0029

Permit Binder

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)

July 11, 1997

Denise Dragoo
Resident Agent for Horizon Coal Corporation
c/o Van Cott Bagley, Cornwall and McCarthy
50 South Main Street, Suite 1600
Salt Lake City, Utah 84145-0340

Re: Permit Transfer, Horizon Coal Corporation, Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

Dear Ms. Dragoo:

I am enclosing the Decision Document for the transfer of the permit for the Horizon Mine. Please have both original permits signed and return one to the Division.

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

Yours very truly,

James W. Carter
Director

Enclosure:
cc: Ranvir Singh

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

Horizon Coal Corporation
Horizon Mine
ACT/007/020
Carbon County, Utah

July 11, 1997

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ADMINISTRATIVE OVERVIEW

Horizon Coal Corporation
Horizon Mine
ACT/007/020
Carbon County, Utah

July 11, 1997

PROPOSAL

Horizon Coal Corporation (owned by K & K Holding Co. Inc.) submitted an application to transfer the permit rights for the Horizon Mine on April 7, 1997. Prior to that date, a letter dated March 27, 1997 was submitted by Horizon Coal Corporation (owned by Cumberland Resources Corporation) notifying the Division that a stock transfer had taken place transferring all of the stock from Cumberland Resources Corporation to K & K Holding Co. Inc. The Division notified Brad Bourquin, then representative of both owners that a permit transfer would be required. This permit transfer application was submitted on April 7, 1997.

RECOMMENDATION

All of the information submitted by Horizon Coal Corporation has been found adequate. The permit transfer was published in the Price Sun Advocate on April 10, 15, 17, 22, and 24 1997. The Division called Brad Bourquin on April 21, 1997 to notify Horizon that the permit transfer notification is required to be published only once. He said that the notice was cancelled for future dates that had been noted in earlier public notices, i.e. April 10, 15, 17, 22, 24, 29 and May 1, 6, 8 and 13, 1997. One comment letter was received on June 12, 1997. This letter outlined objections to the permit transfer because a contract to use land for mining-related activity had not been negotiated with the landowner and the company.

An OSM-AVS recommendation was verified on May 8, 1997 with a "conditional issue" recommendation as well as on June 9, 1997. This "conditional issue" represented a Settlement Agreement that was entered into by White Oak Mining and Construction Co., Inc and the Office of Surface Mining Reclamation and Enforcement, United States, Department of the Interior for failure to pay reclamation fees on March 26, 1997. The final payment in this Settlement Agreement is due September 30, 1997.

Adequate liability insurance was posted by Horizon Coal Corporation and received on May 8, 1997. A surety was posted in the amount of $209,200 and the Reclamation Agreement signed and submitted on July 11, 1997.

An objection was filed by Mr. Robert Peirce on June 12, 1997 for not being consulted on the use of the water from the Sweet's Pond for the Horizon Mine. This objection led to a permit change by Horizon Mine to not use the water from the Sweet's Pond and use another source. This objection was settled, see letter dated June 24, 1997 and July 3, 1997.

It is, therefore, recommended that approval be given for the transfer of the permit rights to Horizon Coal Corporation (owned by K & K Holding Co. Inc.)

PERMITTING CHRONOLOGY

Horizon Coal Corporation
Horizon Mine
ACT/007/020
Carbon County, Utah

June 18, 1997

March 27, 1997	Cumberland Resources Corporation submits a letter to the Division that states, "Effective March 27, 1997, Cumberland Resources Corporation will transfer ownership of 100% of its stock in the permittee to K and K Holding Company, Inc., whose officers are Scott Kiscaden, President and Todd Kiscaden, Vice President."
April 1, 1997	The Division notifies Brad Bourquin, Horizon Coal Corporation representative, that a permit transfer application is required.
April 7, 1997	Horizon Coal Corporation submits a permit transfer application.
April 10, 1997	The permit transfer notice is published in the Price Sun Advocate. This notice was required only once, but was noticed that the publication dates would be April 10, 15, 17, 22, 24, 29 and May 1, 6, 8 and 13, 1997.
April 21, 1997	The Division advises Brad Bourquin, permittee and applicant representative by telephone of permit transfer deficiencies and requirement to notice only once to advertise filing of permit transfer.
April 23, 1997	Horizon Coal Corporation submits a response to the permit transfer deficiency document.
April 24, 1997	Last publication date in Sun Advocate.
May 8, 1997	Certificate of Insurance received. Division notified Vicky Bailey (Earthfax Engineering) that this permit transfer cannot be approved until June 12, 1997, 30 days after the last publication.
May 9, 1997	An OSM "conditional issue" recommendation for K and K Holding Co.

June 12, 1997	Objection letter to this permit transfer received at the Division.
June 17, 1997	Objection letter faxed to resident agent of Horizon Coal Corporation.
June 18, 1997	Horizon Coal Corporation submits a permit change that does not use the Sweet's Pond as a water source.
June 24, 1997	Letters are sent by the Division to Robert Peirce and Horizon Coal Corporation documenting that the objection has been settled.
July 3, 1997	Pamela Grubaugh-Littig at the Division discusses the resolution of the permit transfer objection with Lisa Peirce, the spouse of Robert Peirce. This is documented in a letter to Lisa Peirce.
July 11, 1997	The original bond documents are received at the Division and signed by the Director.
July 11, 1997	Permit Transfer.

FINDINGS

Horizon Coal Corporation
Horizon Mine
ACT/007/020
Carbon County, Utah

July 11, 1997

The applicant for transfer of permit rights, Horizon Coal Corporation owned by K & K Holding Co., Inc. has committed to continue to conduct the operation involved in full compliance with the terms and conditions of the permit issued to Horizon Coal Corporation owned by Cumberland Resources Corporation by the Division on October 10, 1996 (R645-300-133.)

Currently Horizon Coal Corporation has submitted a bond sufficient to cover reclamation costs in the permit area. Horizon Coal Corporation, under the ownership of K and K Holding Co., Inc. will assume all liability for compliance with terms and conditions of the Horizon Mine permit and any orders, stipulations or conditions associated with the permit.

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, K & K Holding Co. Inc. or Horizon Coal Corporation, Cumberland Resources Corporation or 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. A "Conditional Issue" recommendation was made because of a Settlement Agreement that had been entered into by White Oak Mining and Construction Co. Inc. (Scott Kiscaden and Todd Kiscaden [President and Vice President]) and OSM on March 26, 1997. See memo to file dated Jun 16, 1997.

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, K & K Holding Co. Inc. is owned by Scott Kiscaden and Todd Kiscaden. Scott Kiscaden and Todd Kiscaden also own White Oak Mining and Construction Co. Inc. This company has signed a Settlement Agreement with OSM (dated March 26, 1997) to pay all reclamation fees at the White Oak Mining and Construction Co. Inc., Scott Kiscaden agrees to pay all reclamation fees for Horizon Coal Corporation 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 April 10, 15, 17, 22, and 24, 1997 as required by R645-303-322. (The public comment period was extended to June 12, 1997.) One objection letter was received on June 12, 1997. This letter outlined the fact that a landowner is interested in leasing the land to Horizon Coal Corporation however, the contract for this land has not been signed. This objection was settled, see letter dated June 24, 1997.

6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of $209,200. (R645-303-342).

Permit Supervisor

Permit Supervisor

Associate Director of Mining

Director

NON-FEDERAL | PERMIT ACT/007/020 | JULY 11, 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 Coal Corporation
15215 Fox Chase Lane
Abingdon, Virginia 24210
(540) 628-2691

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.

Sec. 18 **SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in Attachment A.

The above conditions (Secs. 1-18) 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: Lowell P Braxton

Date: 7/15

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

PERMITTEE

_____
Authorized Representative of Permittee

_____
Date

Attachment A

SPECIAL CONDITIONS

Condition #1 - The permittee must meet the requirements of the Settlement Agreement with OSM, dated March 26, 1997.

RECEIVED
JUN 12 1997
DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
James Carter, Director
1594 W. N. Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

ACT/007/020 #2
Copy Mary Ann, Dave, Pam

RE: Horizon Coal Mine Permit Transfer with regards to Sweets Pond and land ownership

Dear Mr. Carter,

Due to the Sun Advocate public notice in regards to the permit transfer, I would like to make known my position and recent experiences on this subject.

This past April I quite accidentally found out a contract had been drawn up with Agnes Peirce, co-land owner for the use of Sweets Pond, with regards to the upcoming coal mining project. I, too am a land owner on which this ponds sits and was quite concerned that I was overlooked. Vicki Bailey met with me immediately and did have the legal documents with her showing I was in fact a land owner, which added to my concern on why I was overlooked. She said she would check into this situation and get back with me or my wife with in two weeks. Several weeks went by and Vicki had not responded so my wife called her. She said she was working on it and she would call back soon. Approximately a month went by and Vicki left a message at my wife's work she would be getting back with her in a week.

Another 3 to 4 weeks went by and my wife called Vicki at work June 4 and Vicki told my wife that nothing was happening and "If land owner A is not talking to land owner B, there is nothing I can do about it." My wife responded by saying that if Vicki had better communication with us, we could possibly help her situation and that we were very interested in setting up a contract to lease the land to the mine. Vicki said that she was looking at other options.

To sum up my two main points are: I am interested in leasing the land to the mine on which sits Sweets Pond. Also I object to the permit transfer if I am not consulted and a contract signed for the use of the land on which Sweets Pond resides, if this pond is to be used.

Sincerely,

Robert E. Peirce
1420 W. Evergreen Dr./300 N.
Price, UT 84501-4130

801 637-4872
801 637-2358 Wife's work Lisa Peirce

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)

June 24, 1997

Denise Dragoo
Resident Agent for Horizon Coal Corporation
c/o Van Cott Bagley, Cornwall and McCarthy
50 South Main Street, Suite 1600
Salt Lake City, UT 84145-0340

Re: Status of Permit Transfer, Horizon Coal Corporation, Horizon Coal Mine, ACT/007/020, Folder #3, Carbon County, Utah

Dear Ms. Dragoo:

This letter is to verify the status of the permit transfer of the Horizon Coal Mine. The Division is in receipt of your letter to James Carter, dated June 18, 1997 that outlined how the objection to the permit transfer, filed June 12, 1997 is being handled, i.e. the Sweets Pond and its utilities will not be utilized by Horizon Coal Corporation.

As I mentioned to you in our telephone conversation this morning, Earthfax, upon a request by Horizon Coal Corporation, submitted a permit change along with the responses to "Attachment A, Special Conditions to Permit Approval and Division Order 96A" on June 16, 1997. Although Division staff had encouraged this permit change be submitted separately, this permit change is being processed along with the entire package of responses to the Special Conditions and Division Order 96A. Therefore, the permit transfer will proceed after the review of this entire submittal is completed.

There are two other outstanding items that must be submitted prior to the permit transfer: the surety bond and the executed Reclamation Agreement. If you have any questions, please call me.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

cc: Vicky Bailey, Earthfax
Robert Peirce, Objector to Permit Transfer
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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)

June 24, 1997

CERTIFIED RETURN RECEIPT
P 074 977 737

Robert E. Peirce
1420 West Evergreen Drive/300 North
Price, UT 84501-4130

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

Dear Mr. Peirce:

The Division received your objection to the permit transfer of the Horizon Coal Mine on June 12, 1997. Essentially, this objection was the use of the Sweet's Pond by Horizon Coal Corporation. Since the receipt of your objection, Horizon Coal Corporation has submitted a change to their permit which states that Horizon will not use the Sweet's Canyon Pond and is terminating the Ratification Agreement which was effective as of June 18, 1996, executed by Agnes K. Peirce and Billy Troy Kennick (see letter from Denise Dragoo dated June 18, 1997.)

It is our understanding that if the Sweet's Pond is not used by Horizon Coal corporation, then your objection to the permit transfer has been satisfied.

If this is not the case, please notify me at the Division at (801) 538-5268.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

Enclosure
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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)

July 3, 1997

Lisa Peirce
1420 West Evergreen Drive/300 North
Price, UT 84501-4130

Re: Objection Satisfied to Horizon Mine Permit Transfer, Horizon Coal Corporation, Horizon Coal Mine, ACT/007/020, Folder #3, Carbon County, Utah

Dear Mrs. Peirce:

This letter is to document our telephone conversation today and the conclusion that your "objection" to the permit transfer of the Horizon Coal Mine has been satisfied because the Sweet's Pond will not be used as a source of water. As you stated, there was only "objection" to this permit transfer if you and your husband were not consulted and a contract signed to use the water.

If you have any other questions, please notify me at the Division at (801) 538-5268.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

O:\007020.HZN\FINAL\LISAPEIR.WPD

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)

July 11, 1997

Brad Bourquin, P.E.
1131 South Dover St.
Denver, Colorado 80232

Re: Response to Division Order 96A and Permit Stipulations, Horizon Coal Company, Horizon Mine, ACT/007/020-97A & 97C, Folder #2, Carbon County, Utah

Dear Mr Bourquin:

The referenced amendments 97A & 97C are hereby approved effective July 11, 1997. A stamped approved incorporated copies is enclosed for insertion into your Mining and Reclamation Plan.

If you have any questions please call.

Sincerely,

Joseph C. Helfrich
Permit Supervisor

tt
Enclosure
cc: Ranvir Singh, OSM
Richard Manus, BLM
Alan Rabinoff, BLM, w/o
Mark Page, Water Rights, w/o
Dave Ariotti, Health, w/o
Bill Bates, DWR, w/o
Bill Malencik, DOGM
O:\007020.HZN\FINAL\APPRV97A.97C

(o) Utilities - Utilities used to provide water to the Horizon No. 1 Mine will be one of the following: water will be trucked to the site from an outside source, or pumped from the North Fork of Gordon Creek or one of its tributaries. ~~the include the Sweets Canyon Pond, the pump station, power line and the water pipeline. All utilities have been in existence for many years, except for the water pipeline from the pond to the Horizon property. The existing utilities were used previously to provide water to the Beaver Creek 2, 7 & 8 Mines. The water pipeline was constructed in the Fall of 1996.~~ Horizon is in the process of determining which of these sources will be utilized and will document the exact source once all rights, permits and permissions have been collected. The utilities are shown on Plates 3-1 and 3-8.

~~Sweets Canyon Pond was constructed beside the North Fork Gordon Creek at the mouth of Sweets Canyon. The pond was built by ARCO to store water to feed the pump station which in turn pumped water to Mines 2, 7 & 8 operated by ARCO. The pond holds approximately 2.5 acre feet of water.~~

~~The pump station consists of two submersible pumps set in casings and a permanent building with appropriate controls to draw water from the Sweets Canyon Pond through the pipeline to the Horizon No. 1 Mine. There is a short access road connecting the county road to the pump station.~~

~~The power line is an overhead power line designed to carry 4,160 volts of power to the pump station.~~

A 4-inch PVC water pipeline runs from the Sweets Canyon Pond to the Horizon No. 1 Mine. The pipeline was constructed along two county roads under a permit issued by Carbon County. Horizon intends to abandon the pipeline from Sweet's Pond to the Horizon permit boundary. Horizon does not intend to utilize this length of pipeline currently, but does not renounce the possibility of future use and commits to contact and gain approval from the governing agencies and provide documentation prior to using this section of pipeline. Soils disturbed by the installation of the water pipeline will be reclaimed according to the requirements of the specific land owner (i.e., Carbon County and Hidden Splendor).

3.2.4 Coal Handling

Coal will be brought out of the mine on a conveyor and discharged onto a storage pile. Coal will be loaded into trucks from the pile using a front-end loader or stacking belt. Temporary storage of excess coal will be provided within the interior of the truck turnaround. Coal from this temporary storage area will be moved using a front-end loader.

efore the State Engineer, persons must request a hearing in
e filed in duplicate with the State Engineer, 1594 West North
h 84114, (801-538-7240) on or before MAY 7, 1997. (PRO-
3LE WITH A RETURN ADDRESS). These are informal
655-6-2 of the Division of Water Rights.
ersion = POD; Place of Use = POU; Nature of Use = USE)
n P[redacted] Light Company propose(s) to change the POD,
y 9[redacted]199, 224, 342, 344, 356, 766, 1812, 1813, 1814,

ITY: 25.88 cfs. SOURCE: Price River and (2) Wells. POD:
vell 1523 ft. deep (2) N 1026 E 1334 from W1/4 Cor, Sec 22,
3) S 46 E 649 from N1/4 Cor, Sec 35, T12S, R9E. POINT(S)
from N1/4 Cor, Sec 35, T12S, R9E., Source: Price River.
r feed and other associated uses at the Carbon Plant. POU:

Y: 25.88 cfs. SOURCE: Price River and (2) Wells. POD:
n. well 2130 ft. deep (2) N 949 E 645 from N1/4 Cor, Sec 22,
3) N 1488 W 751 from S1/4 Cor, Sec 26, Source: Price River
, T12S, R9E., Source: Price River. (Castle Gate) POINT(S)
1 from S1/4 Cor, Sec 26, Source: Price River (2) S 46 E 649
Source: Price River. USE: Municipal: IN Price River Water
nser cooling, boiler feed and other associated uses at the
Sec 1, T13S, R9E.

Robert L. Morgan, P.E.
STATE ENGINEER

ocate April 10 and17, 1997.

CE TO CONTRACTORS

of Transportation is advertising for bids for the following projects.
cations are on file for review by prospective plan holders at the
tailed Notice to Contractor is posted to the Internet at **http://**

1
Flo[redacted]
City[redacted]84119, Phone: (801) 965-4346

it's Region and/or District Directors at the following locations:

: Phone: (801) 636-1470

Phone: (801) 896-1399

21; Phone: (801) 586-4491

ctor must purchase specifications, proposal forms and plans
sportation, Calvin L. Rampton Complex (2nd Floor), 4501 South
4119; Phone: (801) 965-4346

OT Heavy Highway Construction Projects with an **advertised**
ust file and gain Prequalification approval prior to receiving
rtment of Transportation. For further information contact: (801)

Project No. ***STP-1342(1)0***
be received at the above address until 2 o'clock p.m., ***Tuesday***
publicly opened for ***Reconstruction of Price Main Street*** in
identified as ***Federal Aid*** Project No ***STP-1342(1)0.***

uc[redacted]mproved is 0.872 Kilometers of Price Main Street
or[redacted]nue

proximately as follows:

e B1, 1,460 Lin. M.; Modular Unit Retaining Wall,
5,300 Tons.

mpleted ***in 80 working days***

Published in the Sun Advocate March 27, April 3 and 10[redacted]

PUBLIC NOTICE
APPLICATION FOR PERMIT TRANSFER
HORIZON COAL CORPORATION
HORIZON NO. 1 MINE

Notice is hereby given that Horizon Coal Corporation, on or about April 7, 1997 submitted an "Application for Permit Transfer" for Permit ACT/007/020 covering operations for the Horizon No. 1 Mine, to the Stae of Utah, Department of Natural Resources, Division of Oil, Gas and Mining. The current owner, Cumberland Resources Corporation, P.O. Box 2540, Wise, Virginia, 24273 transferred ownership and control of Horizon Coal Corporation to K & K Holding Company, LLC, 15215 Fox Chase Lane, Abingdon, Virginia, 24210 on or about March 27, 1997.

Approval by the Division of Oil, Gas and Mining, will allow coal mining operations to continue in the permit areas. The lands involving activities are located in Carbon County. The mine portals are located 14 miles west of Price, Utah in the Gordon Creek-Consumers Canyon area. The permit area lies within the USGS Jump Creek, Utah 7.5 minute quadrangle.

The permit area includes land in the following:

Township 13 South, Range 8 East, SLM Utah
Section 8: SE1/4 SW1/4
Section 17: NW1/4 NE1/4, S1/2 NW1/4, N1/2 NW 1/4 SW1/4, NE1/4 SW1/4, NW1/4 SE1/4, N1/2 SE1/4 SW1/4, N1/2 SW1/4 SE1/4
Containing 300 acres more or less.

and includes a Federal Coal Right-of -Way described as follows:
Section 8: SW1/4 NW1/4 SW1/4 SE1/4, W1/2 SW1/4 SW1/4 SE1/4
Section 17: W1/2 W1/2 SW1/4 NE1/4
Containing 18 acres more or less.

Copies of the complete permit application for transfer are available for public inspection at the Carbon County Clerk's Office, Carbon County Court House, 120 Main Street, Price, Utah 84501 and at the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

Written comments, objections, and requests for informal conferences regarding the "Application for Permit Transfer" must be submitted within 30 days of the date of the publications of this notice, to the Utah Coal Regulatory Program, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate April 10, 15, 17, 22, 24, 29 and May 1, 6, 8 and 13, 1997.

NOTICE TO BID

Helper City will be accepting sealed bid for the stabilization and facade of the Rio Building in downtown Helper to be converted to house live, professional theater. Detailed plans are available for this project by contacting Sandra Baird, Project Manager, 73 South Main, P.O. Box 221, Helper, Utah, 84526. Bids must be received no later than 5:00 P.M., Thursday, April 10, 1997.

The successful bidder shall not discriminate in employment basis of race, color religion, sex, national origin or disabilities and shall fully comply with all applicable federal, state and local laws and regulations.

Helper City reserves the right to reject any and all bids, waive any formalities or irregularities in the interest of Helper City and to negotiate modification of bid prior to contracting.

Sandra G. Baird
Helper City Recorder

Published in the Sun Advocate March 25, 27, April 1, 3, 8 and 10 , 1997.

ADVERTISEMENT FOR BIDS
PRICE MUNICIPAL CORPORATION

Sealed bid proposals for concrete material for 1997 will be received by Price City at the office of the City Recorder until 5:00 P.M., Wednesday, April 23, 1997.

Bids will be publicly opened and read aloud at the regular meeting of the Price City Council at 5:30 p.m. Wednesday, April 23, 1997, in the Price City Hall Council Chambers, 185 East Main, Price, Utah. The principal materials to be provided are generally as follows:

Ready mix concrete to be delivered to various construction sites as ordered by Price City Maintenance Department.

Bids must be submitted on a bid schedule form provided by Price City. A copy of the specifications and bid schedule may be obtained from the Public Works Department 432 West 600 South, Price, Utah.

Tax Serial No.
Property Addr

The undersign
The present ow
Bidders must t
sale and a cashier's check
DATED this 2

Published in t

Price City Offi
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within the Price City limit
Municipal sidewalks and s
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Price City will
Monday, April 28, 1997.
subject to a citation for vio
Due to new re
following categories are li

1. tree limb
2. concrete
3. metal pr
*** 4. garbag**

*** Residents a**
with items placed on th
garbage. City Sanitatio
scheduled days.

The following
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the Price City Shade Tre
questions concerning tr
636-3180.

Published in

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YOU LET Y

You know what
renew your subs
don't have one,
you. For more in
Sun Advocate at
get you connecte

LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & McCARTHY
A PROFESSIONAL CORPORATION
SUITE 1600
50 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84144-0450
TELEPHONE (801) 532-3333
FACSIMILE (801) 534-0058

DENISE A. DRAGOO

DIRECT DIAL: (801) 237-0465

ADDRESS ALL CORRESPONDENCE TO
POST OFFICE BOX 45340
84145-0340

July 10, 1997

HAND DELIVERED

Pamela Grubaugh-Littig
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Original to fireproof file
Copy to Green Bridge
PAM

RE: Permit Transfer -- Horizon Coal Corporation; Horizon Coal Mine, Permit No. ACT/007/020, Carbon County, Utah

Dear Pam:

Enclosed on behalf of Horizon Coal Corporation is the completed Reclamation Agreement regarding the transfer of Permit No. ACT/007/020. This should finalize the requirements for permit transfer.

Thank you for your assistance in this matter. Please let me know if you have any questions.

Very truly yours,

Denise A. Dragoo

Fax Vicky Bailey
561-1861

DAD:jmc:1404567
Enclosure
cc: Mary Ann Wright
Scott Kiscaden
Todd Kiscaden
Larry Jones
Mike Gipson
Brad Borquin
Vicky Bailey

Post-it® Fax Note 7671	Date 7/15/97	# of pages ▶ 21
To VICKY	From PAM	
Co./Dept. Earthfax	Co. DOGM	
Phone #	Phone #	
Fax # 561-1861	Fax #	

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite1210
Salt Lake City, Utah 84114-5801
(801) 538-5289

(Non-Federal)

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Surety Bond

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Permit Number: ACT/007/020
Date Original Permit Issued: 10/10/96
Effective Date of Agreement: _____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereafter referred to as "Agreement") is entered into by HORIZON COAL CORPORATION (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"ACT:"	Title 40-10-1, et. Seq., Utah Code Annotated (1953, as amended)
"BOND:"	A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.
"BOND AMOUNT:"	$209,200.00
"BOND TYPE:"	
Bonding Company:	Sedgwick James of Tennessee, Inc.
Address:	P.O. Box 19810 Knoxville, Tennessee 37939-2810
Telephone Number:	(423) 450-3358
"COMPANY OFFICERS:"	Scott Kiscaden, President, K&K Holding Company Todd Kiscaden, VP/Secretary, K&K Holding Company
"COOPERATIVE AGREEMENT:"	That certain agreement codified at 40 C.F.R. 944.30.
"DISTURBED AREA:"	9.15 acres described at Exhibit "A-1."
"LIABILITY INSURANCE:"	Public liability insurance policy submitted as part of the permit application and attached as Exhibit "C."
Insurance Company:	Acordia Reager Harris
Address:	Lexington Green Two, Suite 410 3201 Nicholasville Road Lexington, Kentuckky 40503-3311
Telephone Number:	(606) 273-6600
Policy Number:	3710-46-32
Expiration Date:	04/01/98
"MINE:"	Horizon No. 1 Mine

"OSM:"	United States Department of the Interior, Office of Surface Mining Reclamation and Enforcement.
"PERMIT:"	Utah Mining and Reclamation Permit No. ACT/007/020.
"PERMIT AREA:"	The area described in the Permit, which includes the Mine.

"PERMIT TRANSFER APPLICATION (PTA):"

"PERMITTEE:"	Horizon Coal Corporation
Principal Address:	c/o K & K Holding Company 15215 Foxchase Lane, Abingdon, VA 24210
Utah Address:	P.O. Box 599, Helper, Utah 84526
Telephone Numbers:	(801) 650-1349

"PERMITTEE'S REGISTERED AGENT FOR SERVICE OF PROCESS:"

Denise A. Dragoo, Esq.
Van Cott, Bagley, Cornwall & McCarthy
50 South Main, Suite 1500
P.O. Box 45340
Salt Lake City, Utah 84114-0340
(801) 532-3333

"REGULATIONS:"	The regulations promulgated by the Division and OSM pertaining to coal mining and reclamation activities.
"SMCRA:"	The Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §§ 1201, et. Seq.
"SURETY:"	Sedgwick James

The following Exhibits are incorporated within and made a part of this Agreement.

EXHIBITS:

"BONDED AREA"	Exhibit "A"
"BONDING AGREEMENT"	Exhibit "B"
"LIABILITY INSURANCE"	Exhibit "C"

WHEREAS, on October 10, 1996, the Division issued Permit No. ACT/007/020 to Horizon Coal Corporation to engage in certain specified coal mining and reclamation operations (previously defined as the "Permit"); and

WHEREAS, on _____, 19____, the Division approved the Permit Transfer Application (previously defined as the "PTA") submitted by Permittee; and

WHEREAS, prior to the transfer of the permit to conduct mining and reclamation operations on the property described in the Permit, the Permittee is obligated by law, to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth by law; 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 under the Permit; and

WHEREAS, the Division is ready and willing to transfer the Permit to the Permittee upon acceptance and approval of the Bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations shall supersede conflicting provisions of this Agreement.

2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.

3. The Permit Application Package includes 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 during the permit period. For convenience a copy of the description of the Permit Area is attached as Exhibit "A", and is incorporated by reference.

4. The Permittee agrees to provide a Bond to the Division and OSM in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, the Act and the Regulations. The 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 and which is described in the attached Exhibit "C." The Division and OSM shall be listed as an additional insured on this policy.

6. In the event that the Permit Area and/or the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law.

7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any

claim, demand, liability, cost, charge or suit initiated by a third party as a result of the Permittee or Permittee's agents' or employees' failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package) and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Non-Federal lands, and otherwise to the benefit of the Division.

8. The terms and conditions of this Agreement are non-cancelable until such times as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.

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 new Bond form meets the requirements of the Act and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.

10. 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.

11. Any breach of the provisions of this Agreement, the Act, the Regulations or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.

12. In the event of forfeiture of the Bond, 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 Permit (which is based upon the approved Permit Application Package), the Act and the Regulations: Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.

13. No delay on the part of the Division in exercising any right, power or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the applicable of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances and the reminder of this Agreement shall not be affected thereby.

SO AGREED this 11th day of July, 1997.

STATE OF UTAH:

Director
Division of Oil, Gas and Mining

PERMITTEE:

HORIZON COAL CORPORATION

By:

Title: Vice President / Secretary

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

Permit Number 007/020

Exhibit "A"

PERMIT AREA

Legal description of Permit Area covered by the Bond:

Township 13 South, Range 8 East, SLM, Utah

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.

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"

SURETY BOND

(NON-FEDERAL COAL)

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, success ors 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 _____ day of _____, 19____, 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: _____

TITLE: VP - Secretary

STATE OF Kentucky)
ss:
COUNTY OF Pike)

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

_____
Notary Public

My Commission Expires: 6-13, 19 99.

REDLAND INSURANCE COMPANY

BY: _____

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

_____
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 _____ day of _____, 19_____.

Subscribed and sworn to before me this _____ day of _____, 19_____.

_____
Print Name

_____
Notary Public

My Commission Expires: _____, 19_____.

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.

EXHIBIT "C"

LIABILITY INSURANCE

(NON-FEDERAL COAL)

Certificate of Liability Insurance
Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--oo0oo--

THIS IS TO CERTIFY THAT:

ACORDIA REAGER HARRIS
(Name of Insurance Company)

HAS ISSUED TO: **HORIZON COAL CORPORATION**

CERTIFICATE OF INSURANCE:

3710-46-32
(Policy Number)

04/01/97
(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 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 of Liability Insurance 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 a breach of the **RECLAMATION AGREEMENT** and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

RICHARD W. HATFIELD (606) 273-6600
(Agent's Name) (Phone)

McDONOUGH, CAPERTON INSURANCE GROUP
(Company Name)

Lexington Green Two, 3201 Nicholasville Road, Suite 410, Lexington, KY 40503-3311
(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.)

(see attached original Certificate of Insurance
(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn to before me by _____

this _____ day of _____, 19_____.

_____
(Signature)

My Commission Expires: _____
(Date)

ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY): 5/07/97

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 Coal Corporation
15215 Foxchase Lane
Abingdon, VA 24210

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 [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR OWNER'S & CONTRACTOR'S PROT	3710-46-32	4/01/97	4/01/98	GENERAL AGGREGATE	$ 2000000
					PRODUCTS-COMP/OP AGG	$ 1000000
					PERSONAL & ADV INJURY	$ 1000000
					EACH OCCURRENCE	$ 1000000
					FIRE DAMAGE (Any one fire)	$ 100000
					MED EXP (Any one person)	$
	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS				COMBINED SINGLE LIMIT	$
					BODILY INJURY (Per person)	$
					BODILY INJURY (Per accident)	$
					PROPERTY DAMAGE	$
	GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT	$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	$
					AGGREGATE	$
	EXCESS LIABILITY [ ] UMBRELLA FORM [ ] OTHER THAN UMBRELLA FORM				EACH OCCURRENCE	$
					AGGREGATE	$
						$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: [ ] INCL [ ] EXCL				[ ] STATUTORY LIMITS	
					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 ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE: Richard W. Hatfield

0913140000

ACORD 25-S (3/93)

© ACORD CORPORATION 1993

AFFIDAVIT OF QUALIFICATION

PERMITTEE

—oo0oo—

I, Todd Kiscaden, being first duly sworn under oath, deposes and says that he/~~she~~ is the Vice President/Secretary of Horizon Coal Corporation, the **PERMITTEE**; and that he/~~she~~ is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Subscribed and sworn to before me this 9th day of May, 1997.

Vanessa Stamper
Notary Public

My Commission Expires:

6-13-99

Attest:

STATE OF Kentucky)
. ss:
COUNTY OF Pike)

AFFIDAVIT OF QUALIFICATION

SURETY COMPANY

– oo0oo –

I, JANICE FENNELL, being first duly sworn under oath, deposes and says that ~~he~~/she is the (officer or agent) ATTORNEY-IN-FACT of REDLAND INSURANCE COMPANY and that ~~he~~/she is duly authorized to execute and deliver the foregoing obligations; and 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 herein.

Janice Fennell
(Surety Company Officer)

JANICE FENNELL, ATTORNEY-IN-FACT
(Position)

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

Elizabeth A. Hartzberg
Notary Public
ELIZABETH A. HARTZBERG

My Commission Expires:

NOVEMBER 29, 1999

Attest:

STATE OF TENNESSEE)
. ss:
COUNTY OF KNOX)

REDLAND INSURANCE COMPANY
POWER OF ATTORNEY

RED 1043116

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.

REDLAND INSURANCE COMPANY

Attest:

PETER A. KNOLLA
Secretary

By

JOHN P. NELSON
President

REDLAND INSURANCE COMPANY CORPORATE SEAL COUNCIL BLUFFS, IOWA

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
MY COMMISSION EXPIRES
3-15-99

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 9th day of JULY, 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.

101/POA/7/96

POWER OF ATTORNEY