



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

November 6, 1997

Denise Dragoo, Resident Agent
Van Cott, Bagley, Cornwall and McCarthy
50 South Main Street, Suite 1600
Salt Lake City, Utah 84111-1495

Re: Permit Transfer Approved, Horizon Mine, From Horizon Coal Corporation to
Horizon Mining, LLC, ACT/007/020, Folder #3, Carbon County, Utah

Dear Ms. Dragoo:

The permit for the Horizon Mine is approved to be transferred from Horizon Coal Corporation to Horizon Mining, LLC. Please have both of the permits signed for this transfer and return one to the Division.

Additionally, please submit five copies of the required legal and financial information that was submitted and approved as part of the transfer for incorporation into the mining and reclamation plan by December 8, 1997.

If you have any questions, please call me or Pamela Grubaugh-Littig.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lowell P. Braxton'.

Lowell P. Braxton
Acting Director

Enclosure

cc: Vicky Bailey, Earthfax
Bill Malencik, PFO

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT TRANSFER**

Horizon Mining, LLC
Horizon Mine
ACT/007/020
Carbon County, Utah

November 6, 1997

CONTENTS

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- * Permitting Chronology
- * Findings
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- * Section 510 (c) Finding, November 4, 1997
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ADMINISTRATIVE OVERVIEW

Horizon Mining, LLC
Horizon Mine
ACT/007/020
Carbon County, Utah

November 6, 1997

PROPOSAL

Horizon Mining, LLC submitted an application to transfer the permit rights for the Horizon Mine on September 29, 1997. The name of the permittee is proposed to be changed from Horizon Coal Corporation to Horizon Mining, LLC. Ownership and control was revised to be Horizon Coal Corporation (84%) and Tokyo Boeki (U.S.A.) Inc. (16%).

RECOMMENDATION

All of the information submitted by Horizon Mining, LLC has been found adequate. The permit transfer was published in the Price Sun Advocate on September 30, 1997. A 510 (c) clearance was verified on November 4, 1997 with an "issue" recommendation. An adequate bond and liability insurance have been posted by Horizon Mining, LLC. It is, therefore, recommended that approval be given for the transfer of the permit rights of the Horizon Mine to Horizon Mining, LLC.

PERMITTING CHRONOLOGY

Horizon Mining, LLC
Horizon Mine
ACT/007/020
Carbon County, Utah

November 6, 1997

September 25, 1997	Horizon Mining, LLC. submits a permit transfer application for the Horizon Mine.
September 30, 1997	The permit transfer notice is published in the <u>Price Sun Advocate</u> .
October 31, 1997	The bond rider is received at the Division and signed by the Director.
November 4, 1997	An OSM "issue" recommendation for Horizon Mining, LLC and Horizon Coal Corporation.
November 6, 1997	Permit Transfer.

FINDINGS

Horizon Mining, LLC
Horizon Mine
ACT/007/020
Carbon County, Utah

November 6, 1997

The applicant for transfer of permit rights, Horizon Mining, LLC. has committed to continue to conduct the operation involved in full compliance with the terms and conditions of the permit issued by the Division on October 10, 1996. Findings of the original Decision Document are still pertinent and satisfy the requirement of R645-300-133. Horizon Mining, LLC has submitted a bond sufficient to cover reclamation costs in the permit area.

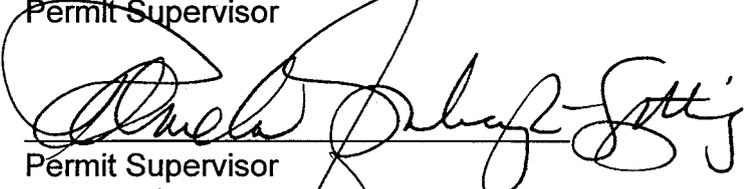
The following findings specifically apply to the application for transfer of permit rights:

1. Division records and the results of the 510 (c) clearance check, show that neither Horizon Coal Corporation, Horizon Mining, LLC nor any affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violation of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act.
2. The State of Utah, the Division has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R645-300-133.100.
3. The applicant has the legal right to enter and begin coal mining activities at the Horizon Mine. (R645-300-133.300)
4. Horizon Coal Corporation and Horizon Mining, LLC have paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870. (R645-300-133.730)
5. Procedures for public participation have complied with the requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate on September 30, 1997 as required by R645-303-322.

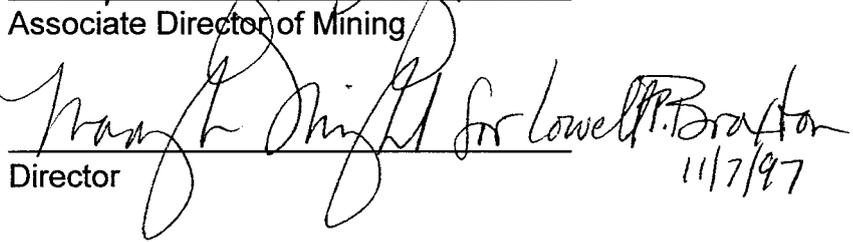
Findings
Permit Transfer
Horizon Mine
ACT/007/020
November 6, 1997

6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of \$209,200. (Redland Insurance Company, bond #RED1043116) and Insurance (Federal Insurance Company, Policy Number 3710-46-32 (R645-303-342).


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

11/7/97

NON-FEDERAL

PERMIT
ACT/007/020

November 6, 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

This permit, **ACT/007/020**, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Horizon Mining, LLC
12530 Consumer's Road
Helper, Utah 84526
(801) 650-1349

for the Horizon No. 1 Mine. A Performance Bond is filed with the Division in the amount of \$209,200.00, payable to the State of Utah, Division of Oil, Gas and Mining.

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 underground coal mining activities on the following described lands within the permit area at the Horizon No. 1 Mine situated in the State of Utah, Carbon County, and located in:

Township 13 South, Range 8 East, SLM

Section 8: SE1/4SW1/4, SW1/4NW1/4SW1/4SE1/4,
W1/2SW1/4SW1/4SE1/4

Section 17: NW1/4NE1/4, S1/2NW1/4, N1/2NW1/4SW1/4,
NE1/4SW1/4, NW1/4SE1/4, N1/2SE1/4SW1/4,
N1/2SW1/4SE1/4, W1/2W1/2SW1/4NE1/4

This legal description is for the permit area of the Horizon No. 1 Mine and the federal coal right of way, for a total of 317.5 acres. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property subject to the conditions of all 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 expires on October 11, 2001.

Sec. 5 **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. 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 R645-303-300.

Sec. 6 **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), 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, R645-400-220, 30 CFR 842.13 and R645-400-110;

(b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a 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 approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 **ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

(a) Any accelerated or additional monitoring necessary to determine the nature 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 the Division 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 R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS - 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 with 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 the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

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 the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: _____

Date: _____

Lowell F. Braxton

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

PERMITTEE (Authorized Representative)

By: _____

Date: _____



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

November 4, 1997

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

RE: Compliance Review for Section 510 (c) Findings, Horizon Mining, LLC and Horizon Coal Corporation, Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Horizon Coal Corporation or Horizon Mining, LLC. Horizon does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Entity Evaluation

Applicant Violator System

04-Nov-1997 10:48:48

State : Permit No : Appl No :
 Applicant : 137728(HORIZON COAL CORP) Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION : ISSUE 11/04/1997
 PREVIOUS SYSTEM RECOMMENDATION : ISSUE 10/10/1997

BASED ON COMMON ENTITIES EXCLUDED

ENTITIES EXCLUDED ON ASSOCIATED VIOLATIONS Records retrieved: 61

ST	PERMNO	SEQ	VTTYPE	VIOLNO	VDATE	ENTID
KY	151114202S	0	AML		03/31/1979	066360
KY	151114202S	0	AML		06/30/1979	066360
KY	151114202S	0	AML		09/30/1979	066360
KY	151114202S	0	AML		12/31/1979	066360

VIOL(F4)

PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

Entity Evaluation

Applicant Violator System

04-Nov-1997 10:49:14

State : Permit No : Appl No :
 Applicant : 144782(HORIZON MINING LLC) Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION : ISSUE 11/04/1997
 PREVIOUS SYSTEM RECOMMENDATION :

BASED ON COMMON ENTITIES EXCLUDED

ENTITIES EXCLUDED ON ASSOCIATED VIOLATIONS Records retrieved: 66

ST	PERMNO	SEQ	VTTYPE	VIOLNO	VDATE	ENTID
KY	151114202S	0	AML		03/31/1979	066360
KY	151114202S	0	AML		06/30/1979	066360
KY	151114202S	0	AML		09/30/1979	066360
KY	151114202S	0	AML		12/31/1979	066360

VIOL(F4)

PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 30th day of September, 1997 and that the last publication of such notice was in the issue of such newspaper dated the 30th day of September, 1997.

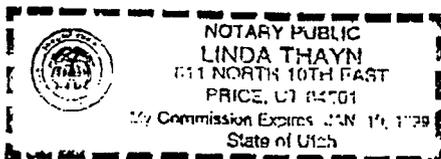
Kevin Ashby
Kevin Ashby - Publisher

Subscribed and sworn to before me this 30th day of September, 1997.

Linda Mayn

Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$46.56



NOTICE

Notice is hereby given that HORIZON COAL CORPORATION ("HCC"), permittee of the Horizon Coal Mine, has submitted an application to the Division of Oil, Gas & Mining under the provisions of R645-303-300 for transfer of Permit NO. ACT/007/020 ("Permit"), to Horizon Mining, LLC ("Horizon Mining"), whose address is P.O. Box 999, 12530 Consumer's Road, Helper, Utah 84526. Upon approval of the Permit transfer, the Permit and Permit area will be owned or controlled by Horizon Mining, LLC, a Utah limited liability company. The permit area is located in Carbon County, Utah, and is described as follows:

Township 13 South, Range 8 East, S1 M, 1 West

Section 8: SE1/4 SW1/4, SW1/4 NW1/4 SW1/4 SE1/4, W1/2 SW1/4 SW1/4 SE1/4,

Section 17: NW1/4 NE1/4, S1/2 NW1/4, N1/2 NW1/4 SW1/4, NE1/4 SW1/4, NW1/4 SE1/4, N1/2 SE1/4 SW1/4, N1/2 SW1/4 SE1/4, W1/2 W1/2 SW1/4 NE1/4

Containing 318 acres more or less.

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah, Department of Natural Resources

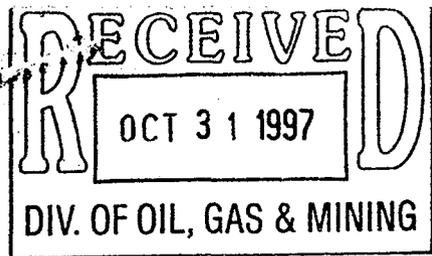
Division of Oil, Gas & Mining

1594 West North Temple, Suite 1210

P.O. Box 145801

Salt Lake City, Utah 84114-5801

Published in the Sun Advocate September 20, 1997



PERMIT NO. 0071020

RIDER

*True copy file
Copy # 4: PAM*

To be attached to Bond No. RED1043116 issued by

REDLAND INSURANCE COMPANY

(As Surety) in the amount of TWO HUNDRED NINE THOUSAND TWO HUNDRED AND 00/100--

(\$ 209,200.00)

Dollars, effective the 9TH day of MAY, 19 97

ON BEHALF OF HORIZON COAL CORPORATION

IN FAVOR OF STATE OF UTAH, DIVISION OF OIL, GAS & MINING

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Principal and the Surety that:

THE PRINCIPAL NAME IS HEREBY AMENDED TO:
HORIZON MINING, LLC

All other items, limitations and conditions of said bond except as herein expressly modified shall remain unchanged.

This rider shall be effective as of the 15TH day of OCTOBER, 19 97

Signed, sealed and dated this the 15TH day of OCTOBER, 19 97

HORIZON MINING, LLC Principal

BY: [Signature]

REDLAND INSURANCE COMPANY Surety

BY: [Signature] JANICE FENNELL Attorney-in-Fact

Accepted: State of Utah, Div Oil, Gas & Mining
by [Signature]

REDLAND INSURANCE COMPANY
POWER OF ATTORNEY

RED 1043150

KNOW ALL MEN BY THESE PRESENTS, THAT REDLAND INSURANCE COMPANY does hereby make, constitute and appoint **Richard G. Anderson*Richard C. Rose*Frank A. Word*Janice Fennell*Tracy Tucker** its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf Surety bonds, undertakings and other instruments of similar nature as follows: **all written instruments in an amount not to exceed \$2,000,000**

This Power of Attorney is granted and sealed under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 18th day of October, 1993.

"RESOLVED, that the Chairman of the Board, the President, an Executive Vice President or a Vice President be, and that each of them is, authorized to execute Powers of Attorney qualifying the Attorney-in-Fact named in the given Power of Attorney to execute in behalf of the Company, bonds, undertakings and other instruments of similar nature, and said officers may rename any such Attorney-in-Fact or agent and revoke any Power of Attorney previously granted to such person.

FURTHER RESOLVED, that an Assistant Secretary be, and that each or any of them hereby is, authorized to attest the execution of any such Power of Attorney, and to attach thereto the seal of the Company.

FURTHER RESOLVED, that the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with respect to any bond, undertaking or instruments of similar nature to which it is attached."

IN WITNESS WHEREOF, REDLAND INSURANCE COMPANY has caused its official seal to be hereunto affixed, and these presents to be signed by its President this 18th day of October, 1993.

Attest:

PETER A. KNOLLA
Secretary

REDLAND INSURANCE COMPANY

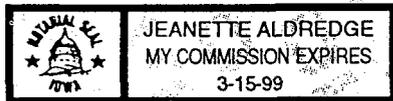
By

JOHN P. NELSON
President



STATE OF IOWA)
) s.s.: Council Bluffs
COUNTY OF POTTAWATTAMIE)

On this 18th day of October, 1993 before me personally came John P. Nelson, to me known, who being by me duly sworn, did depose and say that he is President of REDLAND INSURANCE COMPANY the corporation described in and which executed the above instrument; that he knows the seal of the said corporation, that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.


JEANETTE ALDREDGE
NOTARY PUBLIC
My Commission Expires March 15, 1999

I, the undersigned, Vice President of REDLAND INSURANCE COMPANY an Iowa corporation, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney, is now in force.

Signed and sealed at the City of Council Bluffs, in the State of Iowa, dated the 15TH day of OCTOBER, 19 97.

ROGER D. STORDAHL
Senior Vice President

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON GREY SHADED BACKGROUND WITH A RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK-HOLD AT AN ANGLE TO VIEW. IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT YOU ARE URGED TO CONTACT REDLAND INSURANCE COMPANY AT C/O 80 OLD STATE HOUSE SQUARE, P. O. BOX 231496, HARTFORD, CONNECTICUT 06123-1496 OR CALL OUR POWER OF ATTORNEY CUSTODIAN AT 1-800-394-7806.

Exhibit "B" - BONDING AGREEMENT
SURETY BOND

Permit Number: 007/020

**SURETY BOND
(NON-FEDERAL COAL)
—oo00oo—**

THIS SURETY BOND entered into and by and between the undersigned **PERMITTEE/PRINCIPAL**, 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 (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement ("**OSM**") in the penal sum of TWO HUNDRED-NINE THOUSAND, TWO HUNDRED DOLLARS (\$209,200.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Permit Area described in Exhibit "A" of that certain Reclamation Agreement, dated the 11th day of July, 1997, by the between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE/PRINCIPAL**'s reclamation obligation have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ann. § 40-12-2, et seq. (the **ACT**), the Surface Mining Control and Reclamation Act ("**SMCRA**") and all lawful regulations adopted under the authority of those statutes and the approved Permit (which is based upon the approved Permit Application Package.)

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/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** may sustain as a result of the **PERMITTEE/PRINCIPAL**'s failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL** and to the **DIVISION** and **OSM** 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.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the Act and the applicable regulations.

The terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT** (effective date of _____), incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B."

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 9th day of May, 19 97.

HORIZON COAL CORPORATION

BY: [Signature]
TITLE: VP - Secretary

STATE OF Kentucky)
COUNTY OF Pike)

ss:

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has through TODD KISCADEN, its SECRETARY-VP, authorized to act on its behalf, set its signature and seal this 9th day of May, 19 97.

Subscribed and sworn to before me this 9th day of May, 19 97.

VANESSA STAMPER Print Name
Vanessa Stamped Notary Public

My Commission Expires: 6-13, 19 99.

REDLAND INSURANCE COMPANY

BY: [Signature]
TITLE: JANICE FENNELL, ATTORNEY-IN-FACT

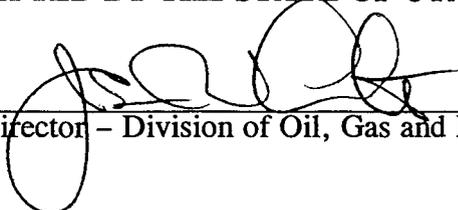
IN WITNESS WHEREOF, the **SURETY** has through JANICE FENNELL, its ATTORNEY-IN-FACT, authorized to act on its behalf, set its signature and seal this 9th day of JULY, 19 97.

Subscribed and sworn to before me this 9th day of JULY, 19 97.

ELIZABETH A. HARTZBERG Print Name
Elizabeth A. Hartzberg Notary Public

My Commission Expires: NOVEMBER 29, 19 99.

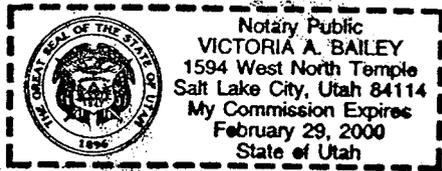
SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:



Director - Division of Oil, Gas and Mining

IN WITNESS WHEREOF, the UTAH DIVISION OF OIL, GAS AND MINING has through JAMES CARTER, its Director, authorized to act on its behalf, set its signature and seal this 11th day of July, 1997.

Subscribed and sworn to before me this 11th day of July, 1997.



Victoria A. Bailey

Print Name
Victoria A. Bailey

Notary Public

My Commission Expires: February 29, 19
2000

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.

ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY)
9/26/97

PRODUCER
Acordia ReagerHarris
Lexington Green Two, Suite 410
3201 Nicholasville Road
Lexington, KY 40503-3311
606-273-6600

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.

INSURED
Horizon Mining, LLC
c/o Commonwealth Coal
5413 Patterson Drive, Ste. 205
Richmond, VA 23226

COMPANIES AFFORDING COVERAGE

COMPANY	A Federal Insurance Company
COMPANY	B
COMPANY	C
COMPANY	D

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	3710-46-32	4/01/97	4/01/98	GENERAL AGGREGATE \$ 200000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OP AGG \$ 100000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 100000
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 100000
					FIRE DAMAGE (Any one fire) \$ 10000
					MED EXP (Any one person) \$ 10000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED 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				STATUTORY LIMITS \$
	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
Permit #007/020, Horizon Mine #1, Certificate holder is listed as additional insured and lesser as their interest may appear. This policy includes coverage for Property Damage & Personal Injury resulting from use of explosives.

CERTIFICATE HOLDER
Utah Dept of Natural Resources
Div. of Oil, Gas & Mining
1594 W. North Temple, Ste 1210
P.O. Box 195801
Salt Lake City, UT 84114-5801

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL SEND BY MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAKE SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE: *Richard W. Hatfield* 091314000