

0013

FORM 2800-14
(August 1985)

Issuing Office
Moab District
Price River Resource Area

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY
SERIAL NUMBER UTU-73227

ACT/007/000
#2
Copy Area,
Wally D. [unclear]
FAX TO

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

a. By this instrument, the holder:

Horizon Coal Corporation
P. O. Box 2560
Wise, Virginia 24293

receives a right to construct, operate, maintain and terminate a coal tunnel right-of-way through the following described Federal mineral estate:

Salt Lake Meridian, Utah
T. 13 S., R. 8 E.,
sec. 8, SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$;
sec. 17, W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$.

b. The right-of-way granted herein contains 17.5 acres, more or less.

c. This instrument shall terminate (20) years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.

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Co./Dept.	Phone #	Phone #	
Fax # 359-3940	Fax #		

- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration or prior termination of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer, unless specifically exempted from such payment by regulation. Provided, however, the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations, part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d), or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibit A and B dated **JAN 22 1998**, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.

- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.
- g. Ninety (90) days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way area. This inspection will be held to agree to an acceptable termination (and rehabilitation) plan. This plan shall include, but is not limited to, removal of facilities and equipment. The authorized officer must approve the plan in writing prior to the holder's commencement of any termination activities.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

HORIZON COAL CORPORATION BY:

Richard Gilliam
(Signature of Holder)

Penelope J. Dusa
(Signature of Authorized Officer)

PRESIDENT
(Title)

Area Manager
(Title)

4/2/96
(Date)

April 23, 1996
(Effective Date of Grant)

JAN 22 1996

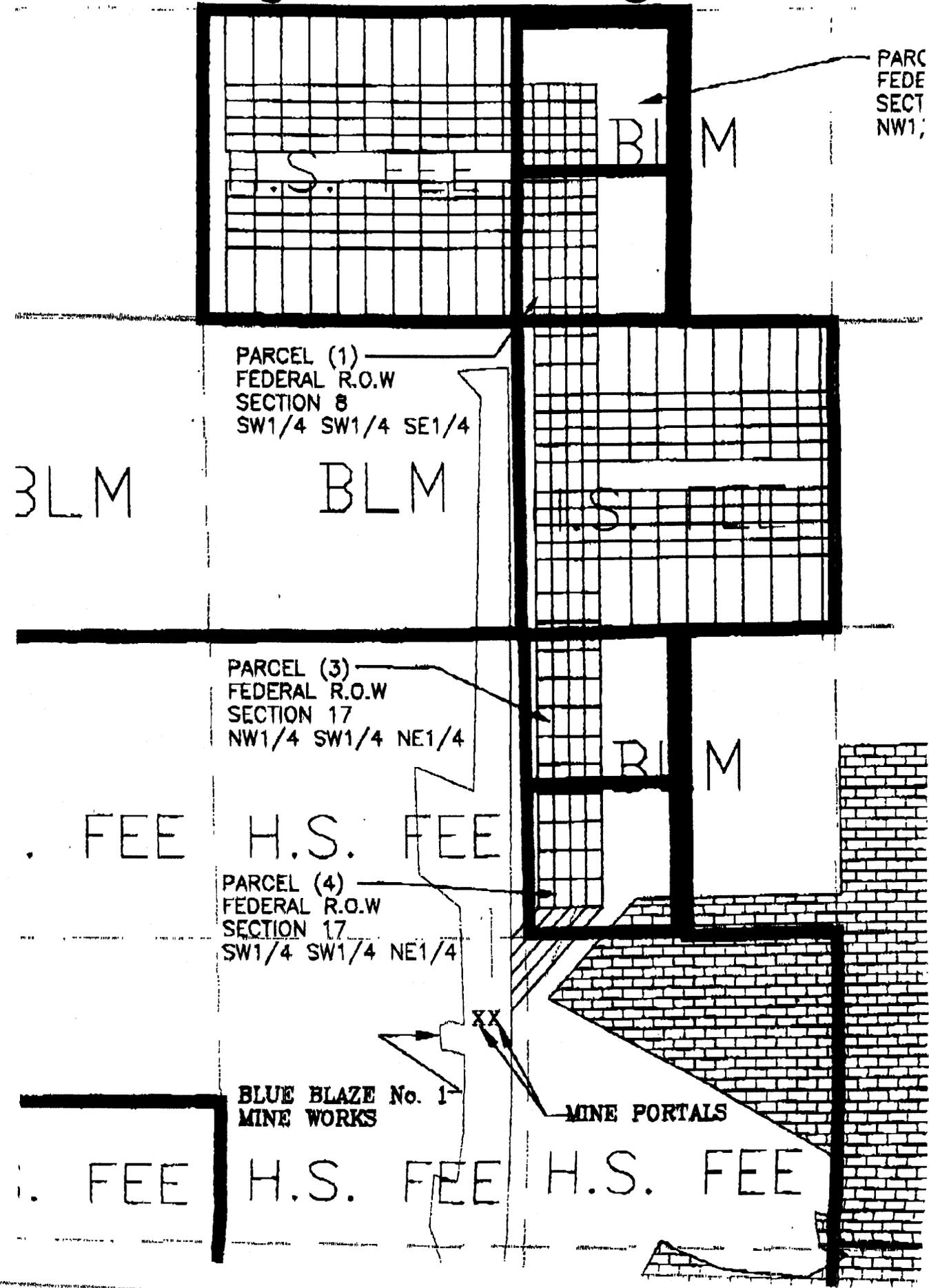
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(UT-066)

**EXHIBIT A
STIPULATIONS**

1. The holder shall operate, and maintain the facilities, improvements, and structures within this right-of-way in strict conformity with its mine permit plan (Utah Division of Oil Gas and Mining No. PRO/007/020). When approved this permit is made part of the grant. Any relocation, additional construction, or use that is not in accord with the approved permit shall not be initiated without the prior written approval of the authorized officer. A copy of the complete right-of-way grant, including all stipulations and approved mine plan shall be made available to the authorized officer during construction, operation, and termination of the right-of-way. Noncompliance with the above will be grounds for an immediate temporary suspension of activities if it constitutes a threat to public health and safety or the environment.
2. The holder shall contact the authorized officer at least fourteen (14) days prior to the anticipated start of underground development activities. The authorized officer shall require and schedule a premining conference with the holder prior to the holder's commencing mining activities on the right-of-way. The holder and/or his representative shall attend this conference. The holder's contractor, or agents involved with mining activities associated with the right-of-way, shall also attend this conference to review the stipulations of the grant including the mine plan.
3. The holder shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the authorized officer. The holder's representative shall be available for communication with the authorized officer within a reasonable time when underground development occurs.
4. The holder shall not initiate any mining activities on the right-of-way without the prior written authorization of the authorized officer. Such authorization shall be a written notice to proceed issued by the authorized officer. Any notice to proceed shall authorize mining or use only as therein expressly stated and only for the particular location or use therein described.

5. The authorized officer may suspend or terminate in whole, or in part, any notice to proceed which has been issued when, in his judgement, unforeseen conditions arise which result in the approved terms and conditions being inadequate to protect the public health and safety or to protect the environment.
6. Any paleontological resource discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.
7. The holder shall conduct all activities associated with the operation and termination of the right-of-way within the authorized limits of the right-of-way.
8. Ninety (90) days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way. This inspection will be held to agree to an acceptable termination (and rehabilitation) plan. This plan shall include, but is not limited to, removal of mining facilities and equipment. The authorized officer must approve the plan in writing prior to the holder's commencement of any termination activities.
9. The holder shall develop underground entries in accordance with information provided in the right-of-way application. Any modification to the proposed design must be approved by the authorized officer.
10. This instrument shall terminate upon issuance of a Federal coal lease to the holder.
11. The holder shall provide maps to the authorized officer showing development progress of the right-of-way entries. Maps shall be provided on a monthly basis for the purpose of estimating production by volumetric calculation. Scale weight for total mine production shall also be provided on a monthly basis.

12. The holder shall pay fair market value for the Federal coal removed from the right-of-way as provided in 43 CFR 3431.2 (a). The basis for the price of the coal is the estimated F.O.B. selling price of the coal removed less direct mining costs for removal of the coal. It has been estimated that 120,000 tons of coal will be removed from the right-of-way. Fair market value is determined to be \$1.20 per ton of coal or not less than 8 percent of the selling price of the coal. It is estimated that the total payment will be \$144,000.
13. The holder shall remit a check in the amount of \$36,000, determined to be 25 percent of the estimated total payment, at least ninety (90) days prior to commencement of mining. Payment shall be made to the Price River Resource Area Office, 125 South, 600 West, Price, Utah 84501. Payment for coal removed shall be made on a monthly basis.
14. A bond in the amount of \$108,000 shall be provided with this initial payment as security for the remainder of the total estimated payment. The bond may be in the form of a surety or personal bond (cash, or Treasury security).
15. The holder shall be subject to the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 *et seq.*) as well as the Coal Mine Reclamation Act of 1978 ((Utah) U.C.A. 40-10-1 *et seq.*) in the removal of all coal within the right-of-way as required in 43 CFR 3431.2 (c).



PARC
FEDE
SECT
NW1;

PARCEL (1)
FEDERAL R.O.W
SECTION 8
SW1/4 SW1/4 SE1/4

BLM

BLM

PARCEL (3)
FEDERAL R.O.W
SECTION 17
NW1/4 SW1/4 NE1/4

FEE H.S. FEE

PARCEL (4)
FEDERAL R.O.W
SECTION 17
SW1/4 SW1/4 NE1/4

FEE H.S. FEE H.S. FEE

BLUE BLAZE No. 1
MINE WORKS

MINE PORTALS