

HC 35/07/020
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ASSIGNMENT OF FEDERAL COAL LEASE

HORIZON MINING, LLC, a Utah limited liability company, having an address of HC35, Box 370, Helper, Utah 84526 ("Assignor"), for \$10.00 and other good and valuable consideration, receipt of which is hereby acknowledged, hereby assigns to LODESTAR ENERGY, INC., a Delaware corporation, having an address of 333 West Vine St., Suite 1700, Lexington, Kentucky 40507 ("Assignee"), all of Assignor's right, title and interest in, to and under the Federal Coal Lease described on Exhibit A attached hereto and incorporated herein.

Assignee hereby accepts the assignment of the Federal Coal Lease and agrees hereafter to keep and perform all of the Assignor's covenants and obligations pursuant thereto.

The representations and warranties contained in the Asset Purchase Agreement dated July 14, 1999, between Assignor and Assignee relating to the Federal Coal Lease are incorporated herein by reference.

This Assignment does not supersede or waive any contractual remedy between Assignor and Assignee. Such remedies are in addition to and are not merged into this instrument. This Assignment shall bind the legal representatives, successors and permitted assigns of the Assignor.

This Assignment is subject to and contingent upon the approval of the United States Bureau of Land Management.

IN WITNESS WHEREOF, Assignor has executed this Assignment effective as of July 14, 1999.

ASSIGNOR:

HORIZON MINING, LLC

BY _____

ITS _____

ASSIGNEE:

LODESTAR ENERGY, INC

BY: _____

ITS: _____

EXHIBIT A
to
Assignment

Federal Coal Lease Serial No. UTU-74804 issued effective September 1, 1998, on the following described lands located in Carbon County, Utah:

Township 13 South, Range 8 East, SLM

- Sec. 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 7: Lots 1-3, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$
Sec. 8: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$;
N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 17: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
Sec. 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$

containing 1,288.49 acres, more or less.