0069

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
E-Mail: ddragoo@vancott.com

ADDRESS ALL CORRESPONDENCE TO
POST OFFICE BOX 45340
84145-0340

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

January 23, 1998

HAND DELIVERED

Ms. Mary Ann Wright
Associate Director of Mining
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

ACT/007/020 #2
Copy letter to Mary Ann, Daron, Joe, Pam (documents to file)
Copy Documents to Daron

RE: Consumer's Canyon Road, Horizon Mining, LLC, ACT/007/020, Folder #3, Carbon County, Utah

Dear Ms. Wright:

As you are aware, I am the registered agent for Horizon Mining, LLC ("Horizon"). Enclosed on behalf of Horizon is information you requested regarding the Consumer's Canyon Road which confirms that the realigned portion is public and should be exempt from regulation under the Utah Coal Program. Utah's public road policy, stated in a letter dated July 3, 1995, states that a road may not be required to be permitted if: (a) it was properly acquired by a governmental entity; (b) it is maintained with public funds or in exchange for taxes or fees; (c) it was constructed in a manner similar to other public roads of the same classification; and (d) impacts from mining are not significant under the definition of "affected area" and "surface coal mining operations."

Enclosed are the following documents which confirm that the realigned portion of the Consumer's Canyon Road should not be permitted under the Mining and Reclamation Plan for the Horizon Mine. These documents are as follows:

1. Carbon County Ordinance #259 dated November 5, 1997, confirming that the County owns the realigned portion of Consumer's Canyon Road, that such realigned portion has been dedicated to operation, use and maintenance by the County as a public road, that the Consumer's Canyon Road and the realigned parcel are classified as a Class B road constructed and maintained in a manner similar to other Class B road systems within the County and that the road is maintained by the County with public funds as a multiple use, open access, public road not subject to the control of Horizon or any other private entity.

2. Executed and recorded copies of a Reciprocal Grant and Quit Claim Deeds which effect the ownership of the realigned road in Carbon County. The enclosed Commitment for Title Insurance confirms title to this parcel as requested by the County.

3. Agreement between Carbon County and Horizon confirming the County's commitment to pay certain costs associated with realignment of Consumer's Canyon Road.

These documents should provide the Division with more than adequate information to support a finding that this road should not be regulated under the Utah Coal Program.

Please let me know if you need anything further concerning this matter.

Very truly yours,

Denise A. Dragoo

DAD:jmc:161889
Enclosures
cc: Scott Kiscaden
Todd Kiscaden
Larry Jones

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

ORDINANCE NO. 259 **DATE:** NOVEMBER 5, 1997

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF CARBON COUNTY, UTAH, AUTHORIZING AND DIRECTING THE ABANDONMENT AND CONVEYANCE OF A PORTION OF THE CONSUMER'S CANYON ROAD IN RETURN FOR THE CONVEYANCE OF A NEW EASEMENT TO REALIGN A PORTION OF THE ROAD THROUGH PROPERTY OWNED BY HIDDEN SPLENDOR RESOURCES, LTD., AND LEASED BY HORIZON MINING, LLC AND AUTHORIZING THE AGREEMENT WITH HORIZON AS TO ROAD CONSTRUCTION AND RELATED PROJECTS.

BE IT KNOWN AND REMEMBERED:

THAT WHEREAS, the County owns and maintains a single lane gravel road within the Class B public road system known as the Consumer's Canyon Road (the "Road"), abutting lands owned by Hidden Splendor Resources, Ltd. ("Hidden Splendor"), and leased by Horizon Mining, LLC ("Horizon"); and

WHEREAS, realignment of the Road is necessary to enhance public safety and remove a "hair pin turn" which may present a hazard to coal haul trucks and other heavy traffic using this thoroughfare;

WHEREAS, the County seeks to realign a portion of the Road through property owned by Hidden Splendor and leased by Horizon, more particularly described on Exhibit "A" to the Reciprocal Grant attached hereto as Attachment 1 (referred to as the "Realigned Parcel"); and

WHEREAS, Hidden Splendor and Horizon seek to grant an easement and right of way over the Realigned Parcel to the County to be accepted, dedicated and used for a public road to be owned and maintained by the County; and

WHEREAS, the County seeks to vacate a portion of the Road, more particularly described at Exhibit "B" to the Reciprocal Grant (referred to as the "Vacated Parcel"), and

grant the Vacated Parcel to Hidden Splendor in exchange for grant of the Realigned Parcel to the County; and

WHEREAS, by accepting the grant of right of way to the Realigned Parcel, the County dedicates such right of way to the construction, operation, use and maintenance as a public road; and

WHEREAS, the Road and the Realigned Parcel are to be classified as a Class B road within the public road system, constructed and maintained in a manner similar to other Class B road systems within the County, maintained by the County with public funds as a multiple use, open-access, public road, not subject to the control of Horizon or any other private entity; and

WHEREAS, the Reciprocal Grant evidences written consent pursuant to Utah Code Ann. § 27-12-102.3, of Hidden Splendor, as the sole owner of the property abutting the Vacated Parcel, and Horizon as the sole lessee of said property, obviating the need for notice to vacate pursuant to Utah Code Ann. § 27-12-102.4; and

WHEREAS, the County seeks to enter into the Reciprocal Grant in the form attached hereto as Attachment 1; and

WHEREAS, the County seeks to enter into a separate agreement with Horizon ("Agreement") in the form attached hereto as Attachment 2 whereby Horizon will contract at its own expense with K.T.K. Mining & Construction Inc. ("KTK"), to construct the realigned portion of the Road in accordance with Class B road specifications and alter a stream channel necessitated by the Road realignment; and

WHEREAS, the County seeks to execute a Quit Claim Deed conveying the Vacated Parcel to Hidden Splendor in the form attached hereto as Attachment 3.

NOW, THEREFORE, in view of the foregoing and in consideration of the mutual benefit of the parties involved, the County Clerk is hereby authorized and directed to accept and receive the grant of right of way to the Realigned Parcel and dedicate such right of way to the construction, operation, use and maintenance of a public road and is further directed

to execute the Reciprocal Grant vacating and abandoning the old public road easement on the Vacated Parcel and to execute the Quit Claim Deed granting and conveying the Vacated Parcel to Hidden Splendor and is further directed to deliver the executed Reciprocal Grant and Quit Clalim Deed to the County Recorder for recording.

FURTHER, the Chairman of the Board of County Commissioners is authorized and directed to execute the Agreement with Horizon.

FURTHERMORE, under the terms of the Agreement, upon completion, the Realigned Parcel will become part of the Road open to the public and maintained by the County with public funds.

APPROVED AND ADOPTED this 5TH day of NOVEMBER, 1997.

CARBON COUNTY

BY: _____
Chairman
Board of County Commissioners

ATTEST:

_____
Carbon County Clerk

APPROVED AS TO FORM:

CARBON COUNTY ATTORNEY'S OFFICE

BY: _____

DATE: November 5, 1997

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

00063425 Bk00400 Pg00290-00295
ANN B. O'BRIEN-COUNTY OF CARBON
1997 DEC 18 15:33 PM FEE $21.00 BY
REQUEST: SOUTH EASTERN UTAH TITLE CO

WHEN RECORDED, MAIL TO

Denise A. Dragoo
VAN COTT, BAGLEY, CORNWALL
& McCARTHY
P.O. Box 45340
Salt Lake City, Utah 84145-0340

RECIPROCAL GRANT

THIS RECIPROCAL GRANT ("Grant") is made and executed this 5TH day of NOVEMBER, 1997, by and between HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation ("Hidden Splendor"), HORIZON MINING, LLC, a Utah limited liability company ("Horizon") and CARBON COUNTY, a political subdivision of the State of Utah (the "County").

RECITALS:

A. WHEREAS, the County currently owns and maintains a single lane gravel road within the Class B public road system known as the Consumer's Canyon Road, located in Section 17, Township 13 South, Range 8 East, Carbon County, Utah, and adjacent to lands owned by Hidden Splendor and leased by Horizon; and

B. WHEREAS, the County seeks to realign a portion of the Consumer's Canyon Road through property owned by Hidden Splendor, leased by Horizon and located within the E1/2SW1/4, Section 17, Township 13 South, Range 8 East, Carbon County, Utah, more particularly described at Exhibit "A" hereto (referred to as the "Realigned Parcel"); and

C. WHEREAS, by the terms of this Grant, Hidden Splendor and Horizon seek to grant an easement and right of way over the Realigned Parcel to the County to be used for a public road to be maintained by the County and the County seeks to vacate a portion of the Consumer's Canyon Road more particularly described at Exhibit "B" hereto (referred to as the "Vacated Parcel") and grant the Vacated Parcel to Hidden Splendor on the terms and conditions stated herein; and

D. WHEREAS, Horizon seeks to subordinate its Lease as to the Realigned Parcel subject to this Grant and extend its leasehold to the interest in the Vacated Parcel acquired by Hidden Splendor.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged:

1. Easement. Subject to the provisions of this Grant, Hidden Splendor hereby grants, conveys, and transfers to the County the Realigned Parcel for the purpose of construction, operation, use, and maintenance of a public road. Concurrently with the execution of this Grant, Hidden Splendor shall execute, acknowledge and deliver to Carbon County a Quit Claim Deed to the Realigned Parcel. Concurrently herewith Hidden Splendor will revise the Lease with Horizon to delete the Realigned Parcel.

2. Vacation of County Road. The County hereby vacates and abandons the public road easement and all other rights or interests of the County in and to that portion of the Consumer's Canyon Road located on the Vacated Parcel, and the County hereby grants,

SEUTCO 01/15/98
Accomodation Recording
Not Examined

conveys, and transfers the Vacated Parcel to Hidden Splendor subject to the Lease with Horizon. Concurrently with the execution of this Grant, the County shall execute, acknowledge, and deliver to Hidden Splendor a Quit-Claim Deed to the Vacated Parcel. Concurrently with the execution of this Grant, Hidden Splendor will modify the Lease to include the Vacated Parcel within Horizon's leasehold.

3. Conditions to Grant of Easement. The easement and right-of-way granted to the County by Hidden Splendor and Horizon pursuant to Section 1 hereof is made expressly subject to and conditioned upon the use of the easement as a public roadway. In the event the County ceases to use and maintain the easement and right-of-way granted pursuant to Section 1 hereof as a public roadway, the grant of easement in Section 1 hereof shall terminate.

4. Improvement of Realigned Parcel. The County or its designated agents or representatives shall have the right to grade, gravel, pave with asphalt or otherwise change or improve the surface of that portion of the Realigned Parcel lying within the easement granted pursuant to Section 1 hereof. Such grading, asphalt, and other improvements to the Realigned Parcel shall be made in accordance with standards and specifications which the County determines, in its sole discretion. Nothing in this Grant shall obligate the County to make any improvements to the Realigned Parcel.

5. Duration. This Grant and each right-of-way, easement, covenant, condition, and restriction set forth in this Grant shall be perpetual. Nothing in this Grant shall obligate the County to make any improvements to the Realigned Parcel.

6. Not a Public Declaration. Nothing contained in this Grant shall be deemed to be a gift or dedication of all or a portion of the Realigned Parcel for the general public or for any public purposes whatsoever, except as specifically provided pursuant to Section 1 hereof, it being the intention of Hidden Splendor and Horizon that this Grant be strictly limited to the purposes expressed in this Grant.

7. Lease Agreement. By its execution of this Grant, Horizon agrees, covenants and declares that the rights and interests of Horizon as lessee under that certain Lease Agreement (the "Lease"), dated February 1, 1995, shall be subordinate to and subject to this Grant as to the Realigned Parcel. Hidden Splendor will acquire the Vacated Parcel subject to the Lease and the Vacated Parcel shall be included in Horizon's leasehold estate.

8. Indemnification. Each party (the "Indemnifying Party") agrees to defend, indemnify, and hold the other party (the "Indemnified Party"), together with all of its tenants, agents, employees, officers, directors, or representatives, successors or assigns, harmless from and against all liability, loss, or costs incurred, including without limitation reasonable attorney's fees, arising out of, related to, or caused by the Indemnifying Party's acts or omissions to act, use of, or occupancy of the Indemnified Party's real property. The Indemnified Party shall give to the Indemnifying Party prompt and timely notice of any claim or suit instituted coming to its knowledge which in any way, directly or indirectly, contingently or otherwise, affects or might affect the Indemnifying Party. Each party shall have the right to participate in the defense of the same to the extent of its own interest.

9. Termination of Easements. The parties hereto consent and agree that Hidden Splendor and Horizon have granted the easement set forth in Section 1 hereof in lieu of any and all existing public interests, prescriptive easements, implied easements, or easements arising by statute as a result of the vacation of the portion of the County roadway located upon the Vacated Parcel.

10. General Provisions. This Grant shall be governed by and construed and interpreted in accordance with the laws (excluding the choice of law rules) of the State of Utah. Whenever possible, each provision of this Grant shall be interpreted in such a manner as to be valid under applicable law, but if any provision of this Grant shall be invalid or prohibited under applicable law, such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remainder of such provision or the remaining provisions of this Grant. The ownership of properties by the same person shall not result in the termination of this Grant. This Grant shall be binding on the heirs, successors, assigns, lenders, and mortgagees of the parties. The exhibits attached hereto are by this reference made a part of this Grant.

12. Authority. The parties warrant that the signators below have authority to sign and execute this document for and on behalf of the entities they represent and that said entities are the proper parties to this Grant.

IN WITNESS WHEREOF, the parties have executed this Grant as of the day and year first above written.

HIDDEN SPLENDOR RESOURCES, LTD.,
a Nevada corporation

By _____

Its Secretary

HORIZON MINING, LLC, a Utah limited liability company

By _____

Its V.P. Mining

CARBON COUNTY, a political subdivision of the State of Utah

By _____

Its Chairman

STATE OF NEVADA)
: ss.
COUNTY OF WASHOE)

The foregoing instrument was acknowledged before me this 9TH day of DECEMBER, 1997, by ALEXANDER H. WALKER, JR., the SECRETARY of HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation, who duly acknowledged to me that said Hidden Splendor executed the above Reciprocal Grant on behalf of Hidden Splendor Resources, Ltd.

Margaret A. Oliver
NOTARY PUBLIC

MARGARET A. OLIVER
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES OCT. 10, 1998

STATE OF Utah)
: ss.
COUNTY OF Salt Lake)

The foregoing instrument was acknowledged before me this 2nd day of Dec., 1997, by Larry G. Jones, the Vice President - Mining of HORIZON MINING, LLC, a Utah limited liability company, who duly acknowledged to me that said Horizon Mining, LLC executed the above Reciprocal Grant on behalf of Horizon Mining, LLC.

JULIE G. MCKENZIE
NOTARY PUBLIC • STATE of UTAH
50 SOUTH MAIN #1000
SALT LAKE CITY, UT 84144
COMM. EXP. 5-23-2001

Julie G. McKenzie
NOTARY PUBLIC

STATE OF UTAH)
: ss.
COUNTY OF CARBON)

The foregoing instrument was acknowledged before me this 5th day of November, 1997, by Robert P. Pero, the Clerk/Auditor of CARBON COUNTY, a political subdivision of the State of Utah, who duly acknowledged to me that said Carbon County executed the above Reciprocal Grant on behalf of Carbon County and pursuant to the lawful resolution of the County Commission.

Robert P. Pero
NOTARY PUBLIC

ROBERT P PERO
NOTARY PUBLIC • STATE of UTAH
COUNTY COURT HOUSE
120 EAST MAIN
PRICE, UT 84501
COMM. EXP. 2-1-2001

00063425 Bk00400 Pg00294

EXHIBIT "A"

REALIGNED PARCEL

A sixty-six (66) foot wide right of way located thirty-three (33) feet on either side of the following described Center Line located within the E1/2SW1/4, Section 17, Township 13 South, Range 8 East, Carbon County, Utah, more particularly described as follows:

BEGINNING AT A POINT ON THE CENTER LINE OF AN EXISTING COUNTY ROAD, SAID POINT BEING 4,755.5 FEET SOUTH AND 2,825.4 FEET WEST OF THE NORTHEAST CORNER OF SECTION 17, TOWNSHIP 13 SOUTH, RANGE 8 EAST, SALT LAKE BASE & MERIDIAN; RUNNING THENCE NORTH 21°35' WEST, 144.8 FEET; THENCE NORTH 30°04' WEST, 158.0 FEET; THENCE NORTH 34°06' WEST, 57.1 FEET; THENCE NORTH 33°36' WEST, 99.0 FEET; THENCE NORTH 34°24' WEST, 71.6 FEET; THENCE NORTH 33°59'WEST, 106.4 FEET; THENCE NORTH 33°33' WEST, 130.8 FEET; TIIENCE NORTH 22°03'WEST, 136.1 FEET; THENCE NORTH 22°05' WEST, 530.6 FEET; THENCE NORTH 29°01'WEST, 68.4 FEET, MORE OR LESS, TO A POINT ON THE CENTER LINE OF AN EXISTING COUNTY ROAD.

EXHIBIT "B"

VACATED PARCEL

The following portion of a sixty-six (66) foot wide roadway located in Carbon County, Utah, more particularly described as follows:

BEGINNING AT A POINT ON THE EAST RIGHT-OF-WAY LINE OF AN EXISTING COUNTY ROAD, SAID POINT BEING 4748.2 FEET SOUTH AND 2793.2 FEET WEST OF THE NORTHEAST CORNER OF SECTION 17, TOWNSHIP 13 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN; RUNNING THENCE NORTH 21°35' WEST, 154.92 FEET; THENCE NORTH 30°04' WEST, 158.53 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF SAID ROAD; THENCE FOLLOWING SAID RIGHT-OF-WAY NORTH 02°27' WEST, 130.80 FEET; THENCE NORTH 02°23' WEST, 76.12 FEET; THENCE NORTH 16°22' WEST, 82.10 FEET; THENCE NORTH 35°46'WEST, 28.52 FEET; THENCE NORTH 68°00' WEST, 21.68 FEET; THENCE NORTH 79°49' WEST, 82.24 FEET; THENCE NORTH 66°05' WEST, 115.77 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY NORTH 22°03' WEST, 139.04 FEET; THENCE NORTH 22°05' WEST, 522.79 FEET; THENCE NORTH 20°01'WEST, 88.92 FEET TO A POINT ON THE EAST RIGHT OF WAY LINE OF SAID ROAD; THENCE ALONG SAID RIGHT-OF-WAY SOUTH 44°25' EAST, 95.79 FEET; THENCE SOUTH 20°30' EAST, 81.62 FEET; THENCE SOUTH 21°50' EAST, 126.45 FEET; THENCE SOUTH 16°08' EAST, 79,99 FEET; THENCE SOUTH 09°22' EAST, 66.18 FEET; THENCE SOUTH 22°05' EAST, 139.83 FEET; THENCE SOUTH 44°44' EAST, 70.04 FEET; THENCE SOUTH 44°50' EAST, 73°29 FEET; THENCE SOUTH 66°05' EAST, 100.51 FEET; THENCE SOUTH 79°49' EAST, 81.79 FEET; THENCE SOUTH 68°00' EAST, 42.84 FEET; THENCE SOUTH 35°46' EAST, 58.88 FEET; THENCE SOUTH 16°22' EAST, 101.49 FEET; THENCE SOUTH 02°23' EAST, 86.88 FEET; THENCE SOUTH 02°27' EAST, 135.96 FEET; THENCE SOUTH 01°58' EAST, 57.86 FEET; THENCE SOUTH 22°06' EAST, 112.30 FEET; THENCE SOUTH 12°46' EAST, 117.20 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. (CONTAINING 1.31 ACRES, MORE OR LESS.)

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

00063582 Bk00400 Pg00705-00706
ANN B. O'BRIEN-COUNTY OF CARBON
1997 DEC 29 15:12 PM FEE $.00 BY
REQUEST: CARBON COUNTY

WHEN RECORDED, MAIL TO:

Denise A. Dragoo
VAN COTT, BAGLEY, CORNWALL
& McCARTHY
P.O. Box 45340
Salt Lake City, Utah 84145-0340

QUIT CLAIM DEED

CARBON COUNTY, a political subdivision of the State of Utah, Grantor, hereby quitclaims to HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation, Grantee, for the sum of Ten Dollars ($10.00) and other good and valuable consideration, a portion of an existing sixty six (66) foot roadway located on the following described real property:

> BEGINNING AT A POINT ON THE EAST RIGHT-OF-WAY LINE OF AN EXISTING COUNTY ROAD, SAID POINT BEING 4748.2 FEET SOUTH AND 2793.2 FEET WEST OF THE NORTHEAST CORNER OF SECTION 17, TOWNSHIP 13 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN; RUNNING THENCE NORTH 21°35' WEST, 154.92 FEET; THENCE NORTH 30°04' WEST, 158.53 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF SAID ROAD; THENCE FOLLOWING SAID RIGHT-OF-WAY NORTH 02°27' WEST, 130.80 FEET; THENCE NORTH 02°23' WEST, 76.12 FEET; THENCE NORTH 16°22' WEST, 82.10 FEET; THENCE NORTH 35°46'WEST, 28.52 FEET; THENCE NORTH 68°00' WEST, 21.68 FEET; THENCE NORTH 79°49' WEST, 82.24 FEET; THENCE NORTH 66°05' WEST, 115.77 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY NORTH 22°03' WEST, 139.04 FEET; THENCE NORTH 22°05' WEST, 522.79 FEET; THENCE NORTH 20°01'WEST, 88.92 FEET TO A POINT ON THE EAST RIGHT OF WAY LINE OF SAID ROAD; THENCE ALONG SAID RIGHT-OF-WAY SOUTH 44°25' EAST, 95.79 FEET; THENCE SOUTH 20°30' EAST, 81.62 FEET; THENCE SOUTH 21°50' EAST, 126.45 FEET; THENCE SOUTH 16°08' EAST, 79,99 FEET; THENCE SOUTH 09°22' EAST, 66.18 FEET; THENCE SOUTH 22°05' EAST, 139.83 FEET;

00063582 Bk00400 Pg00706

THENCE SOUTH 44°44' EAST, 70.04 FEET; THENCE SOUTH 44°50' EAST, 73°29 FEET; THENCE SOUTH 66°05' EAST, 100.51 FEET; THENCE SOUTH 79°49' EAST, 81.79 FEET; THENCE SOUTH 68°00' EAST, 42.84 FEET; THENCE SOUTH 35°46' EAST, 58.88 FEET; THENCE SOUTH 16°22' EAST, 101.49 FEET; THENCE SOUTH 02°23' EAST, 86.88 FEET; THENCE SOUTH 02°27' EAST, 135.96 FEET; THENCE SOUTH 01°58' EAST, 57.86 FEET; THENCE SOUTH 22°06' EAST, 112.30 FEET; THENCE SOUTH 12°46' EAST, 117.20 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. (CONTAINING 1.31 ACRES, MORE OR LESS.)

WITNESS the hand of said Grantor as of this 29th day of DECEMBER, 1997.

CARBON COUNTY, a political subdivision of the State of Utah

By Robert P. Pero

Its CLERK/AUDITOR

STATE OF UTAH)
: ss.
COUNTY OF CARBON)

The foregoing instrument was acknowledged before me this 29th day of DECEMBER, 1997, by ROBERT P. PERO, the CLERK/AUDITOR of CARBON COUNTY, a political subdivision of the State of Utah, who duly acknowledged to me that said Carbon County executed the above Quit Claim Deed on behalf of Carbon County and pursuant to the lawful resolution of the County Commission.

Alexis P. Horsley
NOTARY PUBLIC

ALEXIS P. HORSLEY
NOTARY PUBLIC · STATE of UTAH
CARBON COUNTY
120 EAST MAIN STREET
PRICE, UTAH 84501
COMM. EXP. 7-1-00

APPROVED AS TO FORM:

CARBON COUNTY ATTORNEY'S OFFICE

BY: Gregory N. Hansen

DATE: 12/29/97

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

00063581 Bk00400 Pg00703-00704

ANN B. O'BRIEN-COUNTY OF CARBON
1997 DEC 29 15:11 PM FEE $.00 BY
REQUEST: CARBON COUNTY

WHEN RECORDED, MAIL TO:

Denise A. Dragoo
VAN COTT, BAGLEY, CORNWALL
& McCARTHY
P.O. Box 45340
Salt Lake City, Utah 84145-0340

QUIT CLAIM DEED

HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation, Grantor, hereby quitclaims to CARBON COUNTY, a political subdivision of the State of Utah, Grantee, for the sum of Ten Dollars ($10.00) and other good and valuable consideration, a sixty-six (66) foot wide right of way located thirty-three (33) feet on either side of the following described Center Line located within the E1/2SW1/4, Section 17, Township 13 South, Range 8 East, Carbon County, Utah, more particularly described as follows:

> BEGINNING AT A POINT ON THE CENTER LINE OF AN EXISTING COUNTY ROAD, SAID POINT BEING 4,755.5 FEET SOUTH AND 2,825.4 FEET WEST OF THE NORTHEAST CORNER OF SECTION 17, TOWNSHIP 13 SOUTH, RANGE 8 EAST, SALT LAKE BASE & MERIDIAN; RUNNING THENCE NORTH 21°35' WEST, 144.8 FEET; THENCE NORTH 30°04' WEST, 158.0 FEET; THENCE NORTH 34°06' WEST, 57.1 FEET; THENCE NORTH 33°36' WEST, 99.0 FEET; THENCE NORTH 34°24' WEST, 71.6 FEET; THENCE NORTH 33°59'WEST, 106.4 FEET; THENCE NORTH 33°33' WEST, 130.8 FEET; THENCE NORTH 22°03'WEST, 136.1 FEET; THENCE NORTH 22°05' WEST, 530.6 FEET; THENCE NORTH 29°01'WEST, 68.4 FEET, MORE OR LESS, TO A POINT ON THE CENTER LINE OF AN EXISTING COUNTY ROAD.

WITNESS the hand of said Grantor as of this 9th day of December 1997.

HIDDEN SPLENDOR RESOURCES, LTD.

By [signature]
Its Secretary

260\157694

STATE OF NEVADA)
: SS.
COUNTY OF WASHOE)

The foregoing instrument was acknowledged before me this 9TH day of DECEMBER, 1997, by ALEXANDER H. WALKER, JR., the SECRETARY of HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation, who duly acknowledged to me that said Hidden Splendor Resources, Ltd., executed the above Quit Claim Deed on behalf of Hidden Splendor pursuant to the lawful resolution of Hidden Splendor Resources, Ltd.

Margaret A. Oliver
NOTARY PUBLIC

MARGARET A. OLIVER
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES OCT. 10, 1998

00063581 Bk00400 Pg00704

ALTA Plain Language Commitment

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

SCHEDULE A

COMMITMENT No. 27,739-C UPDATE

Policy or Policies to be issued:

Owners: $

Lenders: $

Effective Date: November 17, 1997 at 8:00 a.m.

1. Proposed Insured:

Owner:

Lender:

2. Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date by:

HIDDEN SPLENDOR RESOURCES, LTD. a Nevada Corporation

*** *Reference is hereby made to Schedule B for other possible interests or claims**

Order No. 27,739-C

3. The land referred to in this Commitment is situated in the State of Utah, County of Carbon, and is described as follows:

The following portion of an existing 66 foot Roadway in Carbon County to be vacated more particularly described as follows:
BEGINNING at a point on the East Right of Way Line of an existing County Road, said point being 4748.2 feet South and 2793.2 feet West of the Northeast Corner of Section 17, Township 13 South, Range 8 East, SLB&M; running thence North 21 deg. 35' West 154.92 feet; thence North 30 deg. 04' West 158.53 feet to a point on the West Right of Way Line of said road; thence following said Right of Way North 02 deg. 27' West 130.80 feet; thence North 02 deg. 23' West 76.12 feet; thence North 16 deg. 22' West 82.10 feet; thence North 35 deg. 46' West 28.52 feet; thence North 68 deg. 00' West 21.68 feet; thence North 79 deg. 49' West 82.24 feet; thence North 66 deg. 05' West 115.77 feet; thence departing said Right of Way North 22 deg. 03' West 139.04 feet; thence North 22 deg. 05' West 522.79 feet; thence North 29 deg. 01' West 88.92 feet to a point on the East Right of Way Line of said road; thence along said Right of Way South 44 deg. 25' East, 95.79 feet; thence South 20 deg. 30' East 81.62 feet; thence South 21 deg. 50' East 126.45 feet; thence South 16 deg. 08' East 79.99 feet; thence South 09 deg. 22' East 66.18 feet; thence South 22 deg. 05' East 139.83 feet; thence South 44 deg. 44' East 70.04 feet; thence South 44 deg. 50' East 73.29 feet; thence South 66 deg. 05' East 100.51 feet; thence South 79 deg. 49' East 81.79 feet; thence South 68 deg. 00' East 42.84 feet; thence South 35 deg. 46' East 58.88 feet; thence South 16 deg. 22' East 101.49 feet; thence South 02 deg. 23' East 86.88 feet; thence South 02 deg. 27' East 135.96 feet; thence South 01 deg. 58' East 57.86 feet; thence South 22 deg. 06' East 112.30 feet; thence South 12 deg. 46' East 117.20 feet, more or less, to the point of beginning.

LESS any portion which may lie within the Railroad Right of Way.

* * *

Order No. 27,739-C
ALTA Plain Language Commitment

SCHEDULE B - Section 1

Requirements

The following requirements must be met:

(a) Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.

(b) Pay us the premiums, fees and charges for the policy.

(c) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.

(d) You must tell in writing the names of anyone not referred to in this commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

(e) Release(s) or Reconveyance(s) of item(s):

(f) Other:

(g) You must give us the following information:

1. Any off record leases, surveys, etc.
2. Statement(s) of identity, all parties
3. Other

Form No. 1344-B2 (Utah)-90
ALTA Plain Language Commitment
Order No. 27,739-C

SCHEDULE B - Section 2

Exceptions

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

PART 1:

1. Taxes or assessments which are not shown; as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.

3. Easements, claims or easement or encumbrances which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. Unpatented mining claims: reservations or exceptions in patents or in acts authorizing the issuance thereof: water rights, claims or title to water.

6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Note: Any matter in dispute between you and the company may be subject to arbitration as an alternative to court action pursuant to the rules of the American Arbitration Association or other recognized arbitrator. A copy of which is available on request from the company. Any decision reached by arbitration shall be binding upon both you and the company. The arbitration award may include attorney's fees if allowed by State Law and may be entered as a judgment in any court of proper jurisdiction.

The above numbered exceptions: 1 - 6 will be eliminated in an ALTA Extended Coverage Policy.

Order No. 27,739-C

7. Taxes for the year 1997, have not been assessed, and any other Assessments including but not limited to Special Service Districts..
Tax Serial # is 2A-841.

8. Subject to the Railroad rights of way as disclosed in various documents in the chain of title.

9. Any claims by Consumers Mutual Coal Company, a Corporation, wherein they received a portion of said property in the Indenture recorded January 14, 1925 in Book 3J at Page 49. No conveyance is of record from Consumers. Also, subject to the terms and conditions as contained in said conveyance.

10. Terms and Conditions as contained in the Agreement, recorded January 14, 1925 in Book 3J at page 13, by and between National Coal Company and Union Coal Company. Same conditions, which include easement conveyances, reservation of a right to enter upon said lands and other conditions, are included in various other documents in the chain of title.

11. Easement executed by Consumers Mutual Coal Co. in favor of Utah Power & Light Company, recorded Dec. 15, 1925 in Book 3J at page 591, granting a perpetual easement and right of way for the erection and continued maintenance, repair, alteration, and replacement of the electric transmission, distribution and telephone circuits and necessary attachments, over the following land:

Beg. at a point N. 15 deg. 22' W. 765.1 feet from the S 1/4 corner of Sec. 17, T13S, R8E, SLBM; thence running S. 62 deg. 45' W. 275 feet, m/l to west boundary line of grantor's land, including a 4 pole switchrack. Together with rights of ingress and egress.

12. Easement executed by National Coal Company in favor of Utah Power & Light Company, recorded January 15, 1936 in Book 3Q at page 160, granting a perpetual easement and right of way for the erection and continued maintenance, repair, alteration, and replacement of the electric transmission, distribution and telephone circuits and necessary attachments, over the following land:

Beg. at a point 715 feet N. and 188.1 feet West from the S 1/4 corner of Sec. 17, T13S, R8E, SLB&M; thence running S. 60 deg. 29' E. 125.4 feet to angle pole, thence N. 46 deg. 19' E. 235.3 feet; thence N. 46 deg. 56' E. 321.1 feet. Together with rights of ingress and egress.

13. Right of Way Easement executed by Bonanza Coal LTD. in favor of The Mountain States Telephone and Telegraph Company, recorded April 21, 1976 in Book 159 at page 392, granting a Right of Way and Easement and the right to construct, operate, maintain and remove such communication and other facilities, over the following land:

South 10 feet of a private road running in a Northeasterly direction beg. at a point on a county road located in the SE 1/4 SW 1/4 of Sec. 17, T13S, R8E, SLBM; thence running Northeasterly 1036 feet to end.

Order No. 27,739-C

14. Subject to any claims by National Coal Company, a Utah Corporation, by reason of an Agreement recorded January 18, 1949 in Book 15 at page 115, wherein Terry and Elva McGowan are the Sellers and National Coal is the Buyer. National Coal Company's interest has not been conveyed or terminated.

15. Subject to the claim of Bonanza Coal Company, a Utah Corporation, by reason of the Purchase Agreement, recorded July 1, 1975 in Book 154 at page 419, wherein Wasatch Coal Company is the Seller and Bonanza Coal is the Buyer.

16. Lis Pendens recorded February 2, 1976 in Book 157 at page 700, wherein Carl Nyman Sr. as a Shareholder of Wasatch Coal Company vs. Wasatch Coal Company, Bonanza Coal Limited, Swisher Coal, et al.

17. Notice of Interest recorded November 10, 1975 in Book 156 at page 494, wherein Continental Thrift and Loan Company claims an interest in said land. However, Continental Thrift conveyed their interest to L.M.C. Resources in the Quit Claim Deed recorded January 6, 1977 in Book 165 at page 296. L.M.C.'s interest has not been terminated or conveyed

18. Notice of Interest recorded November 10, 1975 in Book 156 at page 498, wherein Jessie T. Beuhler claims an interest in said land.

19. Notice of Interest recorded May 3, 1976 in Book 159 at page 624, wherein Larry E. Clark claims an interest in said land.

20. Subject to the Terms and Conditions of the Purchase Agreement recorded February 7, 1978 in Book 175 at page 590, wherein Wasatch coal Co. is the Seller and Benjamin H. Swig and Ralph D. Rooney are the Buyers. Swig and Rooney conveyed their interest to Utah Coal and Chemicals Corporation, a UTAH Corporation, by reason of an Agreement to purchase recorded January 12, 1978 in Book 174 at page 814, and in the Amendment to Agreement recorded December 6, 1978 in Book 184 at page 283. Utah Coal and Chemicals Corporation, a UTAH Corporation has not conveyed their interest.

21. Terms and Conditions contained in the Memorandum of Mining Lease recorded February 28, 1995 in Book 354 at page 699, wherein Hidden Splendor Resources, LTD, a Nevada Corporation gives a mining lease to Horizon Coal Corporation, a Virginia Corporation.

Deed and Assignment recorded September 18, 1997 in Book 395 at page 230, wherein Horizon Coal Corporation assigns their interest in to Horizon Mining, LLC, a Utah limited liability Company.

22. Subject to any interests that the Shareholders of the Wasatch Coal Company may have, by reason of the Deed recorded November 25, 1988 in Book 284 at page 547. Said deed conveyed the interest of Wasatch Coal Company to 48 shareholders as an undivided interest as tenants in common.

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24. Subject to any established rights for use of the roadway described in Schedule A.

A judgment search was made in the names of Hidden Splendor Resources, LTD, a Nevada Corp., Utah Coal & Chemicals Corp., a Nevada Corp., and Lifestream Technologies, Inc. and none were found of record.

RECEIVED
JAN 23 1998
DIV. OF OIL, GAS & MINING

AGREEMENT

THIS AGREEMENT is made and executed this 5TH day of NOVEMBER, 1997, by and between HORIZON MINING, LLC, a Utah limited liability company ("Horizon"), and CARBON COUNTY, a political subdivision of the State of Utah (the "County").

RECITALS:

WHEREAS, the County owns and maintains a single-lane, gravel road within the Class B road system known as the Consumer's Canyon Road (the "Road") abutting lands owned by Hidden Splendor Resources, Ltd. ("Hidden Splendor"), leased by Horizon and located in Section 17, Township 13 South, Range 8 East, Carbon County, Utah; and

WHEREAS, realignment of the Road is necessary to enhance public safety and remove a "hairpin turn" which may present a hazard to coal haul trucks and other heavy traffic using this thoroughfare; and

WHEREAS, the County seeks to realign a portion of the Road through property owned by Hidden Splendor and leased to Horizon on lands referred to as the "Realigned Parcel"; and

WHEREAS, Hidden Splendor and Horizon have agreed to grant to the County an easement and right of way over the Realigned Parcel to be used for a public road owned and maintained by the County and the County has resolved to accept the grant of right of way to the Realigned Parcel and dedicate such right of way to the construction, operation, use and maintenance of a public road; and

WHEREAS, Horizon has agreed to undertake the cost of contracting K.T.K. Mining & Construction Inc. ("KTK"), a Nevada corporation, to build the realigned portion of the Road in accordance with Class B road specifications with the understanding that, upon completion, the Road will be open to the public; and

WHEREAS, it will be necessary to relocate a stream channel in connection with the Road realignment and, in consideration for Horizon's grant of easement and payment of road construction costs, the County seeks to pay Horizon for the cost of materials necessary for the stream alternation including riprap rock to line the stream channel and up to fifty feet of new culvert as necessary to meet County specifications.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged:

1. Horizon agrees to undertake at its own expense, the costs of contracting KTK to build the realigned portion of the Road and construct the stream channel alteration;

2. Consistent with Utah Code Ann. § 27-12-108.3, Horizon will require KTK to prepare and perform all road construction plans and specifications under the direct supervision of a registered professional engineer ("Supervising Engineer");

3. The Supervising Engineer shall certify to the Board of County Commissioners that the Road realignment conforms to Class B road specifications and design and construction standards as currently adopted by the American Association of State Highway and Transportation officials;

4. Upon completion of construction of the realigned right of way, the County agrees to inspect the realignment; thereafter, the realignment shall be deemed to have been accepted and the County will dedicate such right of way to public use for operation, use and maintenance as a public road; and

5. Horizon agrees that it will not restrict public access to the Road or any part thereof; and

6. Horizon agrees to indemnify and hold harmless the County from any liability, claims or lawsuits which may result solely from Horizon's construction activities prior to inspection and acceptance by the County as provided herein at ¶ 4, except such claims

and liabilities as arise by virtue of or are related to the negligence or willful acts of the County or its successors, assigns, invitees, licensees, agents or representatives; and

7. The County agrees to indemnify and hold harmless Horizon from any liabilities, claims or lawsuits which may result solely from use of the Road after inspection and acceptance by the County as provided herein at ¶ 4, except such claims or liabilities as arise by virtue of or use related to the negligence or willful acts of Horizon or its successors, assigns, invitees, licensees, agents or representatives.

SO AGREED as of the date first set forth above.

HORIZON MINING, LLC

BY: _____

ITS: SECRETARY 25 SEPT 97

CARBON COUNTY, a political subdivision of the State of Utah

BY: _____

ITS: Chairman

APPROVED AS TO FORM:

CARBON COUNTY ATTORNEY'S OFFICE

BY: _____

DATE: November 5, 1997