

Document Information Form

Mine Number: C0070020

File Name: INCOMING

To: COAL PROGRAM

From:

Person CECIL ANN WALKER

Company HIDDEN SPLENDOR RESOURCES, INC.

Date Received: 07/11/2003

Explanation: _____

SIGNED PERMIT AND RECLAMATION AGREEMENT

ORIGINAL TO FIREPROOF

cc:

C0070020

FEDERAL

PERMIT
C/007/020

July 1, 2003

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, C/007/020, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Hidden Splendor Resources, Inc.
50 West Liberty Street, Suite 880
Reno, Nevada 89501
(775) 322-0626

for the Horizon No. 1 Mine. A financial assurance in the form of an Irrevocable Letter of Credit is filed with the Division in the amount of \$342,000.00, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). The Division must receive a copy of this permit signed and dated by the permittee.

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 coal mining and reclamation operations on the following described lands within the permit area at the Horizon Mine situated in the State of Utah, Carbon County, as shown on Plate 1-1 (Permit Boundary Map) in the approved Horizon Mine mining and reclamation plan and located in:

Township 13 South, Range 8 East, SLM

Section 8: W1/2SE1/4, SE1/4SW1/4, S1/2SW1/4NE1/4, S1/2NE1/4SW1/4, NE1/4NE1/4SW1/4NE1/4, S1/2SW1/4SW1/4, NE1/4SW1/4SW1/4, S1/2NW1/4SW1/4SW1/4, S1/2NE1/4SW1/4NE1/4, NE1/4NE1/4SW1/4, SE1/4NW1/4NE1/4SW1/4, SE1/4SE1/4SE1/4NW1/4, SE1/4SE1/4NW1/4SW1/4, Portion NW1/4NE1/4SW1/4NE1/4, Portion NE1/4NW1/4SW1/4NE1/4, Portion SE1/4NW1/4SW1/4NE1/4,

Portion SW1/4NW1/4SW1/4NE1/4,
Portion SW1/4NW1/4NE1/4SW1/4,
Portion NW1/4NW1/4NE1/4SW1/4,
Portion NE1/4NW1/4NE1/4SW1/4,
Portion SE1/4SW1/4SE1/4NW1/4,
Portion SW1/4SE1/4SE1/4NW1/4,
Portion NW1/4SE1/4SE1/4NW1/4,
Portion NE1/4SE1/4SE1/4NW1/4,
Portion SE1/4NE1/4NW1/4SW1/4,
Portion NE1/4SE1/4NW1/4SW1/4,
Portion NW1/4SE1/4NW1/4SW1/4,
Portion SW1/4SE1/4NW1/4SW1/4,
Portion SE1/4SW1/4NW1/4SW1/4,
Portion NE1/4NW1/4SW1/4SW1/4,
Portion NW1/4NW1/4SW1/4SW1/4,

Section 17: NW1/4NE1/4, N1/2NW1/4SW1/4, NE1/4SW1/4, NW1/4SE1/4,
N1/2SE1/4SW1/4, N1/2SW1/4SE1/4, SW1/4NE1/4, NW1/4

Section 18: NE1/4NE1/4

Section 7: SE1/4SE1/4SE1/4, S1/2SW1/4SE1/4SE1/4,
NE1/4SW1/4SE1/4SE1/4, S1/2SE1/4SW1/4SE1/4, Portion
NE1/4NE1/4SE1/4SE1/4,
Portion SE1/4NE1/4SE1/4SE1/4,
Portion SW1/4NE1/4SE1/4SE1/4,
Portion SE1/4NW1/4SE1/4SE1/4,
Portion NW1/4SW1/4SE1/4SE1/4,
Portion NE1/4SE1/4SW1/4SE1/4,
Portion NW1/4SE1/4SW1/4SE1/4,
Portion SW1/4NW1/4SE1/4SE1/4

The permit area of the Horizon Mine contains 711 acres, more or less, consisting of 305 acres, more or less of Fee coal and 406 acres, more or less of Federal leased coal. The permittee is authorized to conduct coal mining and reclamation operations 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 becomes effective on July 1, 2003 and expires on October 11, 2006.

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 within the boundaries of the existing permit area 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 - The permittee shall comply with the special conditions 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: Jawell P Brafford

Date: 7-1-03

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

PERMITTEE (Authorized Representative)

By: Lois Ann Walker

Date: 7-1-03

Attachment A
Conditions

- Condition #1 Hidden Splendor Resources, Inc. will submit water quality data for the Horizon Mine in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.
- Condition #2 Hidden Splendor Resources, Inc. will update the appropriate sections of the mining and reclamation plan with the permit transfer information by August 1, 2003.

O:\007020.HZN\FINAL\PERMIT\P_07012003.DOC

**RECLAMATION AGREEMENT
(COAL)**

**State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340**

Federal

CONTENTS:

Reclamation Agreement

Exhibit "A"
Bonded Area

Exhibit "B"
Bonding Agreement
Surety Bond

Exhibit "C"
Liability Insurance

Affidavits of Qualification

Power of Attorney

Exhibit "D"
Stipulation to Revise Reclamation Agreement

RECEIVED
JUL 01 2003
DIV. OF OIL, GAS & MINING

Permit Number: C/007/020
Date Original Permit Issued: Oct. 10, 1996
Effective Date of Agreement: June 11, 2003

**RECLAMATION AGREEMENT
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340**

**COAL RECLAMATION AGREEMENT
--ooOOoo--**

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Hidden Splendor Resources, Inc. (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 **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

"PERMIT": (Mine Permit No.) C/007/020 (County) Carbon

"MINE": (Name of Mine) Horizon Mine

"PERMITTEE": (Company or Name) Hidden Splendor Resources, Inc.

(Address) 50 West Liberty Street, Suite 880, Reno, Nevada 89501

"PERMITTEE'S REGISTERED AGENT":

(Name) Alexander H. Walker, III

(Address) 57 West 200 South, Suite 400, Salt Lake City, UT 84101

(Phone) (801) 521-3292

"DESIGNATED OFFICIAL TO SIGN BONDING INSTRUMENTS AND PERMIT":

(Name) Cecil Ann Walker

(Phone) (775)322-0626 Reno or (801) 521-3292 Salt Lake City

"BOND TYPE": (Form of Bond) Letter of Credit

"BOND AMOUNT": (Bond Amount-Dollars) \$342,000

(Escalated Year-Dollars) 2006

"BOND NUMBER": 00335483

"INSTITUTION": (Bank or Agency) Bank One

"POLICY OR ACCOUNT NUMBER": Policy # 2916445

"LIABILITY INSURANCE": (Exp.) 06/01/04

(Insurance Company) Lexington Insurance Company

"STATE": Utah

"DIVISION": Oil, Gas and Mining

"DIVISION DIRECTOR": Lowell Braxton

EXHIBITS:

"BONDED AREA"	Exhibit "A"
"BONDING AGREEMENT"	Exhibit "B"
"LIABILITY INSURANCE"	Exhibit "C"
"STIPULATION TO CHANGE BOND"	Exhibit "D"

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

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 and Rules 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 Bonded 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 Bonded Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division 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, (which is based upon the Permit Application Package), 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 Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that 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. In the event of material damage to the surface lands, or contamination, diminution or interruption of a protected water supply, caused by subsidence from underground coal mining, the Permittee shall increase the bond amount in any amount as required by the Division in accordance with R645-301-525.550.
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 Federal Lands, and otherwise to the benefit of the Division.

8. The terms and conditions of this Agreement are non-cancelable until such time 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 application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.
14. Each signatory below represents that he/she is authorized to execute this Agreement on

behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 11th day of June, 2003.

PERMITTEE:

By: Craig Alan Walker

Title: Pres.

STATE OF UTAH:

Samuel P. Bruff

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 principal is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT “A”

**Bonded Area
Legal Description**

(Federal Coal)

Bond Number 00335483

EXHIBIT "A"

Pursuant to R645-301- 820.110, the Letter of Credit bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

Legal description of BONDED AREA:

The surveyed disturbed area boundary was found to contain 8.23 acres, however the reclamation bond calculations will continue to include reclamation of 9.15 acres. The disturbed area is located within:

Township 13 South, Range 8 East, SLM

Section 17: Portion NW1/4NW1/4SE1/4
 Portion NW1/4NE1/4SW1/4
 Portion SW1/4NE1/4SW1/4

Portion NE1/4NE1/4SW1/4
Portion SE1/4NE1/4SW1/4

(See Plates 1-1 and 3-1 of the permit)

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations, or as a result of material surface damage that is caused by a result of subsidence. The described area may also be decreased as a result of partial reclamation.

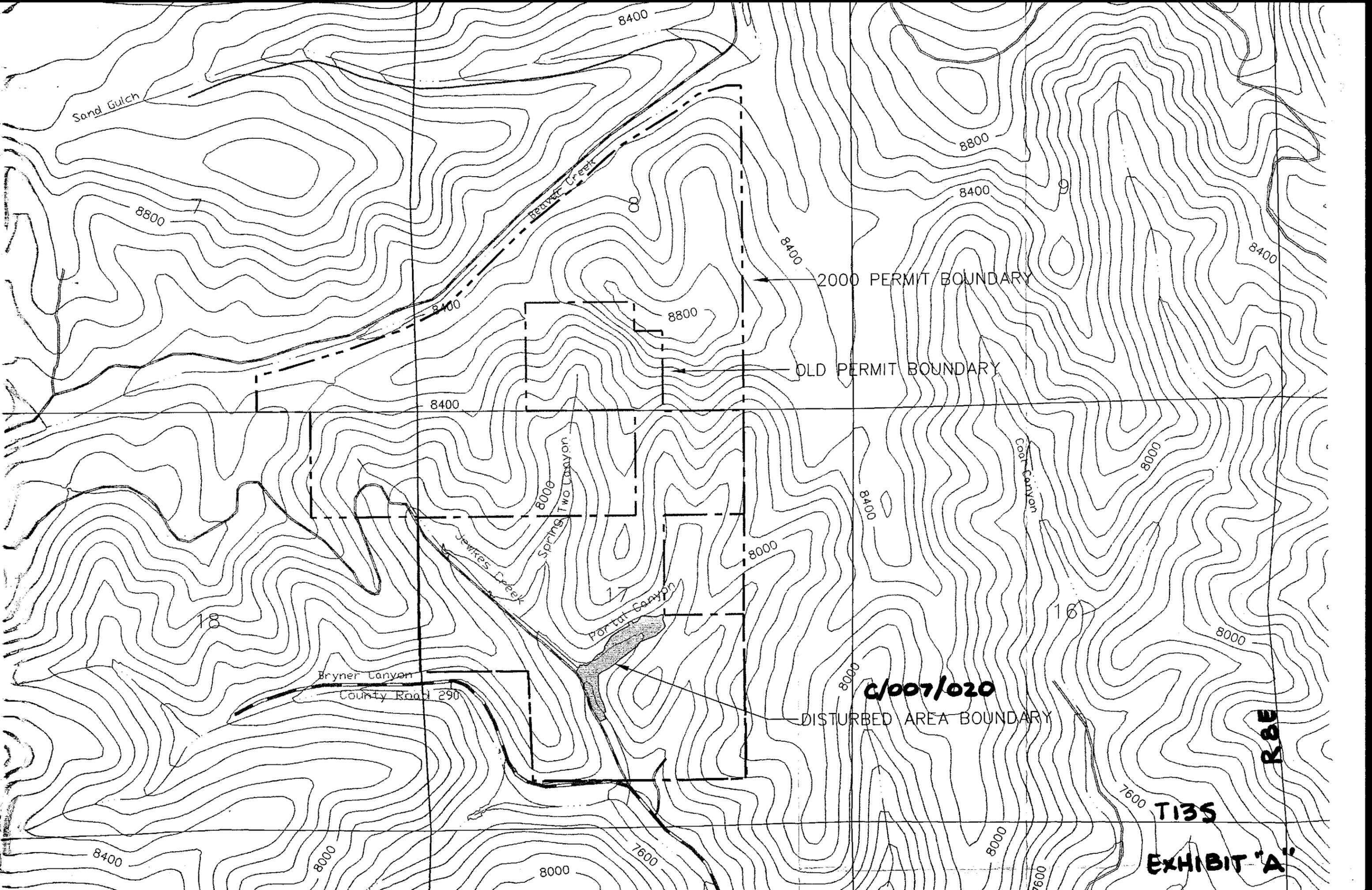
IN WITNESS WHEREOF the **PERMITTEE** has hereunto set its signature and seal this

11th day of June, 2003

Hidden Splendor Resources, Inc.
PERMITTEE

By: *Cecilia Ann Walker*

Pres.
Title:



Sand Gulch

Beaver Creek

Jewkes Creek

Spring Two Canyon

Port of Canyon

Bryner Canyon
County Road 290

Coal Canyon

2000 PERMIT BOUNDARY

OLD PERMIT BOUNDARY

DISTURBED AREA BOUNDARY

C/007/020

R&E

T135

EXHIBIT 'A'

EXHIBIT “B”

**Bonding Agreement
Letter of Credit**

(Federal Coal)

BANK ONE, NA

Fax: 214-290-3224

May 15 2003 6:51

P. 02

MAY. 14. 2003 5:09PM

NO. 4697 P. 2



Bank One, NA
Global Trade Services
One Bank One Plaza
Mail Code JLI-0236
Chicago, IL 60670
Tel: (800) 634-1967 Fax: (312) 954-0209
SWIFT: BOFCUS44
Telex: ITT4330251 FBNCUS

DATE: MAY 14, 2003

BENEFICIARY:
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114

DRAFTS DRAWN MUST BE MAILED
WITH OUR REF 0035413
OPENER'S REFERENCE NO. 0035413

GENTLEMEN:

BY THE ORDER OF:

APPLICANT:
ALEXANDER H. WALKER, JR.
AND CECIL ANN WALKER
FBO HIDDEN SPLENDOR RESOURCES, LTD.
57 WEST 200 SOUTH, SUITE 400
SALT LAKE CITY, UT 84101

WE HEREBY ISSUE OUR IRREVOCABLE CREDIT NO. 0035413 IN YOUR FAVOR FOR THE ACCOUNT OF ALEXANDER H. WALKER, JR. AND CECIL ANN WALKER FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLAR 142,000.00 (THREE HUNDRED FORTY TWO THOUSAND AND NO/100 U.S. DOLLARS) AVAILABLE BY YOUR DRAFTS AT SIGHT ON BANK ONE, NA, CHICAGO, ILLINOIS EFFECTIVE MAY 14, 2003 AND EXPIRING AT OUR COUNTERS ON APRIL 15, 2004.

FUNDS UNDER THIS CREDIT ARE AVAILABLE AGAINST YOUR DRAFT (S) MENTIONING OUR CREDIT NUMBER.

YOUR SIGNED AND DATED STATEMENT READING AS FOLLOWS:

"PURSUANT TO 841-301-300, HIDDEN SPLENDOR RESOURCES LTD., IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT THE REGULATORY SYSTEM THE PERMIT AND RECLAMATION PLAN."

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTURE EXPIRY DATE UNLESS AT LEAST NINETY (90) DAYS PRIOR TO SUCH EXPIRATION DATE WE NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR HAND DELIVERED COURIER, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

THE CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE-PUBLICATION NO. 500.

(CONTINUED)

PAGE 1 OF 2

Fax:214-290-3224

May 15 2003

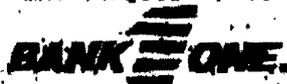
6:51

P.03

BANK ONE, NA

MAY 14 2003 5:10PM

NO. 4697 P. 3



Bank One, NA
Global Trade Services
One Bank One Plaza
Mail Code IL1-0236
Chicago, IL 60670
Tel: (800) 634-1969 Fax: (312) 954-0203
SWIFT: FNBCUS44
Telex: ITT4330253 FNBCUI

OUR REF: 08335483

DATE: MAY 14, 2003

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED TO: BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, ON OR BEFORE THE EXPIRY DATE. THE ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY, MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, MENTIONING OUR REFERENCE NUMBER AS IT APPEARS ABOVE.

VERY TRULY YOURS,

(AUTHORIZED SIGNATURE)

(AUTHORIZED SIGNATURE)

EXHIBIT "C"

Liability Insurance

(Federal Coal)

AGORD		DATE (MONTH/YEAR) 9/18/03				
PRODUCER Acordia of NY-Stockley 41 Englen Road Basking NJ 08801 (908) 288-0375		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.				
		COMPANIES AFFORDING COVERAGE				
		COMPANY A Lexington Insurance Company				
		COMPANY B				
		COMPANY C				
		COMPANY D				
INSURED Hidden Splendor Reservoir, Inc/ Business One 27 W 200 South, Suite 400 Salt Lake City, UT 84194						
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 BELOW MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CD LTD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MONTH/YEAR)	POLICY EXPIRATION DATE (MONTH/YEAR)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNERS & CONTRACTORS FOOT <input checked="" type="checkbox"/> Includes Blasting <input checked="" type="checkbox"/>	2818495	8/01/03	8/31/06	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS-COMP/OP AGG \$ 2,000,000 PERSONAL & ADV INFLY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 MED EXP (Any one person) \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$	
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$	
	UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$	
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY THE PROPRIETOR/ PARTNER/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				INC. RATE: <input type="checkbox"/> PER LIMIT <input type="checkbox"/> ON INJ EL EACH ACCIDENT \$ EL DISEASE-POLICY LIMIT \$ EL DISEASE-ER EMPLOYEE \$	
	OTHER					
DESCRIPTION OF OPERATIONS/WORKS/PRODUCTS/INDUSTRY/USE: With Division of Oil, Gas and Mining as Additional Insured General Liability Coverage With Respects to Horizon Gas Permit 98CT/001/028						
With Division of Oil, Gas and Mining 1094 N North Temple Suite 1200 Salt Lake City, UT 84144-0001		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE REPLENISH DATE THEREOF, THE ISSUING COMPANY WILL IMMEDIATELY BE SO WRITTEN NOTICE TO THE CERTIFICATE HOLDER, REASONS TO THE LEFT. AUTHORIZED REPRESENTATIVE Alex Reberg				
CERTIFICATE: 0814801/0003						

**AFFIDAVITS
OF
QUALIFICATION**

Bond Number 00335483

**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--**

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

Lowell P Braxton
Director,
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 1st day of July 2003.

Joelle Burns
Notary Public

My Commission Expires:

April 4, 2005.



Attest:

STATE OF Utah)

COUNTY OF Salt Lake)

) ss:

Bond Number 00335483

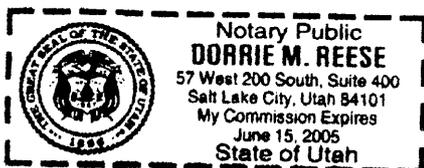
**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, Cecil Ann Walker, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President and Director of Hidden Splendor Resources, Inc.; 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.

Cecil Ann Walker, Pres.
(Signed)
Name - Position

Subscribed and sworn to before me this 11th day of June, 2003.



Dorrie M. Reese
Notary Public

My Commission Expires.
_____, 20 ____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:

**AFFIDAVIT OF QUALIFICATION
INSTITUTION (Bank or Agency)
--ooOOoo--**

I, Sheila Junious, certify that I am an Operation's Officer of Bank One, NA, main office Chicago, Illinois, and that I am duly authorized to execute and deliver that certain Letter of Credit No. 00335483 in favor of State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (beneficiary) in the amount of \$342,000.00 for the account of Alexander H. Walker Jr. & Cecil Ann Walker (applicant) and that Bank One, NA, main office Chicago, Illinois is authorized to execute the same and has complied in all respects with the applicable laws governing it in connection with such issuance or undertaking.

Sheila Junious

(Signed)

Acknowledgment

State of Illinois)
County of Cook) ss
)

The foregoing instrument was acknowledged before me this 2nd day of July, 2003, by Sheila Junious the Standby Service Representative of BANK ONE, NA, main office Chicago, Illinois.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public *Toni Wright*

My Commission Expires: November 26, 2005

