

Lodestar Energy, Inc.  
Mountain Operations  
White Oak, Horizon, and Grand Valley Mines  
HC35 Box 370  
Helper, Utah 84526

*Original Documents in Fireproof file*  
**RECEIVED**  
MAY 04 2001  
DIVISION OF OIL, GAS AND MINING  
*Copies to Incoming Green Bidders*  
*Classified*

May 1, 2001

Ms. Pamela Grubaugh-Littig  
Utah Coal Program  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

SUBJECT: Original Documents for Adding Rider Naming OSM as additional Obligee on Horizon Mine's Reclamation Bond

Dear Ms. Grubaugh-Littig:

Lodestar Energy, Inc. is respectfully submitting the original documents for the adding of OSM as an additional Obligee on Horizon Mine's Reclamation bond.

Attached are the original rider, affidavit of qualification from the surety company, affidavit of qualification from the permittee (Lodestar) and the stipulation to revise reclamation agreement.

If there are any questions, please feel free to call me at (435)448-9454 or 9455.

Sincerely,

David B. Miller  
Business Manager



**POWER OF ATTORNEY**

**Know All Men By These Presents:** That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations 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 valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **Lewis James Scheer Michael J. Scheer James I. Moore**  
**Alice Rhoads Bonnie Kruse Stephen T. Kazmer Dawn L. Morgan Peggy Faust Kelly A. Jacobs**  
 Countryside Illinois

of its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

**In Witness Whereof**, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this 7th day of December, 1994

FRONTIER INSURANCE COMPANY



BY: *David E. Campbell*  
 DAVID E. CAMPBELL, Vice President

State of New York  
 County of Sullivan

ss.:

On this 7th day of December, 1994, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came DAVID E. CAMPBELL of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

**In Testimony Whereof**, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



*Alicia A. Lanese*  
 ALICIA A. LANESE  
 Notary Public State of New York  
 Sullivan County Clerk's No. 2396  
 Commission Expires July 8, 2000

**CERTIFICATION**

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

**In Witness Whereof**, I have hereunto set my hand and affixed the facsimile seal of the corporation this 27th day of March, 2001



*Joseph P. Loughlin*  
 JOSEPH P. LOUGHLIN, Secretary

**Frontier Insurance Company**

Rider to be attached to and form a part of Bond Number **143714** on behalf of **Lodestar Energy, Inc.** at **333 West Vine St., Ste. 1700 Lexington KY 40507-1628** (Principal), and in favor of **State of Utah, Division of Oil, Gas & Mining** (Obligee), executed by the Company indicated above (Surety) in the amount of **Seven Hundred Eleven Thousand And No/100 Dollars (\$711,000.00)**, effective **July 9, 1999**.

The Principal and the Surety hereby consent to adding the following to the said bond:

**U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM)** as additional Obligee, and;

**“In the event the State-Federal Cooperative Agreement (944.30CFR Chapter VII (7-1-2000 edition)) between Division and OSM is terminated then the portion of the bond covering Federal Lands will be payable only to OSM.”**

Nothing herein contained shall vary, alter or extend any provision or condition of the bond other than as above stated.

Signed, Sealed and Dated this **27<sup>th</sup>** day of **March, 2001**.

**Lodestar Energy, Inc.**  
Principal

By: R. Ebertley Davis VP  
R. Ebertley Davis  
Vice President

**Frontier Insurance Company**  
Surety

By: Dawn L. Morgan  
Dawn L. Morgan, Attorney-in-Fact



AFFIDAVIT OF QUALIFICATION  
SURETY COMPANY

--00000--

I, Dawn L. Morgan, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) agent of Frontier 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.

Dawn L. Morgan  
Dawn L. Morgan

Attorney-in-Fact  
(Position)

Subscribed and sworn to before me this 27th day of March, 20 01.

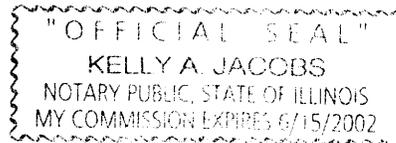
Kelly A. Jacobs  
Notary Public

My Commission Expires: **6/15/2002**

Attest:

STATE OF Illinois )

COUNTY OF Cook )ss:



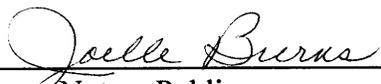
**AFFIDAVIT OF QUALIFICATION  
ASSOCIATE DIRECTOR**

--ooOOoo--

Mary Ann Wright, being first duly sworn under oath, deposes and says that she is the Associate Director of Mining for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that she is duly authorized to execute and deliver the foregoing obligations; and that said Associate Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

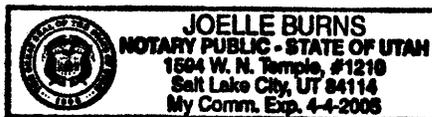
(Signed)   
Mary Ann Wright, Associate Director, Mining  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 7<sup>th</sup> day of May, 2001.

  
Notary Public

My Commission Expires:

April 4, 2005.

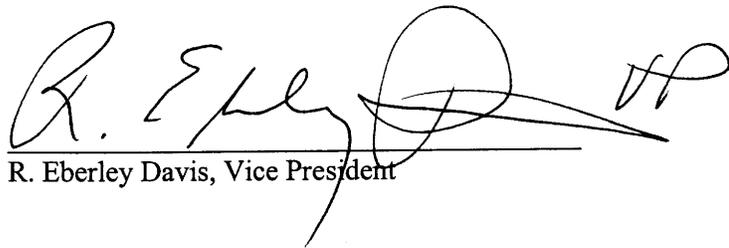


Attest:

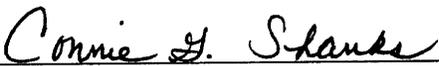
STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

**AFFIDAVIT OF QUALIFICATION  
PERMITTEE  
--oo00o--**

I, R. Eberley Davis, being first duly sworn under oath, deposes and says that he is the Vice President of Lodestar Energy, Inc., the **PERMITTEE**; and that he 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.

  
\_\_\_\_\_  
R. Eberley Davis, Vice President

Subscribed and sworn to before me this 27<sup>th</sup> day of April, 2001.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 6/29/2002

Attest:

STATE OF KENTUCKY )

COUNTY OF FAYETTE )ss

Permit Number: C/007/020

Effective Date: May 7, 2001

**COAL**  
**STIPULATION TO REVISE RECLAMATION AGREEMENT**  
--ooOOoo--

This STIPULATION TO REVISE RECLAMATION AGREEMENT entered into by and between the PERMITTEE and DIVISION incorporates the following revisions or changes to the RECLAMATION AGREEMENT: (Identify and Describe Revisions Below)

The addition of a rider to the reclamation bond to include the Office of Surface Mining (OSM) as an additional Obligee. This was required because of the addition of a portion of Federal Lease UTU-74804 to the permit area.

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the PERMITTEE and are approved by the DIVISION:

- Replace the RECLAMATION AGREEMENT in its entirety.
- Replace Exhibit "A" - PERMIT AREA.
- Replace Exhibit "B" - BONDING AGREEMENT. *(Insert rider and affidavits of Qualification)*
- Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$\_\_\_\_\_) to (\$\_\_\_\_\_).

The BONDING Type is changed from \_\_\_\_\_ to \_\_\_\_\_.

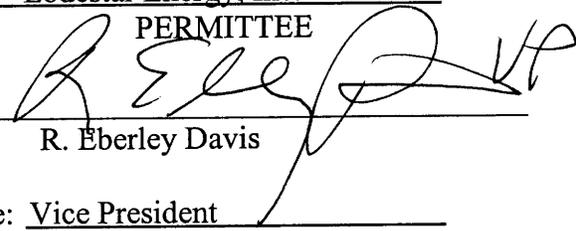
The SURFACE DISTURBANCE is revised from \_\_\_\_\_ acres to \_\_\_\_\_ acres.

The EXPIRATION DATE is revised from \_\_\_\_\_ to \_\_\_\_\_.

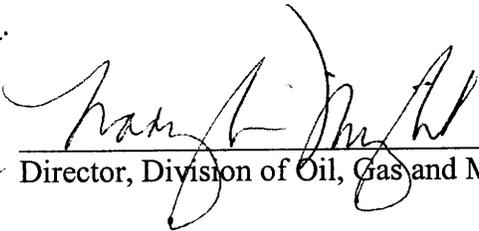
The LIABILITY INSURANCE carrier is changed from \_\_\_\_\_  
to \_\_\_\_\_.

The AMOUNT of INSURANCE coverage for bodily injury and property damage  
is changed from (\$\_\_\_\_\_) to (\$\_\_\_\_\_).

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal  
this 27<sup>th</sup> day of April, 2001.

Lodestar Energy, Inc.  
PERMITTEE  
By:   
R. Eberley Davis  
Title: Vice President

ACCEPTED BY THE STATE OF UTAH  
this 7<sup>th</sup> day of May, 2001.

  
Associate Director, Division of Oil, Gas and Mining

**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.