environmental resources of the stream are not adversely affected.

The implementation of these activities were approved by the Division through permit amendments and a stream alteration permit (Appendix 10) through the Division of Water Rights. All stream channel diversions comply with the provisions of R645-301-742.300.

The areas not to be disturbed will be designated as a buffer zone, and will be properly marked.

7.31.7 Cross Sections and Maps

Cross sections and maps, as required for R614-301-731.700, are presented within this document on exhibit 7.21-1, 7.21-2 and 7.24-1. Other relevant cross sections on maps are discussed in Section 5. See also Sections 7.12 and 7.24.

7.31.8 Water Rights and Replacement

OSM Regulation 30 CFR 783.17 requires that alternative sources of water supply be identified if mining impacts could result in the contamination, diminution, or interruption of existing sources. While flow reduction and significant hydrologic impacts from mining related activities, including subsidence, is not expected, should such a loss be documented, mitigation measures will be taken after consultation with the Division of Oil, Gas and Mining and other agencies as necessary.

The Permittee presently owns sufficient water rights in the Pine Canyon, Dugout Canyon, Pace Canyon and Clark Valley areas (M&RP C/007/039, Plate 7-2 and Appendix 7-1) to assure replacement if water sources are impacted by mining. The Permittee commits to replace the water supply of any land owner if such a water supply proves to be contaminated, diminished or interrupted as a result of the Solider Canyon mining operations.

~~In the event that the monitoring program identifies an impact to the water source in the permit and adjacent areas, the replacement of water rights will be addressed as described in Section 7.27 of this application. A listing of water rights for the Soldier Creek tract and for the Alkali Creek tract expansion may be found in Table 7.24-2 of this document.~~

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CHAPTER 8
BONDING AND INSURANCE

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
810 BONDING DEFINITIONS AND DIVISION RESPONSIBILITIES	8-1
820 REQUIREMENT TO FILE A BOND	8-1
830 DETERMINATION OF BOND AMOUNT	8-1
840 GENERAL TERMS AND CONDITIONS OF THE BOND	8-2
850 BONDING REQUIREMENTS FOR UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES	8-2
860 FORMS OF BONDS	8-3
870 REPLACEMENT OF BONDS	8-3
880 REQUIREMENTS TO RELEASE PERFORMANCE BONDS	8-3
890 TERMS AND CONDITIONS FOR LIABILITY INSURANCE	8-3

CHAPTER 8
BONDING AND INSURANCE ~~{R614-301-800}~~

810 BONDING DEFINITIONS AND DIVISION RESPONSIBILITIES

This chapter provides information regarding the bonding for coal mining and reclamation operations at the Soldier Canyon Mine (SCM). CFC will have on file with the Division a bond or bonds made payable to the Division for performance of all the requirements of the State Program.

8.11 ~~Terms Used~~

8.12 through 8.12.700 ~~Division Responsibilities - Bonding~~

820 REQUIREMENT TO FILE A BOND

The entire disturbed area is bonded. This area is described in Exhibit A of the current reclamation agreement. The current bond is filed on the form provided by the Division and is for an amount equal to or exceeding the bond amount previously determined by the Division under R614-301-830. The current bond form and Reclamation Agreement are presented in Appendix 8-A. A copy of the bond is located in Appendix 1-A.

~~Soldier Creek Coal Company~~ **SCM** currently uses, and will continue to use, a surety bond. ~~to satisfy~~

~~R614-301-800. 8.20 through 8.20.133 Requirement to File a Bond~~

~~8.20.200 through 8.20.352 Form of the Performance Bond~~

830 DETERMINATION OF BOND AMOUNT

The new bond amount is to be determined by the Division. The reclamation cost calculations are for the entire mine disturbed area. ~~All amounts used are in 1991 dollars.~~ The total reclamation liability

has been determined to be ~~\$3,116,500~~ \$1,593,000 including a 10% contingency amount. See **Section 5.42 Appendix 1-A** for the detailed calculations of the reclamation cost.

~~8.30.200 through 8.30.300~~ Minimum Bond Amount

~~After the Division has had an opportunity to review this permit application and determine the bond amount based on the revised calculations of the reclamation cost, a new Reclamation Agreement and bond for the amount determined by the Division will be provided by Soldier Creek Coal Company.~~

~~8.30.400 through 8.30.500~~ Adjustment of Amount

~~Soldier Creek Coal Company~~ **SCM** agrees to re-evaluate the performance bond whenever the permit acreage is revised, standards of reclamation change, or when the cost of future reclamation work changes. The bond amount will be adjusted to reflect these changes as determined by the Division.

~~8.40 through 8.40.520~~ General Terms and Conditions of the Bond

840 GENERAL TERMS AND CONDITIONS OF THE BOND

The bond held by ~~Soldier Creek Coal Company~~ **SCM** meets the General Terms and Conditions.

850 BONDING REQUIREMENTS FOR UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES

~~8.50 through 8.50.320~~ Bonding Requirements for Underground

The bond will remain in full force until the reclamation is completed as outlined in the approved Mining and Reclamation Plan. It is not anticipated that the bond will be fully released until the period of extended responsibility for successful revegetation has expired.

860 FORMS OF BONDS

~~8.60 through 8.60.380~~ Forms of Bonds

The ~~Soldier Creek Coal Company~~ **SCM** bond is a surety bond.

870 REPLACEMENT OF BONDS

~~8.70 through 8.70.200~~ Replacement of Bonds

If ~~Soldier Creek Coal Company~~ **SCM** replaces its current bond the replacing bond will provide equivalent coverage and conditions.

880 REQUIREMENTS TO RELEASE PERFORMANCE BONDS

~~8.80 through 8.80.932~~ Requirements to Release Performance Bonds

~~Soldier Creek Coal Company~~ **SCM** commits to meet the requirements of ~~R64514-301-880. through R614-301-880.932.~~

890 TERMS AND CONDITIONS FOR LIABILITY INSURANCE

~~8.90 through 8.90.400~~ Terms and Conditions for Liability

A copy of ~~Soldier Creek Coal Company's~~ **SCM** certificate of liability insurance is contained in Section 1.17.1 and Appendix 8-A.

Appendix 8-A

Add to the back of the existing information

CHAPTER 8
BONDING AND INSURANCE

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
810 BONDING DEFINITIONS AND DIVISION RESPONSIBILITIES	8-1
820 REQUIREMENT TO FILE A BOND	8-1
830 DETERMINATION OF BOND AMOUNT	8-1
840 GENERAL TERMS AND CONDITIONS OF THE BOND	8-2
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860 FORMS OF BONDS	8-2
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BONDING AND INSURANCE

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This chapter provides information regarding the bonding for coal mining and reclamation operations at the Soldier Canyon Mine (SCM). CFC will have on file with the Division a bond or bonds made payable to the Division for performance of all the requirements of the State Program.

820 REQUIREMENT TO FILE A BOND

The entire disturbed area is bonded. This area is described in Exhibit A of the current reclamation agreement. The current bond is filed on the form provided by the Division and is for an amount equal to or exceeding the bond amount previously determined by the Division under R614-301-830. The current bond form and Reclamation Agreement are presented in Appendix 8-A. A copy of the bond is located in Appendix 1-A.

SCM currently uses, and will continue to use, a surety bond.

830 DETERMINATION OF BOND AMOUNT

The new bond amount is to be determined by the Division. The reclamation cost calculations are for the entire mine disturbed area. The total reclamation liability has been determined to be \$1,593,000 including a contingency amount. See Appendix 1-A for the detailed calculations of the reclamation cost.

SCM agrees to re-evaluate the performance bond whenever the permit acreage is revised, standards of reclamation change, or when the cost of future reclamation work changes. The bond amount will be adjusted to reflect these changes as determined by the Division.

840 GENERAL TERMS AND CONDITIONS OF THE BOND

The bond held by SCM meets the General Terms and Conditions.

850 BONDING REQUIREMENTS FOR UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES

The bond will remain in full force until the reclamation is completed as outlined in the approved Mining and Reclamation Plan. It is not anticipated that the bond will be fully released until the period of extended responsibility for successful revegetation has expired.

860 FORMS OF BONDS

The SCM bond is a surety bond.

870 REPLACEMENT OF BONDS

If SCM replaces its current bond the replacing bond will provide equivalent coverage and conditions.

880 REQUIREMENTS TO RELEASE PERFORMANCE BONDS

SCM commits to meet the requirements of R645-301-880.

890 TERMS AND CONDITIONS FOR LIABILITY INSURANCE

A copy of SCM certificate of liability insurance is contained in Appendix 8-A.

Appendix 8-A

Add to the back of the existing information

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
CHI-000333520-08

PRODUCER

Marsh USA Inc.
800 Market Street, Suite 2600
St. Louis, MO 63101-2500

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

COMPANIES AFFORDING COVERAGE

- COMPANY
A FEDERAL INSURANCE CO
- COMPANY
B
- COMPANY
C
- COMPANY
D

001950-state-GL8-04-05

Y

INSURED

Canyon Fuel Company, LLC
6955 Union Park Center
Suite 540
Midvale, UT 84047

COVERAGES

This certificate supersedes and replaces any previously issued certificate for the policy period noted below. 6

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE 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	3711-00-10	07/31/04	07/31/05	GENERAL AGGREGATE \$ * 500,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	****\$500,000 general aggregate			PRODUCTS - COMP/OP AGG \$ 500,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	****per location****			PERSONAL & ADV INJURY \$ 300,000
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 300,000
	<input checked="" type="checkbox"/> Includes XCU				FIRE DAMAGE (Any one fire) \$ 50,000
					MED EXP (Any one person) \$ 5,000
					COMBINED SINGLE LIMIT \$
	AUTOMOBILE LIABILITY				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> ALL OWNED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> SCHEDULED AUTOS				
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY:
					EACH ACCIDENT \$
					AGGREGATE \$
	EXCESS LIABILITY				EACH OCCURRENCE \$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE \$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU- TORY LIMITS OTH- ER
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL <input type="checkbox"/> EXCL			EL EACH ACCIDENT \$
					EL DISEASE-POLICY LIMIT \$
					EL DISEASE-EACH EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
Permit Soldier Canyon Mine ACT/007/018

CERTIFICATE HOLDER

Utah Dept. Of Natural Resources
Division of Oil, Gas and Mining
1594 W. North Temple
Suite 1210
Salt Lake City, UT 84114-5801

CANCELLATION

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL SEND BY MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN.

MARSH USA INC.
BY: Alfred A. Peterfeso

Alfred A. Peterfeso

MM1(3/02)

VALID AS OF: 07/20/04