

PERMIT CHANGE TRACKING FORM

DATE RECEIVED	5/13/94	PERMIT NUMBER	ACT/007/022
Title of Proposal:		PERMIT CHANGE #	94B
Description:	Permit Transfer from Mt. Coal to Savage	PERMITTEE	Mountain Coal
		MINE NAME	C.V. Spur

<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION <input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee. <input type="checkbox"/> Request additional review copies prior to Division/Other Agency review. <input type="checkbox"/> Notice of Approval of Publication. (If change is a Significant Revision.) <input type="checkbox"/> Notice of request to modify proposed permit change prior to approval.	DATE DUE	DATE DONE	RESULT
	N/A		<input type="checkbox"/> ACCEPTED <input type="checkbox"/> REJECTED
	Permit Change Classification <input type="checkbox"/> Significant Permit Revision <input type="checkbox"/> Permit Amendment <input type="checkbox"/> Incidental Boundary Change		

REVIEW TRACKING	INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER	DUE	DONE	DUE	DONE	DUE	DONE
<input checked="" type="checkbox"/> Administrative Paul	June 13					
<input type="checkbox"/> Biology						
<input type="checkbox"/> Engineering						
<input type="checkbox"/> Geology						
<input type="checkbox"/> Soils						
<input type="checkbox"/> Hydrology						
<input type="checkbox"/> Bonding						
<input type="checkbox"/> AVS Check						

COORDINATED REVIEWS	DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> OSMRE						
<input type="checkbox"/> US Forest Service						
<input type="checkbox"/> Bureau of Land Management						
<input type="checkbox"/> US Fish and Wildlife Service						
<input type="checkbox"/> US National Parks Service						
<input type="checkbox"/> UT Environmental Quality						
<input type="checkbox"/> UT Water Resources						
<input type="checkbox"/> UT Water Rights						
<input type="checkbox"/> UT Wildlife Resources						
<input type="checkbox"/> UT State History						
<input type="checkbox"/> Other						

<input type="checkbox"/> Public Notice/Comment/Hearing Complete (If the permit change is a Significant Revision)	<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date. <input type="checkbox"/> Permit Change Denied.	7/16/95
<input type="checkbox"/> Copies of permit change marked and ready for MRP.	<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.	
<input type="checkbox"/> Special Conditions/Stipulations written for approval.	<input checked="" type="checkbox"/> Copy of Approved Permit Change to File.	9/29/95
<input type="checkbox"/> TA and CHIA modified as required.	<input type="checkbox"/> Copy of Approved Permit Change to Permittee.	9/19/95
<input type="checkbox"/> Permit Change Approval Form ready for approval.	<input type="checkbox"/> Copies to Other Agencies and Price Field Office.	9/19/95

James T. Jensen
*Executive Vice President
and General Counsel*

May 13, 1994

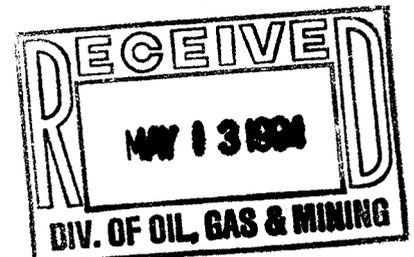
Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Request for Permit Transfer
C.V. Spur Loadout and Processing Facility
ACT/007/022
Carbon County, Utah



5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
FAX (801) 261-8766

94B



Savage Industries Inc. is herein requesting approval for transfer of the C.V. Spur Loadout and Processing Facility Permit ACT/007/022 from Mountain Coal Company to Savage Industries Inc. An original Application For Permit Change is enclosed.

The existing permittee is: Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434
Phone: (303) 929-5015

The existing permit number is: ACT/007/022

The proposed permittee is: Savage Industries Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107
Phone: (801) 263-9400

Also enclosed are three (3) copies of the legal, financial, compliance and related information required by R645-301-100. This information is provided as a complete revised Chapter 2 for the permit, and is intended to replace the existing Chapter 2 upon approval.

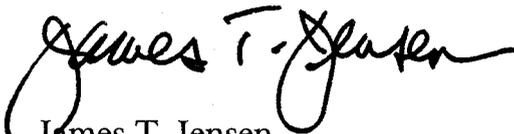
Ms. Pamela Grubaugh-Littig
May 13, 1994
Page 2

Notice of the filing of the application will be advertised in the local paper, as required, effective May 17, 1994.

Pursuant to an agreement between the Division, Mountain Coal Company and Savage Industries Inc., the performance bond will continue to be posted by Mountain Coal Company. This bond has previously been determined to be adequate, and meets the requirements of R645-301-800.

If you have any questions, or need any further information, please contact me at 263-9400.

Sincerely,



James T. Jensen

Enclosures

cc: Dan Guy (w/o encl.)
Rt. 1, Box 146, #5
Helper, Utah 84526

Scott Anderson, Esq. (w/encl.)
ARCO - Legal Department
555 Seventeenth Street
Denver, Colorado 80202

APPLICATION FOR PERMIT CHANGE

Title of Change: *REQUEST FOR PERMIT TRANSFER*

Permit Number: *ACT10071022*

Mine: *C.V. SPUR LOADOUT*

Permittee: *Savage Industries Inc.*

Description, include reason for change and timing required to implement:

Transfer of Permit from Mountain Coal Co. to Savage Industries Inc.

- | | | |
|---|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Will permit change include operations outside the Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. Will permit change include operations in hydrologic basins other than currently approved? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 6. Does permit change require or include public notice publication? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 7. Permit change as a result of a Violation? Violation # |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. Permit change as a result of a Division Order? D.O.# |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 9. Permit change as a result of other laws or regulations? Explain: |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 10. Does permit change require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 11. Does the permit change affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 12. Does permit change require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 14. Does permit change require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 15. Does permit change require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 16. Does permit change require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 17. Does permit change require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 18. Does permit change require or include certified designs, maps, or calculations? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 19. Does permit change require or include underground design or mine sequence and timing? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 20. Does permit change require or include subsidence control or monitoring? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area? |

Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

James T. [Signature] Ex VP 5/13/94
Signed - Name Position

NOTARY PUBLIC
KLENELL MOUNTEER
1407 West North Temple
Salt Lake City, Utah 84140
My Commission Expires
June 26, 1994
STATE OF UTAH

Subscribed and sworn to before me this 13 day of May, 1994
[Signature]
Notary Public

My Commission Expires:
Attest: STATE OF
COUNTY OF

June 26
Utah
Salt Lake

Received by Oil, Gas & Mining

ASSIGNED PERMIT CHANGE NUMBER

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Kevin Ashby, on oath. say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 17th day of May, 1994 and that the last publication of such notice was in the issue of such newspaper dated the 17th day of May, 1994.

Kevin Ashby
Kevin Ashby - Publisher

Subscribed and sworn to before me this 17th day of May, 1994

Linda Thayne
Notary Public My commission expires January 10, 1995 Residing at Price, Utah

Publication fee, \$46.80

NOTARY PUBLIC
LINDA THAYN
611 NORTH 10TH EAST
PRICE, UT 84501
My Commission Expires Jan. 10, 1995
State of Utah

PUBLIC NOTICE

Savage Industries Inc. has applied for a permit transfer of the Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc.

The applicant is:

Savage Industries Inc.
5250 South 300 West
Suite 200

Salt Lake City, Utah 84107

The original permittee is:

Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

The permit for which transfer is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base & Meridian. The permit area is further described as follows: Township 15 South, Range 10 East, Salt Lake Base & Meridian, Section 11: W $\frac{1}{2}$ SW $\frac{1}{4}$ except 0.24 ac. in NW corner, E $\frac{1}{2}$ SW $\frac{1}{4}$ except East 100' and 5.42 acres in SW corner. Also included in the permit area is a 20' Right-of-Way for a pipeline across the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 (1.21 acres), and across the SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey 7 $\frac{1}{2}$ minute map.

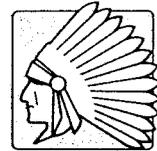
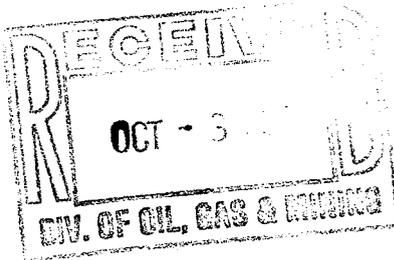
The application is available for inspection at the Carbon County Courthouse, 1st East and Main Street, Price, Utah 84501.

Written comments, objections or requests for informal conferences on the application may be submitted to: State of Utah Department of Natural Resources, Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center Suite 350, Salt Lake City, Utah 84180-1203.

Published in the Sun Advocate May 17, 1994.

RECEIVED
MAY 24 1994
DIV. OF OIL, GAS & MINING

James T. Jensen
Executive Vice President
and General Counsel



Savage

September 30, 1994

5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
FAX (801) 261-8766

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

94E

Copy from Danon

Re: Request for Permit Transfer/C.V. Spur Loadout and Processing Facility
ACT/007/022/Carbon County, Utah

This letter will confirm my telephone conversation with you as follows:

1. Pending DOGM's approval of transfer of the DOGM permit to Savage Industries Inc. from Mountain Coal Company, Savage Industries Inc. requests that it be designated as the "Operator of the CV Spur";
2. Simultaneously with DOGM's approval of transfer of the DOGM permit to Savage Industries Inc., the new name of the CV Spur will be "Savage Coal Terminal"; and
3. Appropriate signs are being painted and will be posted pursuant to DOGM regulations showing among other things, the name of the facility as "Savage Coal Terminal".

Sincerely,

A handwritten signature in cursive script that reads "James T. Jensen".

James T. Jensen

cc: Dan Guy
Rt. 1, Box 146, #5
Helper, Utah 84526

Scott Anderson, Esq.
ARCO - Legal Department
555 Seventeenth Street
Denver, Colorado 80202

UNITED PACIFIC INSURANCE COMPANY
RIDER

SEP 22

Rider to be attached to and form part of Bond Number U-629894,
on behalf of MOUNTAIN COAL COMPANY

P.O. BOX AU, PRICE, UTAH 84501
STATE OF UTAH, DIVISION OF OIL, GAS AND MINING,
as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY,
as Surety, in the amount of TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND
SEVEN HUNDRED FORTY-FIVE AND NO/100----- Dollars (\$ 2,441,745.00-----)
effective SEPTEMBER 5, 1991.

It is hereby understood and agreed that, effective as of August 16, 1994,
the said bond has been amended as follows:

(1) The Bond Amount has been increased

From: Two Million Four Hundred Forty-One Thousand Seven Hundred
Forty-Five and no/100 Dollars (\$2,441,745.00)

To: Two Million Seven Hundred Twenty-Eight Thousand One Hundred
Seventy-Eight and no/100 Dollars (\$2,728,178.00)

(2) Specific Language has been added:

"Surety acknowledges that the C.V. Spur Processing and Loadout Facility
will be operated by Savage Industries Inc. pursuant to a Lease Agreement
with Option to Purchase between Savage Industries Inc. and the Principal,
Mountain Coal Company, Inc. This is contingent upon the Surety/Principal
relationship remaining exclusively between United Pacific Insurance
Company and Mountain Coal Company."

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

SIGNED, SEALED AND DATED THIS 1st day of September, 1994.

MOUNTAIN COAL COMPANY
Principal
By: Michael W. DeGehring
Vice President

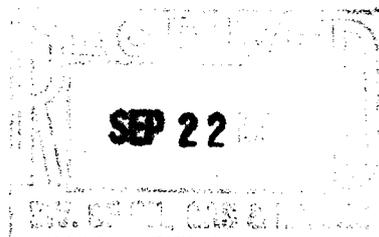
UNITED PACIFIC INSURANCE COMPANY
Surety
By: Cassie J. Berrisford
Attorney-in-Fact

ARCO Coal Company
555 Seventeenth Street
Denver, CO 80202
Telephone: 303 293-7913
Eng. Fax: 303 293-4073



September 21, 1994

Ms. Pamela Grubaugh-Littig
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



RE: Increased Bond to 1999 Dollars, Division Order-94A, C.V. Spur Processing
and Loadout Facility, Mountain Coal Company, ACT/007/022/DO-94A,
Folder #3, Carbon County, Utah.

*Originals to fileproof file
Copy #3: PAM*

Dear Pam:

In reference to Mr. James W. Carter's letter dated August 16, 1994 I have enclosed two riders to our Surety Bond covering reclamation of Mountain Coal Company's C.V. Spur Coal Processing and Loadout Facility. The first rider increases the Bond amount by \$286,433 to \$2,728,178 as ordered by the Division. In addition, the rider acknowledges that the Spur will be operated by Savage Industries under a lease agreement between Mountain Coal Company and Savage. The second rider simply updates the address of Mountain Coal Company.

If you have any questions, please do not hesitate to call me at (303)293-7913.

Sincerely,

Paige B. Beville
Manager
Environmental, Health & Safety

Enclosures

cc: S. W. Anderson
D. M. Arnolds
J. E. Fisher
D. W. Guy
E. E. DiClaudio-w/o attachments

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: ACT/007/022-DC-99A
Effective Date: _____

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)

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.
- _____ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$2,441,745) to (\$2,728,178).

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 (\$ _____).

Exhibit "D"
Stipulation to Revise
Page 2

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal
this 19th day of September, 1994.

MOUNTAIN COAL COMPANY, a Delaware corporation

PERMITTEE

By: [Signature]

Michael W. DeGenring

Title: Vice President

LEGAL
SWK

ACCEPTED BY THE STATE OF UTAH
this 26th day of September, 1994.

[Signature]
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.

CERTIFICATE

I, **Thomas F. Linn**, a duly appointed Assistant Secretary of **Mountain Coal Company** (the "Company"), a corporation organized under the laws of the State of Delaware, do hereby certify that:

1. Michael W. DeGering was duly appointed Vice President of Mountain Coal Company, a wholly-owned subsidiary of Atlantic Richfield Company, pursuant to and in accordance with a Resolution of Mountain Coal Company's Board of Directors, and that said Vice President is currently a qualified and acting Vice President of Mountain Coal Company.

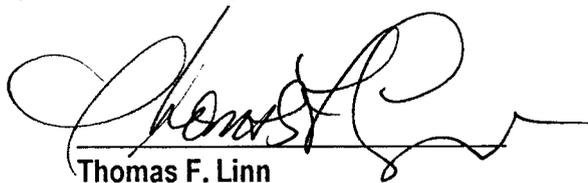
2. Said Vice President in his capacity as Vice President of Mountain Coal Company is empowered to execute and deliver various documents and instruments in accordance with the following resolution adopted by the Board of Directors of Atlantic Richfield Company at its meeting on September 20, 1993:

RESOLVED, That the Chairman, the President, any Vice President and the Treasurer be and they are hereby severally empowered to execute all contracts, documents, assignments, releases, proxies, powers of attorney with full and general or limited authority, with power of substitution, or any other instrument similar or dissimilar to the preceding, and other papers requiring execution in the name of the Company; and the Secretary and any Assistant Secretary are hereby authorized to affix the seal of the Company to such papers as require the seal. Each of such officers is hereby empowered to acknowledge and deliver any such instruments or papers as fully as if special authority had been granted in each particular case.

I further certify that the foregoing Resolution is still in full force and effect and has not been amended or rescinded.

WITNESS my hand and seal of this Company this sixteenth day of September, 1994.

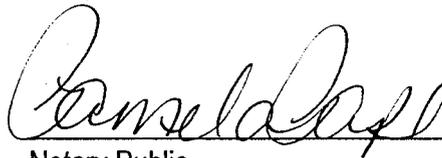
[SEAL]


Thomas F. Linn
Assistant Secretary

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Thomas F. Linn**, known to me to be the Assistant Secretary of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this sixteenth day of September, 1994.



Notary Public

Address: Denver, Colorado

My commission expires: June 21, 1995

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

On SEPTEMBER 1, 1994, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence)
to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Cora R. Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Cassie J. Berrisford, individually, of Los Angeles, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates 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 and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

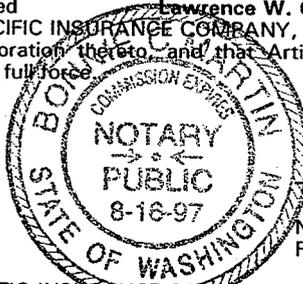
UNITED PACIFIC INSURANCE COMPANY

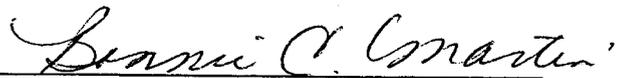

Vice President

STATE OF Washington
COUNTY OF King

} ss.

On this 8 day of October, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.





Notary Public in and for State of Washington
Residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 1ST day of SEPTEMBER 19 94.


Assistant Secretary

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

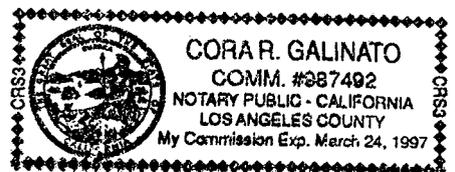
On SEPTEMBER 12, 1994, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence)
to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Cora R. Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Cassie J. Berrisford, individually, of Los Angeles, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates 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 and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

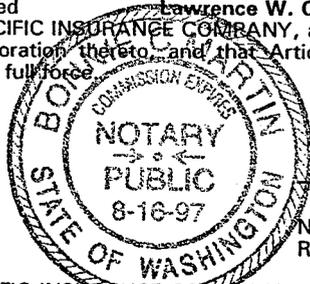
UNITED PACIFIC INSURANCE COMPANY

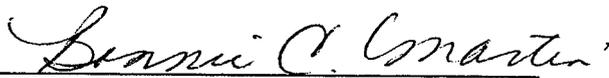

Vice President

STATE OF Washington
COUNTY OF King

}ss.

On this 8 day of October, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.




Notary Public in and for State of Washington
Residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 12TH day of SEPTEMBER 19 94.


Assistant Secretary



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 16, 1994

James T. Jensen, Esq.
Savage Industries, Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

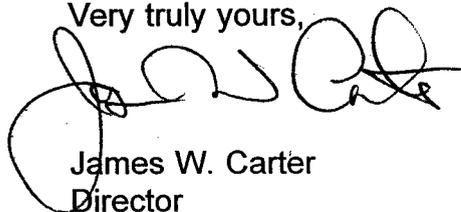
Re: Division Position - Permit Transfer and Surety Requirements, C.V. Spur Coal Processing and Loadout Facility, Mountain Coal Company, ACT/007/022-94B, Folder #2, Carbon County, Utah

Dear Mr. Jensen:

This letter is to advise you that the Division can transfer the permit for the C.V. Spur Coal Processing and Loadout Facility from Mountain Coal Company to Savage Industries after a complete and accurate permit transfer application has been provided to the Division, which includes the surety bond. This Division position has been outlined in the Opinion rendered by Assistant Attorney General, Tom Mitchell, (see attached letter dated August 4, 1994).

If you have any questions, please call me.

Very truly yours,



James W. Carter
Director

cc: Lowell P. Braxton
Pamela Grubaugh-Littig



Copy Jason

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL

copy to LRB:
PG-L



JAN GRAHAM
ATTORNEY GENERAL

CAROL CLAWSON
Solicitor General

REED RICHARDS
Chief Deputy Attorney General

PALMER DEPAULIS
Chief of Staff

August 4, 1994

James T. Jensen, Esq.
Savage Industries, Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

Re: Your 7/14/94 Agreement

Dear Jim:

I attempted to speak with you on Tuesday, August 2, 1994, when I received the facsimile transmission of the above referenced draft Agreement. I also tried to speak with you yesterday. To facilitate communication on this matter I will share my thoughts and concerns in this letter.

As you may recall, we recently had a conversation with Denise Dragoo of Fabian and Clendenin and counsel from the Governor's office concerning the need for surety if Savage is successful in acquiring a permit to operate the CV Spur. Denise Dragoo proposed, and I concurred in, the concept of Mountain Coal acting as a third party guarantor through the use of Mountain Coal's existing surety if Mountain Coal's existing surety was willing to assume that obligation. The simplest solution to your concerns, I believe, does not require an agreement between all four parties. In fact I think all that is required from the Division of Oil, Gas and Mining to meet your purposes is a letter such as this one stating that so long as a complete application for permit transfer is submitted to the Division, the permit can be transferred. Regarding the requirement of a complete application, a surety rider issued by the Surety agreeing to replace Mountain Coal with Savage Industries is sufficient.

It is not necessary or appropriate for the Division to agree to Mountain Coal's lease of the CV Spur, nor may the Division agree that it will issue Savage the permits necessary to operate

Page 2
James T. Jenson
August 4, 1994

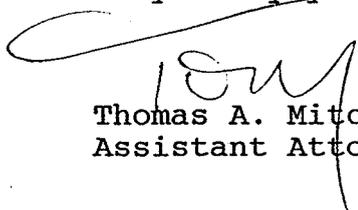
the CV Spur in advance of the actual issuance of the permit, assuming all the regulatory requirements are met. In addition, paragraph four which makes all reclamation and bonding requirements the sole and unconditional obligation of Mountain Coal is also in direct conflict with Savage obtaining the permit to become the operator of the CV Spur. While it is understood that Mountain Coal will be a secondary guarantor of Savage's obligations under a new permit, use of a surety rider to the existing surety does not need to be the subject of an agreement with the Division.

Therefore, paragraph five of your draft Agreement is effectively resolved by the issuance of a surety rider acknowledging that Savage is the new permittee. Finally, paragraph six is not an appropriate clause for an agreement to which the Division is a party. The agreement between Savage and Mountain Coal concerning the obligations of Mountain Coal to provide surety on Savage's behalf is one in which the Division can play no part.

In short, the only agreement which the Division may sign is a Reclamation Agreement by which Savage becomes the permittee for the CV Spur. The Reclamation Agreement and the transfer come about upon a complete and accurate application having been provided to the Division. Part of the complete and accurate application includes the Surety Bond. The Surety, as agreed with Denise and the Governor's representative, may consist of a surety rider to the existing surety which recognizes Savage as the operator and which continues the bond in effect with Savage as the permittee. This, hopefully, will simplify matters greatly for Savage, Mountain Coal, and the Surety.

Please call if you have any further questions.

Very truly yours,



Thomas A. Mitchell
Assistant Attorney General

lsj
cc: Jim Carter
Denise A. Dragoo
TAM94062.LTR

Savage Industries Inc.
C.V. Spur Processing Facility

94B

*Notice in 5/17
paper.*

CHAPTER 2

LEGAL, FINANCIAL
COMPLIANCE AND
RELATED INFORMATION

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

05/16/94

Savage Industries Inc.
C.V. Spur Processing Facility

2.0 Table of Contents

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
2.1	Scope.....	2-1
2.2	Identification of Interests.....	2-1
2.2.1	Permit Applicant.....	2-1
2.2.2	Owners of Record of Surface Area and of Coal Rights.....	2-1
2.2.3	Holder of Leasehold Interests in Surface Area and of Coal Rights.....	2-2
2.2.4	Purchase of Record Under a Real Estate Contract for Surface Area or Coal.....	2-2
2.2.5	Operator.....	2-2
2.2.6	Resident Agent.....	2-2
2.2.7	Business Designation.....	2-2
2.2.7.1	Officers and Directors of the Applicant..	2-3
2.2.7.2	Principle Shareholder of the Applicant...	2-3
2.2.7.3	Names under which Applicant and Principal Shareholder Operated U.S. Coal Mines (within the last 5 years).....	2-4
2.2.7.4	Principals, Officers, and Resident Agents	2-4
2.2.8	Current, Pending, or Previous Coal Mining Permits.....	2-5
2.2.9	Owners of Record of Surface and Sub-Surface Areas Contiguous to Proposed Permit Area.....	2-6
2.2.10	Mine Name and MSHA Identification.....	2-6
2.2.11	Applicant's Interest in Areas Contiguous to Proposed Permit Area.....	2-6
2.3	Compliance Information.....	2-6
2.3.1	Status of Mining Permits or Bonds.....	2-6

Savage Industries Inc.
C.V. Spur Processing Facility

2.0 Table of Contents (Continued)

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
2.3.2	Explanation of Permit or Bond Status.....	2-7
2.3.3	Compliance Information.....	2-7
2.4	Right of Entry and Operation Information.	2-7
2.5	Relationship to Areas Designated Unsuitable to Mining.....	2-8
2.6	Permit Term Information.....	2-8
2.7	Personal Injury and Property Damage.....	2-9
2.8	Proposed Performance Bond.....	2-9
2.9	Identification of Other Licenses and Permits.....	2-9
2.10	Identification of Location of Public Office for Filing Application.....	2-9
2.11	Newspaper Advertisement.....	2-10

APPENDICES

Appendix 2-1	Coal Mining Permits- Approved & Pending
Appendix 2-2	Compliance History
Appendix 2-3	Certificate of Liability Insurance
Appendix 2-4	Reclamation Performance Bond
Appendix 2-5	Other Licenses and Permits
Appendix 2-6	Public Notice for Permit Transfer

Savage Industries Inc.
C.V. Spur Processing Facility

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

2.1 Scope

The scope of the legal, financial, compliance and related information chapter of this mining and reclamation plan is to describe the status of the owner and permittee of the C.V. Spur Processing and Loadout Facility, and to document its right to mine the property. Sections within this chapter cover the following major topics; identification of interests, right of entry and operation information, other licenses and permits, location of public office for filing application, and newspaper publication.

Certain portions of the narrative, maps and other documents in this P.A.P. carry the name of Beaver Creek Coal Company or Mountain Coal Company. In lieu of changing each of these at this time, it is assumed for purposes of this permit, that wherever the name "Beaver Creek Coal Company" or "Mountain Coal Company" appears, it now pertains to "Savage Industries Inc.". Document titles will be changed to "Savage Industries Inc." as directed by the Division.

2.2 Identification of Interests

2.2.1 Permit Applicant

The permit applicant, name and address, including telephone number:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
Phone # (801) 263-9400

2.2.2 Owner of Record of Surface Area and of Coal Rights

Every legal or equitable owner of record of the areas to be affected by surface operations and facilities and every legal or equitable owner of record of the coal to be mined:

a) Surface

Mountain Coal Company
P.O. Box 591
Somerset, Colo. 81434

b) Coal

Mountain Coal Company
P.O. Box 591
Somerset, Colo. 81434

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.3 Holders of Leasehold Interests in Surface Area and of Coal Rights

The holder of record of leasehold interests in areas to be affected by surface operations of facilities and the holders of record of any leasehold interest in the coal to be mined is shown below:

a) Leasehold interest in surface:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

b) Leasehold interest in coal:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

2.2.4 Purchaser of Record Under a Real Estate Contract for Surface Area or Coal

Any purchaser of record under a real estate contract of area to be affected by surface operations and facilities and any purchaser of record under a real estate contract of the coal to be mined:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

2.2.5 Operator

If the operator is a person different from the applicant, including his or her telephone number:

The operator is the same as the applicant.

2.2.6 Resident Agent

The resident agent of the applicant who will accept service of process, including his or her telephone number:

C.T. Corporation Systems
50 West Broadway
Salt Lake City, Utah 84101
Phone # 1-(800)-441-9820

2.2.7 Business Designation

A statement of whether the applicant is a corporation, partnership, single proprietorship, association or other business entity:

The applicant is a Utah corporation.

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.7.1 Officers and Directors of the Applicant

The names and addresses of every officer, partner, director, or other person performing a function similar to a director of the applicant:

SAVAGE INDUSTRIES INC. (Shareholder: The Savage Companies)

Neal Savage	Chairman of the Board and Director
Allen B. Alexander	President and Director
H. Benson Lewis	Ex. V.P., CFO, Asst. Secretary and Director
David G. Wolach	Executive Vice Pres, Business Development
James T. Jensen	Ex. V.P., General Counsel and Secretary
C. Fred Busch	Senior Vice President
Roger P. Fordham	Regional Vice President
John K. Savage	Regional Vice President
L. James Mecham	Regional Vice President
Donald W. Alexander	Regional Vice President
Kenneth W. Cooper	Regional Vice President
Arthur D. Johnson	Vice President
L. Dean Rees	Vice President and Treasurer
Eric B. Adamson	Vice President
Howard F. Goodman	Vice President and Controller
Gary L. Norman	Vice President
Richard L. Biddinger	Vice President
Ronald J. Konnick	Vice President
Raymond Alt	Vice President
Michael A. Marchbanks	Vice President

The Address is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

2.2.7.2 Principal Shareholder of the Applicant

The name and address of any person who is a principal shareholder of the applicant:

All stock is owned by:
The Savage Companies
5250 South 300 West
Salt Lake City, Utah 84107
(A Utah Corporation)

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.7.3 Names Under which Applicant and Principal Shareholder Operated U.S. Coal Mines

Names under which the applicant, partner, or principal shareholder previously operated underground or surface coal mining operations in the United States within the five years preceding the date of application:

Savage Industries Inc.
Catale Oklahoma Loadout
Catale, Oklahoma

2.2.7.4 Principals, Officers and Resident Agents

If any owner, holder, purchaser, or operator identified under paragraph 2.2. of this section is a business entity other than a single proprietor, the application shall contain the names and addresses of their respective principals, officers and resident agent.

The officers and directors of Mountain Coal Company, the owner identified in 2.2.2, are as follows:

<u>OFFICER</u>	<u>TITLE</u>	<u>ADDRESS</u>
E. DiClaudio	President and Director	Mountain Coal Company Post Office Box 591 Somerset, Colo. 81434
W.S. Wagener	Vice President	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
R.D. Pick	Vice President and Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
M.W. DeGenring	Vice President and Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
M.C. Rechuite	Treasurer	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
H.L. Edwards	Vice President and Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071

Savage Industries Inc.
C.V. Spur Processing Facility

(continued)

T.G. Dallas	Assistant Treasurer	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
R.E. Nelson	Assistant Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
B.M. Hinds	Assistant Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
E.C. Tidball	Assistant Secretary and Director	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
A.G. Fernandez	Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217

Resident Agent

The resident agent of the owner who will accept service or process, including his or her telephone number:

The Corporation Trust Company
1209 Orange Street
Wilmington, Delaware 19801
Phone #: 1-(800)-441-9820

The applicant and operator is Savage Industries Inc. Officers and directors of Savage Industries Inc. are listed in Section 2.2.7.1.

2.2.8 Current, Pending or Previous Coal Mining Permits

A statement of any current or previous coal mining permits in the United States held by the Applicant subsequent to 1970 and by any person identified in paragraph 2.2.7.3 of this section and of any pending permit application to conduct underground or surface coal mining activities in the United States. The information shall be listed by permit or application number and identify the division for each of those coal mining operations.

See Appendix 2-1
Coal Mining Permits - Approved and Pending

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.9 Owner of Record of Surface and Subsurface Areas Contiguous to Proposed Permit Area

The names and addresses of the owners of record of all surface and subsurface areas contiguous to any part of the proposed permit area.

See Plate 4-1 for owner of record.

2.2.10 Mine Name and MSHA Identification

The name of the proposed mine and the Mine Safety and Health Administration identification number for the mine and all sections:

Mine Name

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

MSHA Identification Number

42-01444

2.2.11 Applicant's Interest in Areas Contiguous to Proposed Permit Area

A statement of all lands, interests in lands, options or pending bids on interests held or made by the applicant for lands which are contiguous to the area to be covered by the permit:

None

2.3 Compliance Information

2.3.1 Status of Mining Permits or Bonds

A statement of whether the applicant, any subsidiary, affiliate or person controlled by or under common control has had any federal or state mining permits suspended or revoked in the last five years or has forfeited a mining bond or security deposit:

Permits Suspended or Revoked

None

Bond or Security Forfeited

None

Savage Industries Inc.
C.V. Spur Processing Facility

2.3.2 Suspension, Revocation or Forfeiture

Each application shall describe all proceedings identified under 2.3.1 and the status of any suspension, revocation of forfeiture proceedings:

None

2.3.3 Compliance Information

A list of all notices of violation received by the applicant in the past 3 years for violations pertaining to air or water environmental protection:

See Appendix 2-2 - Compliance History.

2.4 Right of Entry and Operation Information

A description of the documents upon which the applicant bases its legal right to enter and begin underground coal activities in the permit area and whether the rights are the subject of pending litigation. For underground activities where operations involve the surface mining of coal, evidence of the right to surface mine must be provided.

Documents Establishing Right

See Tables 4-1 and 4-2 for all required leases, easements and rights to access.

Pending Litigation

None

Surface Mining Rights

None

2.5 Relationship to Areas Designated Unsuitable for Mining

The relationship of the permit area to possible areas designated as being unsuitable for mining, whether an exemption is claimed under the regulation, and whether surface operations will be conducted within 300 feet of occupied dwellings:

Areas Designated Unsuitable for Mining

The proposed permit area is not within an area designated unsuitable for the surface effects of underground coal mine activities under the R645 regulations. Neither is the proposed permit area under study for designation in an administrative proceeding initiated under renewable resource lands and would not result in substantial losses of food fiber, or water supply. The permit area contains no prime farmland or merchandisable timber. Mining would not affect natural hazard lands and thereby endanger life and property. It contains no cemeteries, no national trails, no wild and scenic rivers, no wilderness or wilderness study areas, and no sufficient harvestable forest cover.

Exemption

The applicant does not claim exemption.

Dwellings

There are no occupied dwellings within $\frac{1}{4}$ mile of the proposed permit area.

2.6 Permit Term Information

The number of surface acres to be affected and the horizontal and vertical extent of the workings:

Surface Acres Affected

The number of surface acres to be disturbed by the operation is 153.46 acres. There are no plans for additional surface disturbance for this operation at this time.

Horizontal Extent of Underground Workings

All 153.46 acres of the permit area may be affected by surface activities.

Vertical Extent of Workings

N/A

(continued)

Permit Term

This permit will be for the term of the existing permit - starting on August 7, 1989 through August 7, 1994. The permit is under application for a 5-year renewal. The permit is expected to be renewed at 5-year intervals throughout the life of the property.

2.7 Personal Injury and Property Damage Insurance Information

A certificate of liability insurance or evidence that the self insurance requirements are satisfied.

See Appendix 2-3
Certificate of Liability Insurance

2.8 Proposed Performance Bond

A performance bond in the name of Mountain Coal Company is included.

It has been determined that the Performance Bond will continue to be provided by Mountain Coal Company until such time as Savage Industries Inc. elects to purchase the property.

See Appendix 2-4
Performance Bond

2.9 Identification of Other Licenses and Permits

A list of all other licenses and permits under applicable state and federal law needed by the applicant to conduct underground coal mining activities:

See Appendix 2-5
Other Licenses and Permits

2.10 Identification of Location of Public Office for Filing of Application

Savage Industries Inc. will simultaneously file a complete copy of this permit application for public inspection with:

- a) Carbon County Recorder
Carbon County Courthouse
Price, Utah
- b) Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203

Savage Industries Inc.
C.V. Spur Processing Facility

2.11 Newspaper Advertisement and Proof of Publication

On the date of the filing of the Permit Transfer application with the Division of Oil, Gas & Mining, the applicant will also file an advertisement in the Sun-Advocate, a local newspaper with circulation in Carbon County, sufficient to cover the locality of the applicants operations. This advertisement will be run as required. A copy of the proposed advertisement is attached.

See Appendix 2-6

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-1

COAL MINING PERMITS
APPROVED AND PENDING

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

Appendix 2-1
Coal Mining Permits
Approved and Pending

Company and Mine Name: Savage Industries Inc.
Catale Oklahoma Loadout

Type of Permit: Mining and Reclamation Permit

Issuing Authority: State of Oklahoma
Department of Mines

Permit Number: 88/93-4174

Status: Site Under Reclamation

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-2

COMPLIANCE HISTORY

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

05/16/94

Appendix 2-2
Compliance History

- 1) Date: 02/16/92
Location: Catale
Agency: State of Oklahoma
N.O.V.#: 92-19-01-TV2
Description: Drainage Control
Proceedings: None
Status: Terminated 04/06/92
Abatement Action: Repair Erosion
- 2) Date: 02/16/92
Location: Catale
Agency: State of Oklahoma
N.O.V.#: 92-19-01-TV2
Description: Annual Pond Inspections
Proceedings: None
Status: Terminated 03/16/92
Abatement Action: Provide Inspections

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-3

CERTIFICATE OF LIABILITY INSURANCE

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

05/16/94

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

05/09/94

PRODUCER

JOHNSON & HIGGINS OF UTAH, INC.
60 East South Temple, #1600
Salt Lake City, UT 84111

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 LETTER **A** Acceptance Insurance Company
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

INSURED

SAVAGE INDUSTRIES
Attn: Dean Rees
5250 South 300 West #200
Murray, UT 84107

COVERAGE

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 SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT. <input checked="" type="checkbox"/> 73 FORM <input checked="" type="checkbox"/> \$250,000 SIR	D94CM0173	4/01/94	4/01/95	GENERAL AGGREGATE \$ PRODUCTS-COMP/OP AGG. \$ 1,000,000 PERSONAL & ADV. INJURY \$ EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS \$ EACH ACCIDENT \$ DISEASE-POLICY LIMIT \$ DISEASE-EACH EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

SUBJECT TO COMPANY TERMS, CONDITIONS, AND EXCLUSIONS.

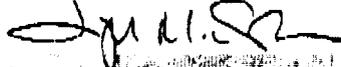
CERTIFICATE HOLDER

State of Utah
Division of Oil, Gas & Mining
UT, Dept. of Natural Resources
3 Triad Center #350
355 West North Temple
Salt Lake City, UT 84180-1203
Attn: Pam Grubaugh

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



**Savage Industries Inc.
C.V. Spur Processing Facility**

APPENDIX 2-4

RECLAMATION PERFORMANCE BOND

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

ORIGINAL

R I D E R

RIDER to be attached to and form a part of Bond Number U-629894

on behalf of BEAVER CREEK COAL COMPANY
(Name)

P.O. BOX AU, PRICE, UTAH 84501
(Address)

as Principal, and in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING

as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY as Surety,

in the amount of TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND SEVEN HUNDRED FORTY-FIVE AND NO/100-----

Dollars (\$ 2,441,745.00) effective AUGUST 6, 19 89.

It is hereby understood and agreed that effective as of SEPTEMBER 5, 1991, the said bond has been amended as follows:

1) The Principal's Name has been changed from: BEAVER CREEK COAL COMPANY
to: MOUNTAIN COAL COMPANY

2) Specific Language has been added:
"In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining."

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

SIGNED, SEALED AND DATED this 5TH day of SEPTEMBER, 19 91.



MOUNTAIN COAL COMPANY
Principal

UNITED PACIFIC INSURANCE COMPANY
Surety

BY: Thomas H. Parker
Vice President

BY: Dorothy M. Iwanoff
DOROTHY M. IWANOFF
ATTORNEY-IN-FACT

R I D E R

RIDER to be attached to and form a part of Bond Number U-629894
on behalf of BEAVER CREEK COAL COMPANY
(Name)

P.O. Box AU, Price, Utah 84501
(Address)

as Principal, and in favor of STATE OF UTAH

as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY as Surety,

in the amount of TWO MILLION SEVENTEEN THOUSAND SIX HUNDRED SIXTY-NINE-----
Dollars (\$ 2,017,669.00) effective APRIL 22, 19 87.

It is hereby understood and agreed that, effective as of AUGUST 6, 1989,
the Bond Amount on said bond has been increased as follows:

FROM: TWO MILLION SEVENTEEN THOUSAND SIX HUNDRED
SIXTY-NINE AND NO/100 DOLLARS (\$2,017,669.00)

TO: TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND
SEVEN HUNDRED FORTY-FIVE DOLLARS (\$2,441,745.00)

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

SIGNED, SEALED AND DATED this 15TH day of AUGUST, 19 89.

SEAL
[Handwritten initials]

BEAVER CREEK COAL COMPANY
Principal

UNITED PACIFIC INSURANCE COMPANY
Surety

By: *Richard P. ...*

By: *W.C. Boyle*
W. C. BOYLE, ATTORNEY-IN-FACT

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

W. C. DOYLE of LOS ANGELES, CALIFORNIA -----

as true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on his behalf, and in his act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP -----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one or more of such officers, and hereby ratifies and confirms all that his said Attorney-in-Fact may do in pursuance hereof.

The Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows.

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1 The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2 Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3 Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By Laws of the Company or any article or section thereof.

4 A power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 6th day of June, 1978, at which a quorum was present, and said Resolution has not amended or repealed.

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or 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 and any such power to be executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereunto affixed, this 23rd day of June 19 87



UNITED PACIFIC INSURANCE COMPANY

Charles B. Schmalz
Vice President

STATE OF Washington
COUNTY OF King

On this 23rd day of June 19 87 personally appeared

Charles B. Schmalz

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

My Commission Expires:

May 15 1990



Pamela Young
Notary Public in and for State of Washington
Residing at Tacoma

Lawrence W. Carlstrom

Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 15TH day of AUGUST 19 89



Assistant Secretary *Lawrence W. Carlstrom*
Lawrence W. Carlstrom

**CALIFORNIA
ACKNOWLEDGEMENT BY SURETY**

STATE OF CALIFORNIA

CITY OF LOS ANGELES

ss.

on the 15TH day of AUGUST in the year 19 89, before me CORA V. RODRIGUEZ personally

appeared W. C. DOYLE

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within

document as attorney-in-fact of UNITED PACIFIC INSURANCE COMPANY

and acknowledged to me that the corporation executed it.



Cora V. Rodriguez
Notary Public



August 17, 1987

Pamela Grubaugh-Littig
State of Utah
Natural Resources
Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Bond No. U-629894

Dear Ms. Littig:

As we discussed by telephone, enclosed is a rider increasing the bond on CV Spur to \$2,017,669.00.

Please contact me if you need anything further in this regard.

Sincerely,

A handwritten signature in cursive script that reads "Mickey L. Love". The signature is written in dark ink and is positioned above the typed name.

Mickey L. Love
Senior Lease Administrator

MLL:mjb
enclosure
cc: Dan Guy

UNITED PACIFIC INSURANCE COMPANY

HOME OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

NOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

W. C. DOYLE of LOS ANGELES, CALIFORNIA-----

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

A power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or 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 and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 1st day of March 19 82.



UNITED PACIFIC INSURANCE COMPANY

Charles R. Schmalz
Vice President

STATE OF Washington }
COUNTY OF King } ss.

On this 1st day of March 19 82, personally appeared Charles R. Schmalz

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

My Commission Expires:

June 12 1982



Nancy Starnes
Notary Public in and for State of Washington

Residing at Tacoma

Charles J. Falskow

Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 4TH day of AUGUST 19 87



Assistant Secretary Charles J. Falskow

(Revised January 1983)
(Non-Federal)

C. V. Spur Preparation Plant

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, Utah 84114

RECEIVED

JUL 30 1984

DIVISION OF OIL
GAS & MINING

THE MINED LANDS RECLAMATION ACT

BOND

The undersigned Beaver Creek Coal Company
as principal, and FEDERAL INSURANCE COMPANY as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining in the penal sum of Two Million, Seventeen Thousand, Six Hundred &
Sixty Nine dollars (\$2,017,669.00).

The principal estimated in a "Notice of Intention to Commence Mining
Operations and a Mining and Reclamation Plan," filed with the Division of Oil,
Gas and Mining on the 23rd day of September,
1983, that 160.0 acres of land will be affected by this mining
operation in the State of Utah. A description of the affected land is attached
hereto as Exhibit "A."

If the principal shall satisfactorily reclaim the above-mentioned lands
affected by mining by the said principal in accordance with the Mining and
Reclamation Plan and shall faithfully perform all requirements of the Mined
Land Reclamation Act, and comply with the Rules and Regulations adopted in
accordance therewith, then this obligation shall be void; otherwise it shall
remain in full force and effect until the reclamation is completed as outlined
in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

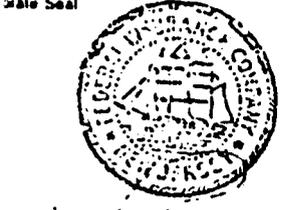
In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, has constituted and appointed, and does hereby constitute and appoint Norman D. Squires, Richard G. Taylor and George L. Williams, Salt Lake City, Utah----- and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as

- 1. Bonds and Undertakings filed in any suit, matter or proceeding in any Court, or filed with any Sheriff or Magistrate, for the doing or not doing of anything specified in such Bond or Undertaking.
2. Surety bonds to the United States of America or any agency thereof, including those required or permitted under the laws or regulations relating to Customs or Internal Revenue; License and Permit Bonds or other indemnity bonds under the laws, ordinances or regulations of any State, City, Town, Village, Board or other body or organization, public or private; bonds to Transportation Companies, Lost Instrument bonds; Lease bonds, Workers' Compensation bonds, Miscellaneous Surety bonds and bonds on behalf of Notaries Public, Sheriffs, Deputy Sheriffs and similar public officials.
3. Bonds on behalf of contractors in connection with bids, proposals or contracts.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Assistant Vice-President and Assistant Secretary and its corporate seal to be hereto affixed this 12th day of December 19 83



Richard D. O'Connor Assistant Secretary

FEDERAL INSURANCE COMPANY By George McClellan Assistant Vice-President

STATE OF NEW JERSEY County of Somerset } SS.

this 12th day of December 19 83, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of said COMPANY and knows the corporate seal thereof, that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said COMPANY and that the signature of said George McClellan subscribed to said Power of Attorney is in the genuine handwriting of said George McClellan and was thereto subscribed by authority of said COMPANY and in deponent's presence



STATE OF NEW JERSEY County of Somerset } SS.

Acknowledged and Sworn to before me on the date above written. Alice Leonard Notary Public

CERTIFICATION ALICE LEONARD NOTARY PUBLIC OF NEW JERSEY My Commission Expires June 28, 1988

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 11, 1953 and most recently amended March 11, 1963 and that this By-Law is in full force and effect.

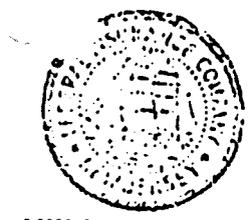
"ARTICLE XVIII.

Section 2 All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice-Chairman or the President or a Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.
Section 3 All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice-Chairman or the President or a Vice-President or an Assistant Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed "

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island, and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect

At my hand and the seal of said Company at Warren, N.J., this 30th day of July 19 84



Assistant Secretary

C.V. SPUR PROCESSING & LOADOUT FACILITY

Exhibit A

Affected Area

SW $\frac{1}{4}$, Section 11, T. 15S., R. 10E., SLM, Utah
(160 Acres, more or less)

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officers with the seal of the corporation affixed.

Beaver Creek Coal Company
Principal (Company)

By J.A. Herickhoff
Company Official - Position
J.A. Herickhoff
General Manager

Date: July 30, 1984

FEDERAL INSURANCE COMPANY
Surety (Company)

By Norman D. Squires
Official of Surety - Position
Norman D. Squires, Attorney-in-Fact
447 East First South
Salt Lake City, Utah 84111

DATE: July 30, 1984

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

Doug B. Wells

DATE: August 23, 1984

STATE OF UTAH

County of Salt Lake

} ss.:

On this 30th day of July, in the year nineteen hundred and
eighty-four, A. D., before me, Mary Cristaudo, a Notary Public in and for the said
County of Salt Lake, State of Utah, residing therein, duly commissioned and sworn,

personally appeared Norman D. Squires, known to me to be the Attorney(s) in Fact of Federal Insurance Company executing the annexed instrument, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal in said county the day and year in this certificate first above written.

Mary Cristaudo

Notary Public in and for the County of Salt Lake, State of Utah.

My Comm

pires

My Commission Expires July 4, 1897

**Savage Industries Inc.
C.V. Spur Processing Facility**

APPENDIX 2-5

OTHER LICENSES AND PERMITS

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

Mining and Reclamation Plan
 Castle Valley Spur Coal Processing and Loadout Facility Permit Application

PERMITS AND LICENSES NEEDED TO OPERATE C.V. SPUR

<u>Name and Address of Type of Permit/Licence</u>	<u>Permit License Issuing Authority</u>	<u>Application Number</u>	<u>Status</u>
Construction Approval	Utah Division of Health 288 N. 1460 W. Salt Lake City, Utah 84116-0690	N/A	Approved 07/21/77
Building Permit	Carbon County County Courthouse Price, Utah 84501	No. 979	Issued 10/06/77
Refuse Fill Permit	State of Utah Division of Oil, Gas & Mining 355 W. No. Temple #3 Triad Center Suite 350 Salt Lake City, Utah 84180-1203	N/A	Issued 10/02/79
Temporary Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0033	Issued 10/02/79
Permanent Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0034	Issued 10/02/79
UPDES Discharge Permit	Utah Dept. of Health 288 North 1460 West Salt Lake City, Utah 84116-0690	UTGO40005	Issued 05/01/89
Air Quality Approval Order	Utah Division of Health Bureau of Air Quality 288 No. 1460 West Salt Lake City, Utah 84116-0690	N/A	Issued 8/21/80
State Permit Approval	State of Utah Division of Oil, Gas & Mining 355 West North Temple #3 Triad Center Suite 350 Salt Lake City, Utah 84180-1203	ACT/007/022	Issued 8/6/84

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-6

****PUBLIC NOTICE****
PERMIT TRANSFER APPLICATION

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

Proposed Newspaper Advertisement

****Public Notice****

Savage Industries Inc. has applied for a permit transfer of the Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc.

The applicant is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

The original permittee is:

Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

The permit for which transfer is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base & Meridian. The permit area is further described as follows: Township 15 South, Range 10 East, Salt Lake Base & Meridian, Section 11: $W\frac{1}{2} SW\frac{1}{4}$ except 0.24 ac. in NW corner, $E\frac{1}{2} SW\frac{1}{4}$ except East 100' and 5.42 acres in SW corner. Also included in the permit area is a 20' Right-of-Way for a pipeline across the $SE\frac{1}{4} NW\frac{1}{4}$ and $NW\frac{1}{4} NW\frac{1}{4}$ of Section 11 (1.21 acres), and across the $SW\frac{1}{4} SW\frac{1}{4}$, $NW\frac{1}{4} SW\frac{1}{4}$, $SW\frac{1}{4} NW\frac{1}{4}$ and $NE\frac{1}{4} NW\frac{1}{4}$ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey $7\frac{1}{2}$ minute map.

The application is available for inspection at the Carbon County Courthouse, 1st East and Main Street, Price, Utah 84501.

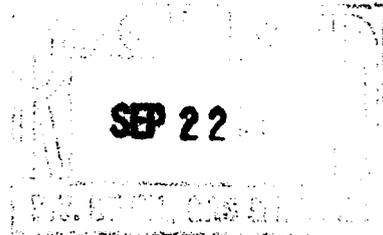
Written comments, objections or requests for informal conferences on the application may be submitted to : State of Utah Department of Natural Resources, Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center Suite 350, Salt Lake City, Utah 84180-1203.

ARCO Coal Company
555 Seventeenth Street
Denver, CO 80202
Telephone: 303 293-7913
Eng. Fax: 303 293-4073



September 21, 1994

Ms. Pamela Grubaugh-Littig
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



RE: Increased Bond to 1999 Dollars, Division Order-94A, C.V. Spur Processing and Loadout Facility, Mountain Coal Company, ACT/007/022/DO-94A, Folder #3, Carbon County, Utah.

*Originals to fireproof file
Copy #3: PAM*

Dear Pam:

In reference to Mr. James W. Carter's letter dated August 16, 1994 I have enclosed two riders to our Surety Bond covering reclamation of Mountain Coal Company's C.V. Spur Coal Processing and Loadout Facility. The first rider increases the Bond amount by \$286,433 to \$2,728,178 as ordered by the Division. In addition, the rider acknowledges that the Spur will be operated by Savage Industries under a lease agreement between Mountain Coal Company and Savage. The second rider simply updates the address of Mountain Coal Company.

If you have any questions, please do not hesitate to call me at (303)293-7913.

Sincerely,

Paige B. Beville
Manager
Environmental, Health & Safety

Enclosures

cc: S. W. Anderson
D. M. Arnolds
J. E. Fisher
D. W. Guy
E. E. DiClaudio-w/o attachments

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: ACT/007/022-94A

Effective Date: _____

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)

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.

____ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$2,441,745) to (\$2,728,178).

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

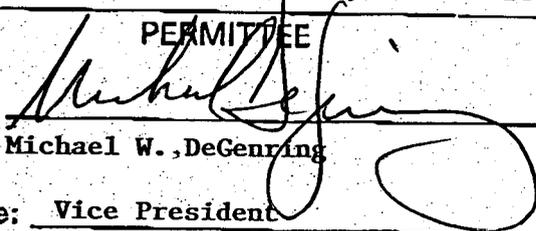
is changed from (\$ _____) to (\$ _____).

Exhibit "D"
Stipulation to Revise
Page 2

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal
this 19th day of September, 1994.

MOUNTAIN COAL COMPANY, a Delaware corporation

PERMITTEE

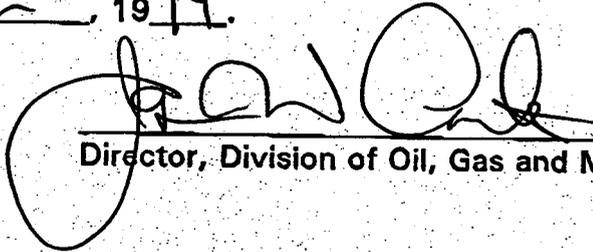
By: 

Michael W. DeGenring

Title: Vice President

LEGAL
SWR

ACCEPTED BY THE STATE OF UTAH
this 26th day of September, 1994.


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.

CERTIFICATE

I, **Thomas F. Linn**, a duly appointed Assistant Secretary of **Mountain Coal Company** (the "Company"), a corporation organized under the laws of the State of Delaware, do hereby certify that:

1. Michael W. DeGenring was duly appointed Vice President of Mountain Coal Company, a wholly-owned subsidiary of Atlantic Richfield Company, pursuant to and in accordance with a Resolution of Mountain Coal Company's Board of Directors, and that said Vice President is currently a qualified and acting Vice President of Mountain Coal Company.
2. Said Vice President in his capacity as Vice President of Mountain Coal Company is empowered to execute and deliver various documents and instruments in accordance with the following resolution adopted by the Board of Directors of Atlantic Richfield Company at its meeting on September 20, 1993:

RESOLVED, That the Chairman, the President, any Vice President and the Treasurer be and they are hereby severally empowered to execute all contracts, documents, assignments, releases, proxies, powers of attorney with full and general or limited authority, with power of substitution, or any other instrument similar or dissimilar to the preceding, and other papers requiring execution in the name of the Company; and the Secretary and any Assistant Secretary are hereby authorized to affix the seal of the Company to such papers as require the seal. Each of such officers is hereby empowered to acknowledge and deliver any such instruments or papers as fully as if special authority had been granted in each particular case.

I further certify that the foregoing Resolution is still in full force and effect and has not been amended or rescinded.

WITNESS my hand and seal of this Company this sixteenth day of September, 1994.

[SEAL]

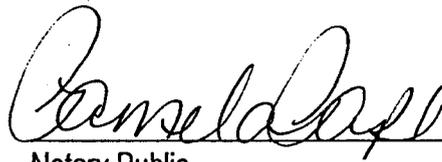


Thomas F. Linn
Assistant Secretary

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Thomas F. Linn**, known to me to be the Assistant Secretary of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this sixteenth day of September, 1994.



Notary Public

Address: Denver, Colorado

My commission expires: June 21, 1995

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

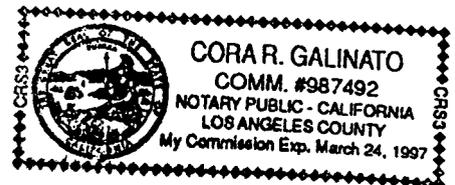
STATE OF CALIFORNIA)
)
County of Los Angeles)

On SEPTEMBER 1, 1994, before me, CORA R. GALINATO, NOTARY PUBLIC,
personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence)
to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Cora R. Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Cassie J. Berrisford, individually, of Los Angeles, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates 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 and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

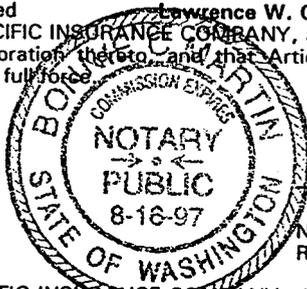
UNITED PACIFIC INSURANCE COMPANY

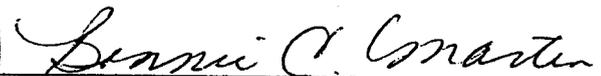

Vice President

STATE OF Washington
COUNTY OF King

}ss.

On this 8 day of October, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.




Notary Public in and for State of Washington
Residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 1ST day of SEPTEMBER 19 94.


Assistant Secretary

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

On SEPTEMBER 12, 1994, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Cora R. Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Cassie J. Berrisford, individually, of Los Angeles, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates 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 and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

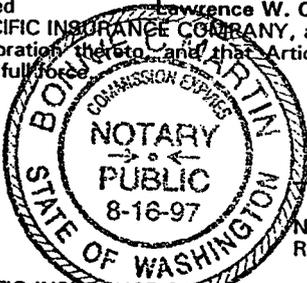
UNITED PACIFIC INSURANCE COMPANY

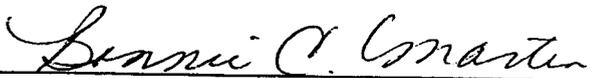

Vice President

STATE OF Washington
COUNTY OF King

}ss.

On this 8 day of October, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation hereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.





Notary Public in and for State of Washington
Residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 12TH day of SEPTEMBER 19 94.


Assistant Secretary



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
 Governor
 Ted Stewart
 Executive Director
 James W. Carter
 Division Director

355 West North Temple
 3 Triad Center, Suite 350
 Salt Lake City, Utah 84180-1203
 801-538-5340
 801-359-3940 (Fax)
 801-538-5319 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING
 FACSIMILE COVER SHEET

DATE: September 9, 1994
 FAX #: 1-803-293-4098
 ATTN: Scott Anderson
 COMPANY: ARCO
 FROM: Pam G-L
 DEPARTMENT: DDGM
 NUMBER OF PAGES BEING SENT (INCLUDING THIS ONE): 6

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5340.

We are sending from a Murata facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES:
Here's The Savage A/S info?
Is it correct a "operator"
info?
AK
PAM

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above addressed via regular postal service. Thank you.

DATE: 09 SEP 94

APPLICANT VIOLATOR SYSTEM
CONTROLLING ENTITIES OF

TIME: 16:40:55

FOR: 088333 (SAVAGE COAL SERVICE CORP)
5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

PAGE: 1 OF 5

ENTITY	DESCRIPTION	HOLD CODE	SOURCE	BDATE	XDATE	%OWN
088390	COMPANY - PRESIDENT (WOLACH, DAVID G)		OK			
088390	BOARD OF DIRECTORS (WOLACH, DAVID G)		OK			
088391	COMPANY - VICE PRESIDENT (HODGES, RICHARD F)		OK			
088392	COMPANY - TREASURER (REES, L DEAN)		OK			
088393	COMPANY - SECRETARY (LEWIS, H BENSON)		OK			

22 CONTROLLING ENTITIES EXIST.
PRESS F2 TO DISPLAY "ENTITIES CONTROLLED BY"
F3/QUIT F4/MAIN MENU F7/FORWARD F8/BACKWARD

■ usgs A # 14:55

DATE: 09 SEP 94

APPLICANT VIOLATOR SYSTEM
CONTROLLING ENTITIES OF

TIME: 16:40:55

FOR: 088333 (SAVAGE COAL SERVICE CORP)
5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

PAGE: 2 OF 5

ENTITY	DESCRIPTION	HOLD CODE	SOURCE	BDATE	XDATE	%OWN
088393	BOARD OF DIRECTORS (LEWIS, H BENSON)		OK		871217	
088394	SENIOR VICE PRESIDENT (DAVAGE, KENNETH)		OK			
088394	SHAREHOLDER (OWNING 10% OR MORE) (DAVAGE, KENNETH)		OK			
088394	BOARD OF DIRECTORS (DAVAGE, KENNETH)		OK			
088395	SHAREHOLDER (OWNING 10% OR MORE) (SAVAGE, NEAL)		OK			

22 CONTROLLING ENTITIES EXIST.
PRESS F2 TO DISPLAY "ENTITIES CONTROLLED BY"
F3/QUIT F4/MAIN MENU F7/FORWARD F8/BACKWARD

■ usgs A # 14:55

DATE: 09 SEP 94

APPLICANT VIOLATOR SYSTEM
CONTROLLING ENTITIES OF

TIME: 16:40:55

FOR: 088333 (SAVAGE COAL SERVICE CORP)
5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

PAGE: 3 OF 5

HOLD

ENTITY	DESCRIPTION	CODE	SOURCE	BDATE	XDATE	%OWN
088395	BOARD OF DIRECTORS (SAVAGE, NEAL)		OK			
088395	COMPANY - CHAIRMAN OF THE BOARD (SAVAGE, NEAL)		OK		871217	
088395	SENIOR VICE PRESIDENT (SAVAGE, NEAL)		OK	871217		
088396	SHAREHOLDER (OWNING 10% OR MORE) (SAVAGE, T LUKE)		OK			
088396	SENIOR VICE PRESIDENT (SAVAGE, T LUKE)		OK		871217	

 22 CONTROLLING ENTITIES EXIST.
 PRESS F2 TO DISPLAY "ENTITIES CONTROLLED BY"
 F3/QUIT F4/MAIN MENU F7/FORWARD F8/BACKWARD

■ usgs A # 14:55

DATE: 09 SEP 94 APPLICANT VIOLATOR SYSTEM TIME: 16:40:55
 CONTROLLING ENTITIES OF

FOR: 088333 (SAVAGE COAL SERVICE CORP) PAGE: 4 OF 5
 5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

ENTITY	DESCRIPTION	HOLD CODE	SOURCE	BDATE	XDATE	%OWN
088397	COMPANY - PRESIDENT (ALEXANDER, ALLEN)		OK		871217	
088397	COMPANY - CHAIRMAN OF THE BOARD (ALEXANDER, ALLEN)		OK	871217		
088398	COMPANY - CONTROLLER (GOODMAN, HOWARD F)		OK		871217	
088398	BOARD OF DIRECTORS (GOODMAN, HOWARD F)		OK	871217		
088399	BOARD OF DIRECTORS (BIDDINGER, RICHARD)		OK			

 22 CONTROLLING ENTITIES EXIST.
 PRESS F2 TO DISPLAY "ENTITIES CONTROLLED BY"
 F3/QUIT F4/MAIN MENU F7/FORWARD F8/BACKWARD

■ usgs A # 14 55

DATE: 09 SEP 94 APPLICANT VIOLATOR SYSTEM TIME: 16:40:55
 CONTROLLING ENTITIES OF

FOR: 088333 (SAVAGE COAL SERVICE CORP) PAGE: 5 OF 5
 5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

ENTITY	DESCRIPTION	HOLD CODE	SOURCE	BDATE	XDATE	%OWN
088400	BOARD OF DIRECTORS (FORDHAM, ROGER)		OK			
129757	BOARD OF DIRECTORS (SAVAGE, JOHN)		OK	871217		

22 CONTROLLING ENTITIES EXIST.
PRESS F2 TO DISPLAY "ENTITIES CONTROLLED BY"
F3/QUIT F4/MAIN MENU F7/FORWARD F8/BACKWARD

■ usgs A

#

14 55

DATE: 09 SEP 94

APPLICANT VIOLATOR SYSTEM
APPLICATIONS AND PERMITS BY ENTITY

TIME: 16:40:55

FOR: 088333 (SAVAGE COAL SERVICE CORP)
5295 S 300 W STE 455, SALT LAKE CITY, UT 84107

PAGE: 1 OF 1

APPLICATION NUMBER	SEQ. NUM	APPL TYPE	STATE CODE	A/R/T STATS	PERMIT NUMBER	BOND STAT	RELATIONSHIP
ACT007035	0	N	UT	I	ACT007035	A	OPR - SCA
C81036	0	N	CO	I	C81036	A	OPR
PRO007034	0	N	UT	I	PRO007034	A	OPR - Banning
88/934174	0	N	OK		88/934174	A	APPL, OPR, PERMITTEE
88/934174	1	A	OK	I	88/934174	A	APPL, OPR, PERMITTEE

Catalp

5 APPLICATIONS/PERMITS EXIST.
 TO VIEW APPL/PERMIT TYPE A "X" NEXT TO NUMBER AND PRESS APPROPRIATE FKEY
 F3/QUIT F4/MAIN MENU F5/V.APPL F6/V.PERMIT F7/FORWARD F8/BACKWARD

■ usgs A

#

14:44

SEP 22

UNITED PACIFIC INSURANCE COMPANY
RIDER

Rider to be attached to and form part of Bond Number U-629894,
on behalf of MOUNTAIN COAL COMPANY

P.O. BOX AU, PRICE, UTAH 84501,
as Principal, and in favor of

STATE OF UTAH, DIVISION OF OIL, GAS AND MINING,
as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY,

as Surety, in the amount of TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND
SEVEN HUNDRED FORTY-FIVE AND NO/100----- Dollars (\$ 2,441,745.00-----)

effective SEPTEMBER 5, 1991.

It is hereby understood and agreed that, effective as of August 16, 1994,
the said bond has been amended as follows:

(1) The Bond Amount has been increased

From: Two Million Four Hundred Forty-One Thousand Seven Hundred
Forty-Five and no/100 Dollars (\$2,441,745.00)

To: Two Million Seven Hundred Twenty-Eight Thousand One Hundred
Seventy-Eight and no/100 Dollars (\$2,728,178.00)

(2) Specific Language has been added:

"Surety acknowledges that the C.V. Spur Processing and Loadout Facility
will be operated by Savage Industries Inc. pursuant to a Lease Agreement
with Option to Purchase between Savage Industries Inc. and the Principal,
Mountain Coal Company, Inc. This is contingent upon the Surety/Principal
relationship remaining exclusively between United Pacific Insurance
Company and Mountain Coal Company."

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

SIGNED, SEALED AND DATED THIS 1st day of September, 1994.

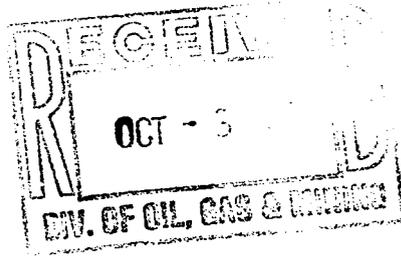
MOUNTAIN COAL COMPANY
Principal

By: Michael W. DeCoffing
Vice President

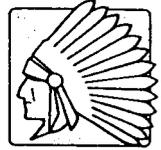
UNITED PACIFIC INSURANCE COMPANY
Surety

By: Cassie J. Berryisford
Attorney-in-Fact

James T. Jensen
Executive Vice President
and General Counsel



September 30, 1994



Savage

5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
FAX (801) 261-8766

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

94E

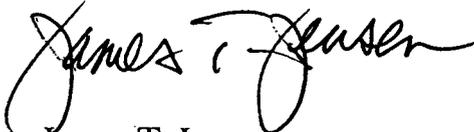
Copy FAM - Daron

Re: Request for Permit Transfer/C.V. Spur Loadout and Processing Facility
ACT/007/022/Carbon County, Utah

This letter will confirm my telephone conversation with you as follows:

1. Pending DOGM's approval of transfer of the DOGM permit to Savage Industries Inc. from Mountain Coal Company, Savage Industries Inc. requests that it be designated as the "Operator of the CV Spur";
2. Simultaneously with DOGM's approval of transfer of the DOGM permit to Savage Industries Inc., the new name of the CV Spur will be "Savage Coal Terminal"; and
3. Appropriate signs are being painted and will be posted pursuant to DOGM regulations showing among other things, the name of the facility as "Savage Coal Terminal".

Sincerely,


James T. Jensen

cc: Dan Guy
Rt. 1, Box 146, #5
Helper, Utah 84526

Scott Anderson, Esq.
ARCO - Legal Department
555 Seventeenth Street
Denver, Colorado 80202



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 16, 1994

James T. Jensen, Esq.
Savage Industries, Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

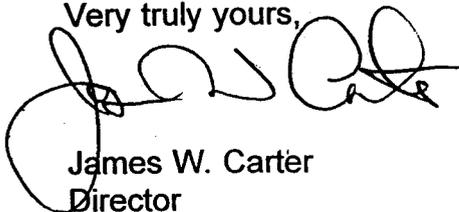
Re: Division Position - Permit Transfer and Surety Requirements, C.V. Spur Coal Processing and Loadout Facility, Mountain Coal Company, ACT/007/022-94B, Folder #2, Carbon County, Utah

Dear Mr. Jensen:

This letter is to advise you that the Division can transfer the permit for the C.V. Spur Coal Processing and Loadout Facility from Mountain Coal Company to Savage Industries after a complete and accurate permit transfer application has been provided to the Division, which includes the surety bond. This Division position has been outlined in the Opinion rendered by Assistant Attorney General, Tom Mitchell, (see attached letter dated August 4, 1994).

If you have any questions, please call me.

Very truly yours,



James W. Carter
Director

cc: Lowell P. Braxton
Pamela Grubaugh-Littig



Copy Done

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL

copy to LRB
~~FILE~~



JAN GRAHAM
ATTORNEY GENERAL

CAROL CLAWSON
Solicitor General

REED RICHARDS
Chief Deputy Attorney General

PALMER DEPAULIS
Chief of Staff

August 4, 1994

James T. Jensen, Esq.
Savage Industries, Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

Re: Your 7/14/94 Agreement

Dear Jim:

I attempted to speak with you on Tuesday, August 2, 1994, when I received the facsimile transmission of the above referenced draft Agreement. I also tried to speak with you yesterday. To facilitate communication on this matter I will share my thoughts and concerns in this letter.

As you may recall, we recently had a conversation with Denise Dragoo of Fabian and Clendenin and counsel from the Governor's office concerning the need for surety if Savage is successful in acquiring a permit to operate the CV Spur. Denise Dragoo proposed, and I concurred in, the concept of Mountain Coal acting as a third party guarantor through the use of Mountain Coal's existing surety if Mountain Coal's existing surety was willing to assume that obligation. The simplest solution to your concerns, I believe, does not require an agreement between all four parties. In fact I think all that is required from the Division of Oil, Gas and Mining to meet your purposes is a letter such as this one stating that so long as a complete application for permit transfer is submitted to the Division, the permit can be transferred. Regarding the requirement of a complete application, a surety rider issued by the Surety agreeing to replace Mountain Coal with Savage Industries is sufficient.

It is not necessary or appropriate for the Division to agree to Mountain Coal's lease of the CV Spur, nor may the Division agree that it will issue Savage the permits necessary to operate

Page 2
James T. Jenson
August 4, 1994

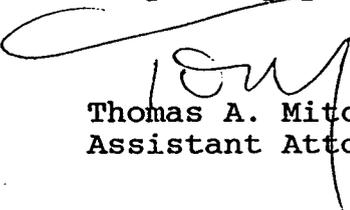
the CV Spur in advance of the actual issuance of the permit, assuming all the regulatory requirements are met. In addition, paragraph four which makes all reclamation and bonding requirements the sole and unconditional obligation of Mountain Coal is also in direct conflict with Savage obtaining the permit to become the operator of the CV Spur. While it is understood that Mountain Coal will be a secondary guarantor of Savage's obligations under a new permit, use of a surety rider to the existing surety does not need to be the subject of an agreement with the Division.

Therefore, paragraph five of your draft Agreement is effectively resolved by the issuance of a surety rider acknowledging that Savage is the new permittee. Finally, paragraph six is not an appropriate clause for an agreement to which the Division is a party. The agreement between Savage and Mountain Coal concerning the obligations of Mountain Coal to provide surety on Savage's behalf is one in which the Division can play no part.

In short, the only agreement which the Division may sign is a Reclamation Agreement by which Savage becomes the permittee for the CV Spur. The Reclamation Agreement and the transfer come about upon a complete and accurate application having been provided to the Division. Part of the complete and accurate application includes the Surety Bond. The Surety, as agreed with Denise and the Governor's representative, may consist of a surety rider to the existing surety which recognizes Savage as the operator and which continues the bond in effect with Savage as the permittee. This, hopefully, will simplify matters greatly for Savage, Mountain Coal, and the Surety.

Please call if you have any further questions.

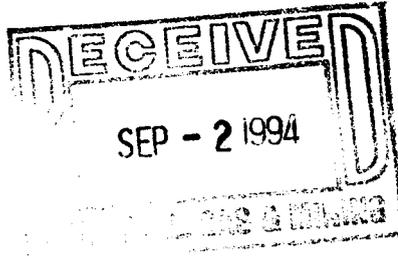
Very truly yours,



Thomas A. Mitchell
Assistant Attorney General

lsj
cc: Jim Carter
Denise A. Dragoo
TAM94062.LTR

James T. Jensen
Executive Vice President
and General Counsel



August 30, 1994

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

*Review by 10/3
(Paul -)*

Re: Request for Permit Transfer-Additional Information
C.V. Spur Loadout and Processing Facility
ACT/007/022 # 2
Carbon County, Utah

Enclosed with this transmittal letter are three (3) copies of the information requested to address deficiencies listed by DOGM for the C.V. Spur Permit Transfer. The only item that is not included is a copy of the MCC/Savage lease agreement. This agreement does not exist at the present time.

If you have any questions, or need any further information, please contact me at 263-9400.

Sincerely,

James T. Jensen
James T. Jensen

Enclosures

cc: Dan Guy (w/o encl.)
Rt. 1, Box 146, #5
Helper, Utah 84526

CHECK NO.

288750



Savage
INDUSTRIES INC.

GENERAL ACCOUNT
5250 South 300 West - Suite 200
Salt Lake City, Utah 84107
Phone: 263-9400

CHECK DATE

8-10-94

NUMBER

288

VENDOR NO.

PAY EXACTLY

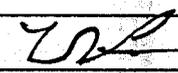
PAY

FIVE AND NO/100 *****

\$*****5.

ZIONS FIRST NATIONAL BANK
310 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84101
SAVAGE INDUSTRIES, INC.

TO THE ORDER OF UTAH DIVISION OF OIL, GAS, & Mining
OF

BY _____
BY  _____
Authorized Signatures

⑈ 288750⑈ ⑆ 124000054⑆ 02 18559 3⑈

CHECK NO.

288750

VENDOR NO.

MO DAY YR

8 10 94



Savage
INDUSTRIES INC.

INVOICE DATE	INVOICE / CONTRACT NUMBER	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET
		PERMIT TRANSFER APP. FEE			

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED ABOVE.
IF NOT CORRECT, PLEASE NOTIFY US PROMPTLY. NO RECEIPT REQUIRED.

TOTALS



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 15, 1994

Mr. James T. Jensen
Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

Re: Reclamation Agreement, Savage Industries, C. V. Spur, ACT/007/022, Folder #3 & #4, Carbon County, Utah

Dear Mr. Jensen:

Enclosed please find a reclamation agreement form which should be completed to effectuate the transfer of the C. V. Spur facility to Savage.

Please call Tom Mitchell or myself if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

cc: T. Mitchell
P. Grubaugh-Littig



Revised October 1990
RECLAMATION AGREEMENT

Permit Number: _____
Date Original Permit Issued: _____
Effective Date of Agreement: _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

COAL RECLAMATION AGREEMENT
--ooOoo--

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT": (Mine Permit No.) ACT/007/022 (County) CARBON

"MINE": (Name of Mine) SAVAGE COAL TERMINAL

"PERMITTEE": (Company or Name) SAVAGE INDUSTRIES INC.
(Address) 5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

"PERMITTEE'S REGISTERED AGENT": (Name) C.T. CORPORATION SYSTEMS
(Address) 50 West Broadway
(Phone) Salt Lake City, Utah 84101
1-800-411-9820

"COMPANY OFFICERS": SEE ATTACHED LIST

"BOND TYPE": (Form of Bond) _____

"BOND": (Bond Amount-Dollars) _____
(Escalated Year-Dollars) _____

"INSTITUTION": (Bank or Agency) _____

POLICY OR ACCOUNT NUMBER _____

"LIABILITY INSURANCE": (Exp.) 4/01/95
(Insurance Company) ACCEPTANCE INSURANCE COMPANY

"STATE": Utah Department of Natural Resources

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR" James Carter

EXHIBITS:

		Revision Dates	
"SURFACE DISTURBANCE"	Exhibit "A"	_____	_____
"BONDING AGREEMENT"	Exhibit "B"	_____	_____
"LIABILITY INSURANCE"	Exhibit "C"	_____	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	_____	_____

SAVAGE INDUSTRIES INC.

Officers and Directors

<i>Officer</i>	<i>Title</i>
<i>Neal Savage</i>	<i>Chairman of Board, Director</i>
<i>Allen B. Alexander</i>	<i>President and Chief Executive Officer, Director</i>
<i>H. Benson Lewis</i>	<i>Executive Vice President, Chief Financial Officer and Assistant Secretary, Director</i>
<i>David G. Wolach</i>	<i>Executive Vice President, Business Development</i>
<i>James T. Jensen</i>	<i>Executive Vice President, General Counsel, Secretary</i>
<i>C. Fred Busch</i>	<i>Senior Vice President</i>
<i>L. Dean Rees</i>	<i>Vice President, Treasurer and Controller</i>
<i>Roger P. Fordham</i>	<i>Regional Vice President</i>
<i>John K. Savage</i>	<i>Regional Vice President</i>
<i>James F. Sauls</i>	<i>Regional Vice President</i>
<i>Donald Alexander</i>	<i>Regional Vice President</i>
<i>Kenneth Cooper</i>	<i>Regional Vice President</i>
<i>Howard F. Goodman</i>	<i>Vice President, Safety</i>
<i>Eric B. Adamson</i>	<i>Vice President</i>
<i>Richard L. Biddinger</i>	<i>Vice President</i>
<i>Ronald J. Konnick</i>	<i>Vice President</i>
<i>Raymond Alt</i>	<i>Vice President</i>
<i>Arthur D. Johnson</i>	<i>Vice President</i>
<i>Michael Marchbanks</i>	<i>Vice President</i>

Updated January 1991

RECLAMATION AGREEMENT

(C O A L)

CONTENTS:

Reclamation Agreement

Exhibit "A"

Surface Disturbance

Exhibit "B"

Bonding Agreement

Surety Bond

Collateral Bond

Exhibit "C"

Liability Insurance

Exhibit "D"

Stipulation to Revise Reclamation Agreement

Affidavits of Qualification

Power of Attorney

RECL.AGR

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereinafter referred to as "Agreement") is entered into by the Permittee.

WHEREAS, on NOVEMBER, 19⁹⁴, the Division approved the Permit Application Package, hereinafter "PAP", submitted by SAVAGE INDUSTRIES INC., hereinafter "Permittee"; **and**

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; **and**

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 & regulations relating to the reclamation of the Property; **and**

WHEREAS, the Division is ready and willing to issue the subject a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of the PAP, the Act and the Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the cost of actual reclamation exceeds the bond amount.
3. The Permittee agrees to provide a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
4. The Permittee agrees to provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.

RECLAMATION AGREEMENT

5. The Permittee agrees to maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.
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 Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve, a written modification to this Agreement.
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 bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
10. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D" (other exhibits as appropriate).
11. 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.
12. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.
13. In the event of forfeiture, 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 PAP, the Act, and the Rules. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded to the appropriate party.

RECLAMATION AGREEMENT

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 hereto.

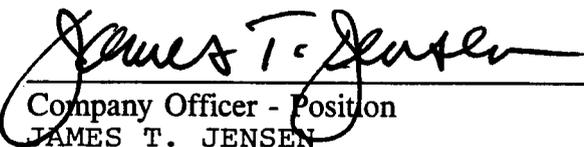
SO AGREED this 22nd day of NOVEMBER, 1994

STATE OF UTAH:

James W. Carter, Director
Division of Oil, Gas and Mining

PERMITTEE:

Company Officer - Position



Company Officer - Position
JAMES T. JENSEN
EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL

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.

Page 4 of ____

RECLAMATION AGREEMENT

EXHIBIT "A"

SURFACE DISTURBANCE

LEGAL DESCRIPTION

Revised October 1990
Exhibit "A" - SURFACE DISTURBANCE

Permit Number: _____
Effective Date: _____

SURFACE DISTURBANCE
--ooOOoo--

In accordance with the **RECLAMATION AGREEMENT**, the **PERMITTEE** intends to conduct coal mining and reclamation activities on or within the **SURFACE DISTURBANCE** as described hereunder:

Total acres of **SURFACE DISTURBANCE**: 122.28

Legal Description of **SURFACE DISTURBANCE**:

SEE ATTACHED LEGAL DESCRIPTION

This **SURFACE DISTURBANCE** is covered by the reclamation surety provided in Exhibit B.

Savage Industries Inc.

IN WITNESS WHEREOF ~~the SURETY~~ has hereunto set its signature and seal this
22nd day of NOVEMBER, 1994.

Savage Industries Inc.

SURETY

By: James T. Jensen

Title: Executive Vice President

LEGAL DESCRIPTION OF SURFACE DISTURBANCE

117 ac. in $W\frac{1}{2}SW\frac{1}{4}$ (except 0.24 ac. in NW corner), and $E\frac{1}{2}SW\frac{1}{4}$ (except East 100'), Section 11, T15S, R10E, S.L.B. & M.

5.28 ac. in $SE\frac{1}{4}NW\frac{1}{4}$ and $NW\frac{1}{4}NW\frac{1}{4}$, Section 11, $W\frac{1}{2}SW\frac{1}{4}$, $S\frac{1}{2}NW\frac{1}{4}$ and $NE\frac{1}{2}NW\frac{1}{4}$ Section 2, T15S, R10E, S.L.B. & M. for pipeline and river pump right-of-way.

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Collateral Bond

**UNITED PACIFIC INSURANCE COMPANY
RIDER**

Rider to be attached to an form part of Bond Number U-629894 , on behalf of Mountain Coal Company, P.O. Box AU, Price, Utah 84501, as Principal, and in favor of State of Utah, Division of Oil, Gas and Mining, as Obligee, executed by United Pacific Insurance Company, as Surety, in the amount of Two Million Four Hundred Forty-One Thousand Seven Hundred Forty-Five and no/100 Dollars (\$2,441,745.00) dated effective September 5, 1991.

It is hereby understood and agreed that, effective as of August 16, 1994, the said bond has been amended as follows:

1) The Bond Amount has been increased

From: Two Million Four Hundred Forty-One Thousand Seven Hundred Forty-Five and no/100 Dollars (\$2,441,745.00)

To: Two Millon Seven Hundred Twenty-Eight Thousand One Hundred Seventy-Eight and no/100 Dollars (\$2,728,178.00)

2) Savage Industries, Inc. added as Co-Principal.

3) Specific Language has been added:

"Surety acknowledges that the C.V. Spur Processing and Loadout Facility will be operated by Savage Industries, Inc. pursuant to a Lease Agreement with Option to Purchase between Savage Industries, Inc. and the Principal, Mountain Coal Company."

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

SIGNED, SEALED AND DATED this 23rd day of January, 1995.

MOUNTAIN COAL COMPANY

Principal

By: Richard A. Pich
Nice President



UNITED PACIFIC INSURANCE COMPANY

Surety

By: Cassie J. Berrisford
Cassie J. Berrisford, Attorney-in-Fact

SAVAGE INDUSTRIES, INC.

Principal

By: James T. Spaten
Ex V.P.

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

On JANUARY 23, 1995, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

personally known to me (or proved to me on the basis of satisfactory evidence)
to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature Cora R. Galinato (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint **Cassie J. Berrisford**, individually, of **Los Angeles, California**, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates 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 and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

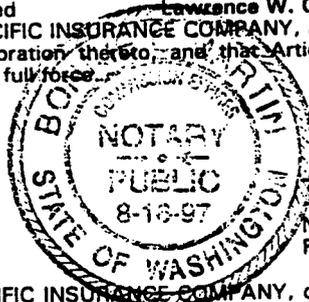
IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

UNITED PACIFIC INSURANCE COMPANY


Vice President

STATE OF Washington }
COUNTY OF King } ss.

On this 8 day of October, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.




Notary Public in and for State of Washington
Residing at Sumner

I, **Robyn Layng**, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 23RD day of JANUARY 19 95.


Assistant Secretary

CERTIFICATE

I, **Thomas F. Linn**, a duly appointed Assistant Secretary of **Mountain Coal Company** (the "Company"), a corporation organized under the laws of the State of Delaware, do hereby certify that:

1. Richard D. Pick was duly appointed Vice President of Mountain Coal Company, a wholly-owned subsidiary of Atlantic Richfield Company, pursuant to and in accordance with a Resolution of Mountain Coal Company's Board of Directors, and that said Vice President is currently a qualified and acting Vice President of Mountain Coal Company.
2. Said Vice President in his capacity as Vice President of Mountain Coal Company is empowered to execute and deliver various documents and instruments in accordance with the following resolution adopted by the Board of Directors of Atlantic Richfield Company at its meeting on September 19, 1994:

RESOLVED, That the Chairman, the President, any Vice President and the Treasurer be and they are hereby severally empowered to execute all contracts, documents, assignments, releases, proxies, powers of attorney with full and general or limited authority, with power of substitution, or any other instrument similar or dissimilar to the preceding, and other papers requiring execution in the name of the Company; and the Secretary and any Assistant Secretary are hereby authorized to affix the seal of the Company to such papers as require the seal. Each of such officers is hereby empowered to acknowledge and deliver any such instruments or papers as fully as if special authority had been granted in each particular case.

I further certify that the foregoing Resolution is still in full force and effect and has not been amended or rescinded.

WITNESS my hand and seal of this Company this thirty-first day of January, 1995.

[SEAL]



Thomas F. Linn
Assistant Secretary

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Thomas F. Linn**, known to me to be the Assistant Secretary of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this thirty-first day of January, 1995.



Notary Public

Address: Denver, Colorado



My commission expires: June 21, 1995

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Richard D. Pick**, known to me to be the Vice President of Mountain Coal Company, a Delaware corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this thirty-first day of January, 1995.



Pamela J. Pope

Notary Public

Address: Denver, Colorado

My commission expires: June 21, 1995

STATE OF UTAH)
) : ss.
CITY AND COUNTY OF SALT LAKE)

I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **James T. Jensen**, known to me to be the Executive Vice President of Savage Industries Inc., a Utah corporation, and to me known to be the person described in the foregoing instrument, and acknowledged before me that he executed the same.

Witness my hand and official seal in the City and County and State last aforesaid as of this sixth day of February, 1995.



Klenell Munteer

Notary Public

Address: Salt Lake City, Utah

My commission expires: June 26, 1998

EXHIBIT "B"

SURETY BOND
(NON-FEDERAL COAL)

Revised October 1990
Exhibit "B" - **BONDING AGREEMENT**
SURETY BOND

Permit Number: _____

SURETY BOND
(NON-FEDERAL COAL)
--ooOOoo--

THIS SURETY BOND entered into by and between the undersigned **PERMITTEE**, and **SURETY**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (**DIVISION**) in the penal sum of (\$ _____) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This **SURETY BOND** will remain in effect until all of the **PERMITTEE's** reclamation obligation have been met and released by the **DIVISION** and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, the approved permit and the Division.

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE's** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE** and to the **DIVISION** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY's** license.

Terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE** in the **RECLAMATION AGREEMENT** incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

Revised October 1990
Exhibit "B" - **BONDING AGREEMENT**
SURETY BOND

IN WITNESS WHEREOF, the **PERMITTEE** has hereunto set its signature and seal
this ____ day of _____, 19 ____.

PERMITTEE

By: _____

Title: _____

IN WITNESS WHEREOF, the **SURETY** has hereto set its signature and seal this
____ day of _____, 19 ____.

SURETY

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH:

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.

EXHIBIT "C"
LIABILITY INSURANCE

Revised October 1990

CERTIFICATE OF LIABILITY INSURANCE

Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--ooOOoo--

THIS IS TO CERTIFY THAT:

ACCEPTANCE INSURANCE COMPANY

(Name of Insurance Company)

1120 Executive Plaza, Suite 420, Mt. Laurel, New Jersey 08054

(Home Office Address of Insurance Company)

HAS ISSUED TO:

SAVAGE INDUSTRIES INC.

(Name of Permittee)

SAVAGE COAL TERMINAL

(Mine Name)

ACT/007/022

(Permit Number)

CERTIFICATE OF INSURANCE:

D94CM0173

(Policy Number)

4/01/94

(Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R614-301-890 Terms and Conditions for Liability Insurance:

- A. The **DIVISION** shall require the **PERMITTEE** to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.

Revised October 1990

CERTIFICATE OF LIABILITY INSURANCE

- C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

IN ACCORDANCE WITH THE ABOVE TERMS AND CONDITIONS, and the Utah Code Annotated 40-10-1 et seq., the Insurance Company hereby attests to the fact that coverage for said Permit Application is in accordance with the requirements of the State of Utah and agrees to notify the Division of Oil, Gas and Mining in writing of any substantive change, including cancellation, failure to renew, or other material change. No change shall be effective until at least thirty (30) days after such notice is received by the Division. Any change unauthorized by the Division is considered breach of the **RECLAMATION AGREEMENT** and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

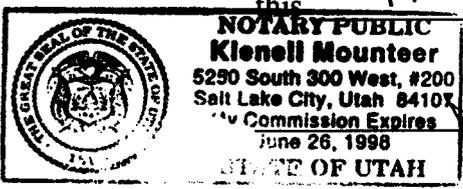
<u>KIM A. EVANS</u>	<u>(801) 539-7400</u>
(Agent's Name)	(Phone)
<u>JOHNSON & HIGGINS</u>	
(Company Name)	
<u>60 EAST SOUTH TEMPLE, #1600</u>	<u>SALT LAKE CITY, UTAH 84111</u>
(Mailing Address)	(City, State, Zip Code)

The undersigned affirms that the above information is true and complete to the best of his/her knowledge and belief, and that he/she is an authorized representative of the above-named insurance company. (An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.)

11/17/94 Kim Evans Account Executive
 (Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn before me by KIM A. EVANS

this 17th day of NOVEMBER, 19 94.



Klenell Mounter
 (Signature)

My Commission Expires: 6/26/98
 (Date)

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Revised October 1990

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

Permit Number: _____

Effective Date: _____

**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)

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" - **SURFACE DISTURBANCE**.

_____ Replace Exhibit "B" - **BONDING AGREEMENT**.

_____ Replace Exhibit "C" - **LIABILITY INSURANCE**.

The **BONDING** amount is revised 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 (\$_____).

Revised October 1990

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

IN WITNESS WHEREOF the **PERMITTEE** has hereunto set its signature and seal
this _____ day of _____, 19_____.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH:

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.

AFFIDAVITS OF QUALIFICATION

Last Revised, July 1989

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

I, Dianne R. Nielson, being first duly sworn under oath, deposes and says that she is the Director of 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 **DIRECTOR** is authorized to execute the same by authority of law on behalf of the State of Utah.

(Signed) _____
Dianne R. Nielson, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public

My Commission Expires:

_____, 19 _____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:

Last Revised, July 1989

**AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--**

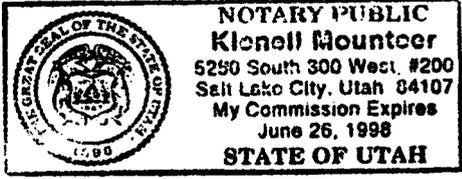
I, JAMES T. JENSEN, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) EXECUTIVE VICE PRESIDENT of SAVAGE INDUSTRIES INC.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) James T. Jensen
Name - Position
JAMES T. JENSEN
EXECUTIVE VICE PRESIDENT

Subscribed and sworn to before me this 22 day of NOV, 1994.

Kionell Mouteer
Notary Public

My Commission Expires:
June 26, 1998, 19 .



Attest:

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

Last Revised, July 1989

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

I, KIM A. EVANS, being first duly sworn under oath,
deposes and says that he/she is the (~~officer~~ ~~or~~ agent) AGENT of
ACCEPTANCE INSURANCE COMPANY; and that he/she is duly authorized to execute and
deliver the foregoing obligations; and that said INSTITUTION (Bank or Agency) 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.

(Signed) *Kim Evans, Account Executive*
Name - Position

Subscribed and sworn to before me this 17th day of NOVEMBER, 1994.

[Signature]
Notary Public

My Commission Expires:

JUNE 26, 1998.



Attest:

STATE OF Utah
COUNTY OF Salt Lake) ss:

Last Revised, July 1989

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY
--ooOOoo--**

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

(Signed) _____
Surety Company Officer - Position

Subscribed and sworn to before me this _____ day of _____, 19_____.

Notary Public

My Commission Expires:

_____, 19_____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:

POWER OF ATTORNEY

Last Revised, July 1989

POWER OF ATTORNEY

--ooOOoo--

The _____ (Corporation), having its principal office in _____
_____ (Location), does hereby make,
constitute and appoint _____ (Attorney[s]), as
its true and lawful Attorney(s)-in-fact in their separate capacity, if more than one is named
above, to make, execute, sign, seal and deliver for and on its behalf as surety and as its act
and deed (without power of re delegation) any and all bonds and undertakings and other
writings obligatory in the nature thereof provided in the amount of no one bond or
undertaking exceeding \$ _____.

The execution of such bonds and undertakings shall be as binding upon said
_____ (Corporation) as fully and to all intents and purposes as if the
same had been duly executed and acknowledged by its regularly elected officers.

IN WITNESS THEREOF, this _____ day of _____, 19 _____.

Secretary

President

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public

My Commission Expires:

_____, 19 _____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:

* * * * *

** TRANSMIT CONFIRMATION REPORT **

* * * * *

Journal No. : 012
Receiver :
Transmitter : DIV OIL GAS & MINING
Date : Jun 27,95 11:42
Document : 02 pages
Time : 01'27"
Mode : G3 NORMAL
Result : OK

* * * * *



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
 Governor
 Ted Stewart
 Executive Director
 James W. Carter
 Division Director

355 West North Temple
 3 Triad Center, Suite 350
 Salt Lake City, Utah 84180-1203
 801-538-5340
 801-359-3940 (Fax)
 801-538-5319 (TDD)

**UTAH DIVISION OF OIL, GAS AND MINING
 FACSIMILE COVER SHEET**

DATE: June 27, 1995
 FAX #: 539-7427
 ATTN: Kim Evans
 COMPANY: Johnson Higgins
 FROM: Tom
 DEPARTMENT: DDGM
 NUMBER OF PAGES BEING SENT (INCLUDING THIS ONE): 2

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5340.

We are sending from a Murata facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES:
An example of info needed for the
ford saw
 NOTE:
XCV = Explosive Damage
" Cancellation Charge
Any questions, please call me.
Tom

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.



ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY)
03/09/95

PRODUCER

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 AGORA SYNDICATE (ILL. INS. EXCH.)
- COMPANY B
- COMPANY C
- COMPANY D

INSURED

K
2
I

MENT CO.

COVERAGES

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 SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	DAG211546	02/15/95	02/15/96	GENERAL AGGREGATE \$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$EXCLUDED
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$EXCLUDED
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$1,000,000
					FIRE DAMAGE (Any one fire) \$EXCLUDED
					MED EXP (Any one person) \$EXCLUDED
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$
	ANY AUTO				BODILY INJURY (Per person) \$
	ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS				PROPERTY DAMAGE \$
	HIRED AUTOS				
	NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	ANY AUTO				OTHER THAN AUTO ONLY:
					EACH ACCIDENT \$
					AGGREGATE \$
	EXCESS LIABILITY				EACH OCCURRENCE \$
	UMBRELLA FORM				AGGREGATE \$
	OTHER THAN UMBRELLA FORM				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL			EACH ACCIDENT \$
		<input type="checkbox"/> EXCL			DISEASE - POLICY LIMIT \$
	OTHER				DISEASE - EACH EMPLOYEE \$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

XCUI COVERAGES ARE INCLUDED IN FORM; S;
MINE NAME:

CERTIFICATE HOLDER

STATE OF UTAH DIVISION
OF OIL, GAS & MINING
355 WEST NORTH TEMPLE
III TRIAD CENTER SUITE 350
SLC, UT 84180-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL endeavor to MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

AUTHORIZED REPRESENTATIVE



ARCO Denver Legal Department

DATE: March 2, 1995
TO: Pamela Grubaugh-Littig
COMPANY: DOGM
FAX: 801-359-3940

FROM: Scot Anderson, Esq.
COMPANY: ARCO COAL COMPANY
PHONE: (303) 293-4266
FAX: (303) 293-4098
PAGES: (including cover) 4

THIS FACSIMILE TRANSMISSION CONTAINS CONFIDENTIAL OR LEGALLY PRIVILEGED INFORMATION AND IS INTENDED ONLY FOR USE BY THE ADDRESSEE.

If you are not the intended recipient of the information contained in this fax cover memo or attached hereto, or an agent responsible for delivery of this fax to the named recipient, you are hereby notified that you have received this fax transmission in error and that review, dissemination, or copying of this transmission is strictly prohibited. If you have received this transmission in error, please notify us immediately by telephone, collect if necessary, so that we can arrange for the return of the transmission to us at no cost to you. Thank you.

Comments:

Pam:

Attached are the documents forwarded to me by Jim Jensen of Savage. I believe the Rider is sufficient, and, that there is no need to execute the Surety Agreement. I also believe our Surety provided a certificate that fulfills the requirements of the affidavit of Qualifications.

Scot

Page ___ of ___

Revised October 1990
Exhibit "B" - **BONDING AGREEMENT**
SURETY BOND

Permit Number: ACT/007/022

Copy for Tom Mitchell

John

SURETY BOND
(NON-FEDERAL COAL)
--ooOOoo--

Called Scott

*3/7
Told him to call Tom*

THIS SURETY BOND entered into by and between the undersigned **PERMITTEE**, and **SURETY**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (**DIVISION**) in the penal sum of (\$ 2,728,178.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This **SURETY BOND** will remain in effect until all of the **PERMITTEE's** reclamation obligation have been met and released by the **DIVISION** and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, the approved permit and the Division.

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE's** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE** and to the **DIVISION** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY's** license.

Terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE** in the **RECLAMATION AGREEMENT** incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

Page ____ of ____

Revised October 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 17th day of February, 19 95.

Savage Industries Inc.
PERMITTEE
By: *James T. Gush*
Title: Executive Vice President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
____ day of _____, 19____.

SURETY
By: _____
Title: _____

ACCEPTED BY THE STATE OF UTAH:

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.

Page ___ of ___

Last Revised, July 1989

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY
--ooOOoo--**

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

(Signed) _____
Surety Company Officer - Position

Subscribed and sworn to before me this _____ day of _____, 19_____.

Notary Public

My Commission Expires:

_____, 19_____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:



ARCO Denver Legal Department

DATE: January 17, 1995
 TO: Tom Mitchell
 COMPANY: Division of Oil, Gas and Mining
 FAX: 801-359-3940

FROM: Scot W. Anderson, Esq.
 COMPANY: ARCO COAL COMPANY
 PHONE: (303) 293-4266
 FAX: (303) 293-4098
 PAGES: (including cover) 2

THIS FACSIMILE TRANSMISSION CONTAINS CONFIDENTIAL OR LEGALLY PRIVILEGED INFORMATION AND IS INTENDED ONLY FOR USE BY THE ADDRESSEE.

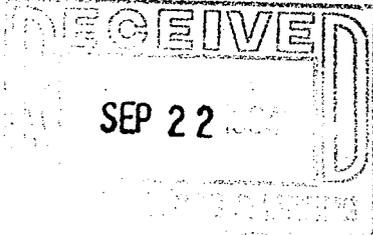
If you are not the intended recipient of the information contained in this fax cover memo or attached hereto, or an agent responsible for delivery of this fax to the named recipient, you are hereby notified that you have received this fax transmission in error and that review, dissemination, or copying of this transmission is strictly prohibited. If you have received this transmission in error, please notify us immediately by telephone, collect if necessary, so that we can arrange for the return of the transmission to us at no cost to you. Thank you.

Comments:

Tom:

Mountain Coal Company has convinced a surety to issue a bond rider with the attached language. Please call today to confirm that this language satisfies your concerns, and that there is no need to enter into a separate contract. Thanks.

Scot



UNITED PACIFIC INSURANCE COMPANY
RIDER

Rider to be attached to and form part of Bond Number U-629894,
on behalf of MOUNTAIN COAL COMPANY

P.O. BOX AU, PRICE, UTAH 84501
STATE OF UTAH, DIVISION OF OIL, GAS AND MINING,
as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY,
as Surety, in the amount of TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND
SEVEN HUNDRED FORTY-FIVE AND NO/100----- Dollars (\$ 2,441,745.00-----)
effective SEPTEMBER 5, 1991.

It is hereby understood and agreed that, effective as of August 16, 1994,
the said bond has been amended as follows:

(1) The Bond Amount has been increased

From: Two Million Four Hundred Forty-One Thousand Seven Hundred
Forty-Five and no/100 Dollars (\$2,441,745.00)

To: Two Million Seven Hundred Twenty-Eight Thousand One Hundred
Seventy-Eight and no/100 Dollars (\$2,728,178.00)

(2) Specific Language has been added:

"Surety acknowledges that the C.V. Spur Processing and Loadout Facility
will be operated by Savage Industries Inc. pursuant to a Lease Agreement
with Option to Purchase between Savage Industries Inc. and the Principal,
Mountain Coal Company, Inc. This is contingent upon the Surety/Principal
relationship remaining exclusively between United Pacific Insurance
Company and Mountain Coal Company."

for the benefit of Savage Industries Inc as the permittee.

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

SIGNED, SEALED AND DATED THIS 1st day of September, 1994.

MOUNTAIN COAL COMPANY
Principal
By: Michael W. DeGearing
Vice President

UNITED PACIFIC INSURANCE COMPANY
Surety
By: Cassie J. Berrisford
Attorney-in-Fact

11/23

We should probably have a revised permit document that shows Savage as the Permittee. It would show the effective date and date of expiration. Maybe you're working on this?

It would also be a good idea to put together a brief Administrative overview of the CV Spur transfer that discusses the previous owner, when the site was first permitted, dates of renewals, the expected operation of the facility under Savage, etc.

A chronology of the transfer application would also be helpful.

Thanks
Warren

11/22

Attached
Draft

Jim

November 22, 1994

James T. Jensen
Savage Industries Inc.
5250 South 300 West, Suite 200
Salt Lake City, Utah 84107

We don't have draft for the permit transfer...
bond yet... This is a new format,
This is still is it okay? - or do you
When bond comes, I want a separate document.
I attached

Re: Approval of Permit Transfer, Savage Industries Inc., C. V. Spur Coal Processing and Loadout Facility, ACT/007/022-94B, Folder #3, Carbon County, Utah

Dear Mr. Jensen:

to approve ASAP...

appropriate info
Please comment
as soon as you can...

The permit transfer for the C.V. Spur Coal Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc. is approved based on the following findings:

- 1) All procedures for public participation required by the Act, and the approved Utah State Program have been complied with. (R645-300-120) Affidavit of publication for permit transfer publication dated May 17, 1994. No adverse comments received.
- 2) The permit application is accurate and complete and all requirement of the Act and the approved Utah State Program have been complied with (R645-300-133.100) See attached Findings for Permit Renewal, dated August 7, 1994 and August 7, 1989 and August 7, 1984.
- 3) The permit area is:
 - (a) Not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - (b) not included within an area designated unsuitable for underground coal mining operations (R645-300-133.200); and
 - (c) not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc.), 761.11 {f} (public buildings, etc.) and 761.11 {g} cemeteries).

JKK
pam

Permit Transfer
C.V. Spur Coal Processing and Loadout Facility
Page 2

- 4) The Division has made an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation operation on the hydrologic balance in the cumulative impact area and has determined that the proposed operation has been designed to prevent material damage to the hydrologic balance outside the permit area. The permit application has been designed to prevent damage to the hydrologic balance in the proposed permit area (R645-300-133.400 and UCA 40-10-11 {2} {c}). See attached CHIA for C.V. Spur Coal Processing Facility.
- 5) The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species ACT of 1973 (16 U.S.C. 1531 et. seq.) (R645-300-133.500). See attached TA, UMC 817.97 dated August 7, 1989.
- 6) The Division's issuance of this permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800) and (R645-300-133.600). See attached letter dated May 26, 1989.
- 7) Savage Industries Inc. has demonstrated that reclamation as required by the State Program can be accomplished according to information given in the permit. See attached TA, UMC 786.19, dated August 7, 1989.
- 8) It has been demonstrated that any existing structures will comply with the applicable performance standards of R645-301 and R645-302. (R645-300-133.720) See attached TA, UMC 817.18, dated August 7, 1989.
- 9) Savage Industries Inc. has paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870. A 510 (c) report has been run on the Applicant violator System (AVS) which shows that: prior violation or applicable laws and regulation have been corrected; Savage Industries Inc., is not delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the successor does not control and has not controlled mining operation with a demonstrated pattern of wilful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provision of the Act (R645-300-132) {OSMRE Recommendation

Permit Transfer
C.V. Spur Coal Processing and Loadout Facility
Page 3

Report dated November 22, 1994 and memo to file dated November 22, 1994}

10) Savage Industries Inc. has satisfied the applicable requirement of R645-302, Special Categories and Areas of Mining, See attached TA, UMC 785.19 and UMC 828.00.

11) Savage Industries Inc. has provided evidence of having liability insurance. (R645-301-890)(Acceptance insurance Co. Policy #D94CM0173, policy effective 04/01/94 to 04/01/95)

12) Savage Industries Inc. has filed a reclamation performance bond in the amount of \$2,728,178.000 made payable to the Division of Oil, Gas, and Mining and the Office of Surface Mining Reclamation and Enforcement.

This permit transfer is effective as of this date. Enclosed please find two original permits. Please sign both and return one to the Division.

In working on the permit

Very truly yours,

James W. Carter
Director

pgl Enclosure

cc: Thomas Ehmett, OSM-AFO
Paige Beville, ARCO Coal, Mountain Coal Company
Lowell Braxton
Daron Haddock
Joe Helfrich
Pamela Grubaugh-Littig

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Kevin Ashby, on oath. say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 17th day of May, 1994 and that the last publication of such notice was in the issue of such newspaper dated the 17th day of May, 1994.



Kevin Ashby - Publisher

Subscribed and sworn to before me this 17th day of May, 1994



Notary Public My commission expires January 10, 1995 Residing at Price, Utah

Publication fee, \$46.80

PUBLIC NOTICE

Savage Industries Inc. has applied for a permit transfer of the Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc.

The applicant is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

The original permittee is:

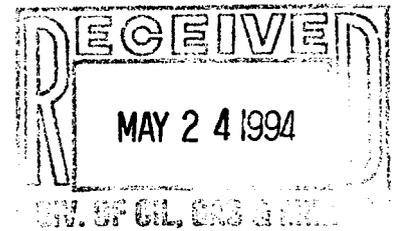
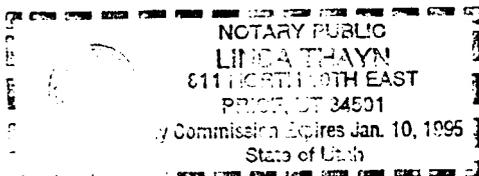
Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

The permit for which transfer is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base & Meridian. The permit area is further described as follows: Township 15 South, Range 10 East, Salt Lake Base & Meridian, Section 11: W $\frac{1}{2}$ SW $\frac{1}{4}$ except 0.24 ac. in NW corner, E $\frac{1}{2}$ SW $\frac{1}{4}$ except East 100' and 5.42 acres in SW corner. Also included in the permit area is a 20' Right-of-Way for a pipeline across the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 (1.21 acres), and across the SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey 7 $\frac{1}{2}$ minute map.

The application is available for inspection at the Carbon County Courthouse, 1st East and Main Street, Price, Utah 84501.

Written comments, objections or requests for informal conferences on the application may be submitted to: State of Utah Department of Natural Resources, Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center Suite 350, Salt Lake City, Utah 84180-1203.

Published in the Sun Advocate May 17, 1994.



7/20/94

PRODUCER
JOHNSON & HIGGINS

INSON & HIGGINS OF UTAH, INC
60 EAST SOUTH TEMPLE, #1600
SALT LAKE CITY, UTAH 84111

KATHRYN PEHRSON
(801) 539-7400

INSURED
SAVAGE INDUSTRIES
ATT DEAN REES
5250 SOUTH 300 WEST #200
MURRAY, UT 84107

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 LETTER A
ACCEPTANCE INS CO

COMPANY LETTER B

COMPANY LETTER C

COMPANY LETTER D

COMPANY LETTER E

COVERAGES

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 SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Table with columns: CO LTR, TYPE OF INSURANCE, POLICY NUMBER, POLICY EFFECTIVE DATE (MM/DD/YY), POLICY EXPIRATION DATE (MM/DD/YY), LIMITS. Includes rows for General Liability, Automobile Liability, Excess Liability, Worker's Compensation, and Other.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / SPECIAL ITEMS (LIMITS MAY HAVE BEEN REDUCED BY PAID CLAIMS AND MAY HAVE DEDUCTIBLES OR RETENTIONS) WITH REGARDS TO A PROJECT FOR C.V. SPUR COAL PROCESS & LOADOUT FACILITY. #ACT/007/022. SUBJECT TO COMPANY TERMS, CONDITIONS AND EXCLUSIONS.

CERTIFICATE HOLDER

E OF UTAH
DIVISION OF OIL, GAS & MINING
UT. DEPT. OF NATURAL RESOURCES
355 WEST NORTH TEMPLE, #350
SALT LAKE CITY UT 84180-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION ON THE PART OF THE ISSUING COMPANY AS A RESULT OF THE PRESENTATION OF THIS CERTIFICATE.

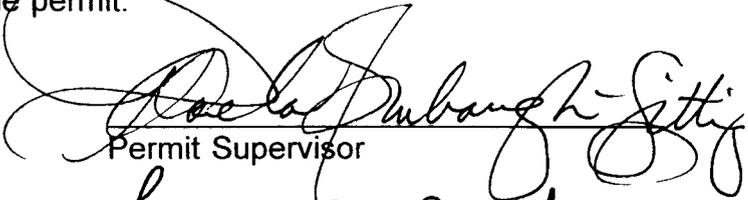
AUTHORIZED REPRESENTATIVE
Kim Evans

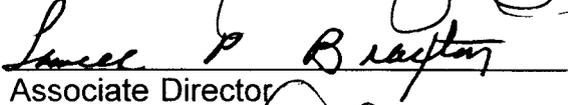
FINDINGS

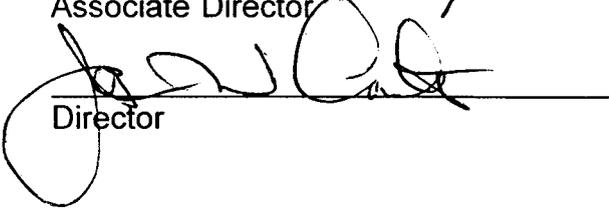
FIVE-YEAR RENEWAL

Mountain Coal Company
C. V. Spur Coal Processing and Loadout Facility
ACT/007/022
Carbon County, Utah
August 7, 1994

1. Application for a permit renewal was made on April 7, 1994. (R645.303-233.100).
2. The terms and conditions of the existing permit are being satisfactorily met. (R645-303-233.110)
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program. (R645-303.233.120)
4. The requested renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on the existing permit area. (R645-303-233.130)
5. The permittee has provided evidence of having liability insurance. (R645-303-233.140)(Insurance Company of North America, ISL G1 519134-A)
6. The permittee has provided evidence that a performance bond is in effect for the operation and will continue in full force and effect for the proposed period of renewal. (R645-303-233.150)(United Pacific Insurance Company U-629894, in the amount of \$2,441,745).
7. For the most recent permit term, permit changes ordered by the Division and Notices of Violation requiring a permit change have been incorporated into the permit.


Permit Supervisor


Associate Director


Director

DATE: 05 AUG 94

APPLICANT VIOLATOR SYSTEM
APPLICATION EVALUATION REPORT

TIME: 14:44:58

STATE: UT

APPNO: ACT007022

SEQNO: 0

PAGE: 1

APPLICANT'S ENTITY ID: 109235

APPLICANT'S NAME : MOUNTAIN COAL CO

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

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* SYSTEM RECOMMENDATION           :           ISSUE           *
* PREVIOUS SYSTEM RECOMMENDATION:   ISSUE(930913)         *
* OSMRE RECOMMENDATION            :           ISSUE(930914)      *
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F2/PROCEED F3/QUIT F4/MAIN F6/REPORT F9/VIEW VIOL F10/VIEW OFT

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State of Utah

Division of State History
(Utah State Historical Society)
Department of Community and Economic Development

Norman H. Bangertter
Governor
Max J. Evans
Director

300 Rio Grande
Salt Lake City, Utah 84101-1182
801-533-5755

May 26, 1989

ACT/007/022 #2
RECEIVED
JUN 02 1989

Mr. Richard V. Smith
Acting Permit Supervisor
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Updated Text, Five-Year Permit Renewal, Beaver Creek Coal Company, C.V.
Spur Preparation Plant, ACT/007/022, Folder No. 2., Carbon County, Utah

In Reply Please Refer to Case No. M526

Dear Mr. Smith:

The Utah State Historic Preservation Office received the above referenced documentation on April 26, 1989. Our office has no comments on this project at the present time.

This information is provided on request to assist the Division of Oil, Gas and Mining with its Section 106 responsibilities as specified in 36 CFR 800 or in complying with Utah Code, Title 63-18-37. If you have questions or need additional assistance, please contact me at (801) 533-7039.

Sincerely,

Diana Christensen
Regulation Assistance Coordinator

DC:M526/7064V OR/NP



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 22, 1994

TO: File

FROM: Pamela Grubaugh-Littig, Permit Coordinator *PGL*

RE: Compliance Review for Section 510 (c) Findings, C.V. Spur Coal Processing and Loadout Facility, Savage Industries, Inc., ACT/007/022, Folders #3 and #5, Carbon County, Utah

As of the writing of this memo, there is an "issue" recommendation from the Applicant Violator System for ACT/007/022, the permit transfer from Mountain Coal Company to Savage Industries, Inc. There are no violations or cessation orders which are not corrected or in the process of being corrected. There are no finalized civil penalties which are outstanding and overdue in the name of Savage Industries Inc.

Savage Industries Inc. does not have a demonstrated pattern of wilful violations, nor have they been subject to any bond forfeitures for any operations in the state of Utah.



State : UT Permit No :	Appl No : ACT007022
Permittee :	Seqno : 1
Applicant : 135986(SAVAGE INDUSTRIES INC.)	

SYSTEM : I (ISSUE)	Date : 11/18/94	Mode : VIEW
Reason : 0 AML, 0 AUD, 0 CMIS, 0 FORF, 0 STATE VIOLATION(S)		

OSMRE : I (ISSUE)	Date : 11/18/94	Mode : VIEW
Reason :		

FO :	Date :	Mode : VIEW
Reason :		

SRA :	Date : 11/22/94	Mode : UPDATE
Reason :		

SAVE (F5) DELETE (F8)
PRV_SCR (F3) QUIT (F4) CHOICES (F10)

■ avsdg

10:13

**TECHNICAL ANALYSIS
FIVE-YEAR PERMIT RENEWAL
C. V. SPUR COAL PROCESSING AND LOADOUT FACILITY
ACT/007/022**

**Beaver Creek Coal Company
Carbon County, Utah
August 7, 1989**

**UMC 785.19 Underground Coal Mining Activities on Areas or Adjacent
to Areas Including Alluvial Valley Floors in the Arid or
Semi-Arid Areas of Utah-(RVS)**

Existing Environment and Applicant's Proposal

The C. V. Spur Coal Processing and Loadout Facility permit area is located approximately 4,000 feet southwest from the Price River floodplain and 4,000 feet north of Miller Creek. A reconnaissance study (Nimick et al., 1985) identified potential alluvial valley floors along the Price River floodplain, between the towns of Price and Wellington, and Miller Creek. The reconnaissance study recognized surface irrigation, subirrigation, and potentially irrigable sites to delineate potential alluvial valley floors.

Plate 6-1 identifies the presence of Quarternary alluvium within and adjacent to the Price River in Sections 1, 2 and 12, T15S, R10E. Moreover, the Price River occurs within a broad low relief valley. The river has constructed a floodplain approximately 400 feet wide and its channel exceeds three feet in width and six inches in depth. Between Price and Wellington, areas of subirrigation and irrigation occur on the floodplain deposits (Plate 1, Nimick et al., 1985).

Although Miller Creek has also been identified as a potential alluvial valley floor (Plate 1, Nimick et al., 1985), examination of Plate 6-1 indicates Quarternary alluvium is not present within and adjacent to the stream.

Surface drainage at the coal processing and loadout facility site consists of a few dry washes that drain to the Price River, approximately 4,000 feet to the east, as shown on Plate 7-1.

The permit area consists of undeveloped rangeland, vegetated by salt and drought-tolerant species. Shadscale and mat saltbush are major components of the vegetation community. The permit area has not been developed for any agricultural activity or farming practice, including the pasturing of livestock, production of hay, or any other crop.

Compliance

The Division hereby determines on the basis of published information and information provided on Plate 6-1 that unconsolidated streamlaid deposits holding streams are present and there is sufficient water to support agricultural activities along the Price River in Sections 1, 2 and 12, T15S, R10E. In contrast, the Division also determines that unconsolidated streamlaid deposits holding streams do not occur along Miller Creek south of the permit area. Accordingly, the Division designates the floodplain area in Sections 1, 2 and 12 that is underlain by Quarternary alluvium to be an Alluvial Valley Floor.

Two aquifers occur within and adjacent to the permit area (see discussion under UMC 817.41). However, only the unconfined upper aquifer may have the potential to be hydrologically connected to Quarternary alluvium within the identified Price River Alluvial Valley Floor.

Hydraulic conductivity data given on page 7-10 indicate water moves through the weathered bedrock of the unconfined upper aquifer at rates up to approximately .007 feet/minute. In addition, borehole monitoring data suggest aquifer storage changes seasonally from high during the late spring to low during the late winter. Ground water moves generally in an east-northeast direction. Water quality data show extremely high levels of total dissolved solids (1,500 to 48,00 mg/l) and sulfate (1,000 to 31,000 mg/l). These data are characteristic for shallow ground-water resources found in weathered Mancos shale. No long term trends in the deterioration of shallow ground-water quality have been observed.

The applicant has installed a French drain to intercept shallow ground-water flow along the northern and western margins of the permit area. Ground water is directed westward towards the Price River Alluvial Valley Floor for discharge purposes.

Surface drainage controls provide for total containment of all disturbed area runoff from the 10-year, 24-hour storm event plus one year of sediment accumulation.

The Division considers the eastern portion of the permit area to have a moderately high potential for being hydrologically connected year round, in the subsurface, to the designated Price River Alluvial Valley Floor. However, the Division determines that there

is a low potential for degrading alluvial valley floor ground-water quality because the naturally occurring ground water has such poor quality. The applicant has committed to continue monitoring the shallow unconfined aquifer along the eastern and western portions of the permit area.

The Division determines that the proposed operation:

1. Does not include the extraction of coal;
2. Will not result in a significant disturbance to the surface or ground-water regime; and
3. Occurs on undeveloped rangeland which is not significant to farming, grazing, or any other agricultural activity.

The requirements of paragraphs (d) and (e) of this section are hereby waived, as provided by UMC 785.19(c)(3)(ii).

UMC 817.11 Signs and Markers-(WAW)

Existing Environment and Applicant's Proposal

The applicant commits to install and maintain signs or markers in a clear and legible fashion during the conduct of all activities to which they pertain or until bond release. Representations of these signs are shown on pages 3-39 through 3-43.

Compliance

The applicant commits to post and maintain the required signs and markers.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.13-.15 Casing and Sealing of Underground Openings-(DW)

Existing Environment and Applicant's Proposal

Table 7-1a lists the location, total depth, casing and completion records of all drill holes on the C. V. Valley Spur Coal Processing and Loadout Facility. Drill hole locations are shown on Plate 7-1.

All holes will either be cemented entirely or cased and cemented to total depth, with a cement plug at the surface.

Compliance

There are no underground mine workings at the site. Therefore, the mine entry part of this section is not applicable.

All openings are for shallow ground water monitoring. The openings have been managed and will be sealed to prevent acid and/or other toxic drainage from entering the openings. Until final removal, each opening is sealed with a PVC cap. (Refer to Figure 7-1, page 7-4 for opening and well design.) After final removal, the openings will be either entirely cemented or cased and cemented to total depth with a cement plug at the surface.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.22 Topsoil: Removal-(HS)

Existing Environment and Applicant's Proposal

The C. V. Spur Coal Processing and Loadout Facility is a combination of pre-Law (prior to the 1977 enactment of Public Law 95-87, the Surface Mine Control and Reclamation Act) and post-Law disturbance (page 3-45). Approximately 77.2 acres of land were disturbed before enactment of Public Law 95-87. Topsoil was not salvaged from these areas. The applicant proposes to use substitute topsoil material (disturbed landfill) as a plant growth medium for reclamation of areas disturbed pre-Law (page 3-46). In the fall of 1989, the applicant will implement a Reclamation Test Plot (Plate 9-1) on the disturbed landfill (pre-Law) area adjacent to Sedimentation Pond #6 in the northeast corner of the permit area (A9-2-1). The pre-Law coal processing waste disposal area will be covered with six inches of the stockpiled topsoil (see discussion under UMC 817.81-.85).

Topsoil was separately removed and stockpiled from approximately 35.4 acres of post-Law disturbance (page 3-45). Chemical and physical analyses and soil mapping unit descriptions of the pre- and post-Law disturbance area soils are located on pages 8-29 and 8-3 through 8-20.

The applicant does not anticipate additional removal of topsoil during the next permit term (page 3-18). If the need for coal processing waste bank expansion or other disturbance arises, the applicant will separately remove topsoil prior to all new disturbance (page 3-46).

Compliance

The applicant has proposed utilizing existing disturbed landfill material as a substitute topsoil material for reclamation of areas disturbed pre-Law (with the exception of the coal processing waste). Chemical and physical characterization of the proposed substitute topsoil material indicates a saline (electrical conductivity [E.C.] > 4 mmhos/cm at 25°C)/sodic (sodium adsorption ratio [SAR] > 10) plant growth medium.

The Division will determine the suitability of the proposed substitute topsoil material (disturbed landfill) based on results from the reclamation test plots.

Chemical and physical analyses of native topsoil material removed from the post-Law disturbance areas were performed. Profile descriptions and chemical and physical analyses indicates saline soils (Mean E.C. = 6.9 mmhos/cm, Range E.C. = 4.8-15.7 mmhos/cm) within the salvaged material.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.23 Topsoil: Storage-(HS)

Existing Environment and Applicant's Proposal

Topsoil was removed from approximately 34.5 acres of disturbance and placed in two separate stockpiles (Plate 3-2). The applicant has protected the topsoil stockpiles against wind and water erosion by reseeding the surface of the piles and placing an impermeable earthen berm around the piles (page 3-53 and field inspection by Division staff, conducted April 21, 1989). Topsoil stockpiles will be reseeded in the fall of 1989 (page 3-54).

The topsoil mass balance table shown on page 8-37a indicates a topsoil storage volume of 58,663 cubic yards. The "Seedbed Quality Material Volume Table" (page 8-33) indicates an excavated topsoil volume of 22,540 Bank Cubic Yards. Swell factors for the excavated topsoil were not presented.

Compliance

Removed topsoil has been placed within the permit area. Immediate redistribution of topsoil is not practical because facilities will remain operational through the life of the preparation plant.

The area where topsoil has been stored (Plate 3-2) is relatively flat (approximately 3-6 percent slopes). The surrounding terrain does not pose any imminent danger for slope failure.

Revegetation efforts on topsoil stockpiles have met with little success. Approximate vegetation cover of desirable species such as fourwing saltbush (Atriplex canescens) and Indian ricegrass (Oryzopsis hymenoides) is less than five percent total cover. The remaining vegetative cover (30-40 percent total cover) is comprised of halogeton (Halogeton glomeratus). The applicant will reseed the stockpiles in the fall of 1989 in an attempt to establish a more favorable vegetation cover.

The applicant will be in compliance when the following stipulation is met.

Stipulation UMC 817.23-(HS)-(1)

1. Within 30 days of permit approval, the applicant must submit an as-built survey of the soil stockpiles. This survey must include the volume of topsoil stored, maximum and minimum heights, slopes, and all other pertinent dimensions.

UMC 817.24 Topsoil: Redistribution-(HS)

Existing Environment and Applicant's Proposal

The applicant has committed to uniformly redistributing six inches of topsoil over the entire post-Law disturbance area (approximately 35.4 acres). Six inches of topsoil will be redistributed over the entire coal processing waste bank (see discussion under UMC 817.81-.85). The coal processing waste

material will be annually sampled to determine the acid- and/or toxic-forming potential (page 3-3 and 3-3a). In the event that results of this analysis indicate an acid- and toxic-forming potential, the applicant has committed to covering all acid- and/or toxic-forming materials with four feet of suitable non-acid and non-toxic forming material (page 3-3a).

Areas that were disturbed pre-Law, except on the coal processing waste area, will not have topsoil replaced. These areas (approximately 77.2 acres) will utilize the proposed substitute topsoil, if proven to be suitable (see discussion under UMC 817.22), which underlies the coal and operational facilities on site. All disturbed areas will be backfilled and graded to the approximate original contour, with the exception of the coal processing waste bank (page 8-32). Prior to topsoil redistribution, the applicant will remove material which is contaminated by more than 50 percent coal (page 3-56). Fill material will be compacted and scarified to assure stability (page 3-56).

Topsoil redistribution and seeding will be completed in the fall following grading operations. Clayey areas will be chiseled to eliminate compaction (page 8-38). Seedbed preparation will include discing and application of organic mulch (page 8-32). On 3h:1v slopes or less, native hay mulch, applied at a rate of one ton/acre will be mechanically crimped in with a straight disc (page 3-62). On slopes greater than 3h:1v, hydromulch and tackifier will be applied at a rate of 2,000 lbs./acre and 120 lbs./acre, respectively.

Compliance

The reclamation plan for redistribution of topsoil to a uniform depth of six inches is adequate to support the postmining land use of small mammal and songbird habitat.

Existing disturbed landfill material, if demonstrated to be suitable, will be prepared to promote favorable vegetation establishment.

The published Soil Conservation Service soil survey description for Carbon county indicates predisturbance soil conditions of slightly altered parent material (C-horizon) overlaid with an A-horizon two-to-ten inches thick. The depth of planned topsoil redistribution closely parallels predisturbance conditions.

Scarification of regraded spoils, discing and chiseling of redistributed topsoil should alleviate compaction and ensure good overburden/soil contact, thereby preventing potential slippage and creating a soil profile conducive to root penetration.

Crimped surface mulch and tackifying agents should ensure adequate protection from wind and water erosion by raising the wind profile above the soil surface and acting as a barrier against raindrop impact.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.25 Topsoil: Nutrients and Soil Amendments-(HS)

Existing Environment and Applicant's Proposal

Prior to seeding, randomized soil samples will be taken and analyzed for all areas to be reclaimed. Fertilizer type and application rates will be determined based on the results of these analyses (page 3-56 and 3-56a).

Compliance

The applicant has committed to randomly sampling redistributed topsoil to determine types and rates of fertilizer application.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.41 Hydrologic Balance: General Requirements-(DW/RVS)

Existing Environment and Applicant's Proposal

Ground Water-(RVS)

The applicant provides information about ground water on pages 7-1 through 7-57 and Plates 7-1 and 7-2.

The coal processing and loadout facility is located on the Bluegate Shale Member of the Mancos Shale. Table 7-5 through 7-14a and the Annual Hydrologic Monitoring Reports from 1985, 1986, 1987 and 1988 give data from 13 boreholes that were drilled for the purposes of identifying and evaluating shallow ground-water resources within and adjacent to the permit area. Shallow (2 to 20 feet below the surface) unconfined ground water occurs within the surficial weathered portion of the Bluegate Shale Member. Shallow ground-water levels seasonally vary from a low during the late winter to a high during the late spring. Flow is towards the east-northeast and discharge most likely occurs in proximity to the Price River. Water quality is poor with extremely high levels of TDS (1,500 to 48,000 mg/l), and sulfate (1,000 to 31,000 mg/l). These values are characteristic for shallow ground-water resources found in weathered Mancos Shale.

The Ferron Sandstone Member occurs at a depth of 500 feet below the surface (Figure 6-1). Drilling has identified a regional confined aquifer in the Ferron Sandstone Member.

The applicant conducted aquifer testing to determine hydraulic conductivity in the weathered and unweathered portions of the Bluegate shale member (page 7-10). A pump test indicated a hydraulic conductivity of .007 ft/min for weathered bedrock, whereas a slug test indicated unweathered bedrock is impermeable.

The applicant installed a French drain along the northern and western boundaries of the permit area to intercept shallow ground-water flow and isolate the coal processing and loadout facility from this ground-water resource (page 7-54 through 7-56).

Surface Water--(DW)

Surface water impacts are minimized by routing disturbed area runoff through sedimentation ponds. Undisturbed drainage is routed around the disturbed area through ditches and culverts (Section 7.2, page 7-58, PAP).

Surface water quality is characterized by high Total Dissolved Solids (TDS), due to contact with the Mancos Formation. One ephemeral drainage transverses the northern portion of the property. This drainage has contributions from springs on the west side of the adjacent county road. Flow is diverted around the disturbed area by the means of a ditch.

Compliance

Ground Water-(RVS)

The applicant has provided information that identifies the occurrence of ground water within and adjacent to the permit area.

Shallow ground-water quality is poor and it is not anticipated that surface activities will further degrade this resource. Moreover, the applicant has installed a French drain to prevent potential contamination of the shallow ground-water resource.

Aquifer testing indicated that the deep ground-water resource is hydrologically isolated from the overlying shallow ground-water resource within and adjacent to the permit area.

The applicant is in compliance with the ground water requirements of this section.

Surface Water-(DW)

Three surface water monitoring locations are used to characterize the quantity and quality of surface waters. Two are located along the northern diversions ditch and the third is for the outfall of Sedimentation Pond #6 which is UPDES regulated.

Monitoring is adequate to determine potential adverse impacts to the hydrologic balance.

The applicant is in compliance with the surface water requirements of this section.

Stipulations

None.

UMC 817.42 Hydrologic Balance: Water Quality Standards and Effluent Limitations-(DW)

Existing Environment and Applicant's Proposal

All surface drainage from the disturbed area, including disturbed areas that have been graded, seeded, or planted is passed through a series of sedimentation ponds. All sedimentation ponds and diversion ditches will remain in place until an effective / vegetation cover has been reestablished to reduce suspended solids runoff from the affected areas (page 3-54).

Sedimentation Pond # 6 is the last pond in the series. Water from this pond is normally not discharged, but is placed back into the raw water feed at the preparation plant for reuse (page 7-78). All runoff from the disturbed area will pass through Sedimentation Pond #6. Water is discharged from this point only when the 10-year, 24-hour design storm is surpassed. The point is regulated by UPDES permit No. UT-00239490.

Compliance

The applicant's sedimentation pond system will contain the 10-year, 24-hour storm event assuming the ponds are empty. Because the applicant uses water drained to the sedimentation ponds for reuse in the preparation facilities, the chance for discharge is reduced.

All surface runoff is either passed through or completely detained in a series of sedimentation ponds.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.43 Hydrologic Balance: Diversions and Conveyance of Overland Flow, Shallow Ground Water Flow, and Ephemeral Streams-(DW)

Existing Environment and Applicant's Proposal

The undisturbed drainage is allowed to flow into natural channels, bypassing the disturbed area by means of ditches and culverts. Excess ground water from the French drain, which is not used in the processing facility, is discharged into the Price River.

The TR-20 storm hydrology analysis performed to assess sedimentation pond outlet adequacies is also structured to permit assessment of collection ditch and culvert capacities. Storm flows from each sub-drainage are routed through the culverts and ditches shown on Plate 3-2. Design dimensions, discharges and velocities for the collection ditches are provided on Plate 7-5. Design dimensions for the culverts designated on Plate 3-2 are provided in Table 7-25. All designed analyses were performed for a 25-year, 24-hour rainfall event using the Farmer-Fletcher rainfall distribution.

A French drain is used at the western and northern boundaries of the permit area to intercept shallow ground water as it flows toward the disturbed area. This water is then either used in the coal processing facility or is discharged directly into the Price River (see Section 7.1.4).

Compliance

Temporary diversions have been designed and constructed to safely pass the peak flow for the 10-year, 24-hour precipitation event.

No permanent diversions exist at the C. V. Spur Coal Processing and Loadout Facility (page 3-54).

Diversions have been designed, constructed, and are maintained in a manner which prevents additional contributions of suspended solids to streamflow and to runoff outside the permit area.

Each temporary diversion will be removed and the affected land regraded, topsoiled and revegetated in accordance with applicable state and federal regulations.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.44 Hydrologic Balance: Stream Channel Diversions-(DW)

Existing Environment and Applicant's Proposal

There are no perennial, intermittent, or ephemeral streams with drainage areas greater than one square mile within the permit area. Therefore, this section is not applicable.

UMC 817.45 Hydrologic Balance: Sediment Control Measures-(DW)

Existing Environment and Applicant's Proposal

All runoff from the facilities area drains through a series of sedimentation ponds and eventually is contained in Sedimentation Pond #6. Off site impacts in the form of erosion or sedimentation would result from uncontrolled discharge at Sedimentation Pond #6.

Should uncontrolled discharges occur which exceed effluent limits, the system will be modified to produce outflow which meets effluent limits. Modifications may include enlarging ponds, reworking filter dikes, or removing sediment (page 7-90).

Sedimentation ponds will remain in place until revegetation standards are met.

Undisturbed runoff is diverted around the disturbed area by means of diversion ditches which do not cause additional erosion.

Alternate sediment controls for final reclamation will consist of silt fences or straw bale dikes, placed near the outlet of each channel, prior to leaving the permit area and at other locations along the ditches as needed.

Compliance

The applicant prevents, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area.

Sediment is retained within disturbed areas, and undisturbed runoff is diverted away from disturbed areas.

Diversion ditches do not require the use of protected linings.

Alternative sediment control during final reclamation is adequate to control erosion or sedimentation until vegetation success can be obtained.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.46 Hydrologic Balance: Sedimentation Ponds-(DW)

Existing Environment and Applicant's Proposal

The applicant has five sedimentation ponds for the control of disturbed area runoff. Sedimentation ponds #1, #2, #3, and #5 all route discharges to Sedimentation Pond #6.

Sedimentation ponds and on-site drainage controls are shown on Plate 3-2. Sedimentation ponds are located to collect and treat runoff from the disturbed area. All ponds are designed to store at least one year of sediment plus the runoff volume from a 10-year, 24-hour storm event. The ponds are arranged such that all runoff from the disturbed area passes through Sedimentation Pond #6.

Water collected at Sedimentation Pond #6 is normally not discharged, but is placed back into the raw-water feed at the processing facility for reuse.

The sedimentation ponds will be cleaned periodically to maintain at least one year's sediment storage capacity. Cleaning is accomplished using a backhoe or dragline.

The sedimentation ponds have been constructed below the ground surface. Design specifications and details are found on Plate 7-4. Design capacities of each existing sedimentation pond together with the required capacities for sediment storage and runoff volume are provided in Table 7-21.

Required runoff volume capacities were determined by adding the direct precipitation on the pond to the runoff volume from a 10-year, 24-hour event.

The sediment capacity requirements were determined using the Universal Soil Loss Equation (USLE).

Compliance

Runoff volumes were verified using the SCS runoff computation.

Sediment volumes were verified using the USLE.

Total pond volume requirements incorporating one year sediment accumulation and runoff volume from the 10-year, 24-hour storm event indicate that all ponds are adequately sized. There should be no discharge from Sedimentation Pond #6 during the 10-year, 24-hour event (page 3-32).

Emergency spillway designs will adequately pass the 25-year, 24-hour storm event.

All sedimentation ponds are built below ground level with a compacted berm approximately three feet high around the perimeter. This berm acts as freeboard.

Gravel filter dikes have been implemented in Sedimentation Pond #6 to increase water treatment capabilities. The dikes will pass a flow of up to 40 gpm.

All sedimentation ponds were constructed under the supervision of, and certified by, a registered professional engineer (page 7-80).

Because the sedimentation ponds under consideration are all incised, there was minimal disturbance to surrounding areas during construction. Riprap protection is in place on all emergency spillways and conveyance systems between sedimentation ponds.

All sedimentation ponds and diversion ditches will remain in place until an effective vegetation cover has been reestablished to reduce suspended solids runoff from the affected areas (page 3-54).

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.47 Hydrologic Balance: Discharge Structures-(DW)

Existing Environment and Applicant's Proposal

The design specifications for outlet structures are listed on Plate 7-4. A stage-discharge relation was developed for the outlet channels using Manning's Equation with the channel dimensions also listed on Plate 7-4 and a roughness coefficient of 0.03.

Inflow hydrographs were derived using the SCS curve number runoff procedure and associated TR-20 computer model.

The results of the TR-20 analysis for a 25-year, 24-hour rainfall and the Farmer-Fletcher rainfall distribution are provided in Table 7-24. The worst-case scenario was analyzed which involved routing the storm through the sedimentation ponds when they were full.

Discharge structures are equipped with erosion protection consisting of grouted riprap and concrete (page 7-87). Overflow details are found on Plate 7-4.

Compliance

Sedimentation pond discharges are controlled by riprap to reduce erosion, prevent deepening or enlargement of downstream stream channels, and to minimize disturbance of the hydrologic balance. Structures were designed according to standard engineering procedure.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.48 Hydrologic Balance: Acid and Toxic-Forming Materials-(HS)

Existing Environment and Applicant's Proposal

The applicant commits to conducting annual analysis for acid-and/or toxic-forming potential of each individual coal seam processed. In addition, the applicant commits to conducting annual analyses of the coal processing waste bank (page 3-3 and 3-3a). The following constituents are presently analyzed: pH and Acid-Base Potential (based on percent pyritic-sulfur). In the future (beginning in 1989) the constituents analyzed will be: pH, E.C., SAR, acid base potential (including pyritic and organic sulfur) Selenium and Boron. Analyses will be conducted in accordance with the laboratory methodologies outlined in Table C of the Division Guidelines for Management of Topsoil and Overburden.

Laboratory results of previously collected coal and coal processing waste are located on pages 3-4 through 3-15 and in annual monitoring reports.

The applicant commits to covering all acid-and toxic-forming materials which are identified through annual analyses of coal and coal processing waste with four feet of non-acid and non-toxic forming materials (page 3-3a).

Compliance

To date, laboratory results do not indicate a potential hazard for acid-and/or toxic-forming materials.

If acid-and/or toxic forming materials are determined to exist on site, the applicant has committed to develop a plan to ensure drainage from these materials will not be detrimental to surface water and vegetation.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.49 Hydrologic Balance: Permanent and Temporary Impoundments-(DW)

Existing Environment and Applicant's Proposal

Once the revegetation success is determined to be acceptable, all diversions and sedimentation ponds will be filled with concrete rubble and gravel stored as part of the berms (page 3-54).

Temporary impoundments which are not part of the sedimentation pond system include the thickener pond, thickener overflow pond, and the plant overflow pond.

Berms and embankments will be maintained to design standards and dimensions adequate to serve the purpose for which they were installed (page 7-90).

Compliance

The applicant will not leave any permanent impoundments. Therefore, paragraph A of this section is not applicable.

All sedimentation ponds meet the requirements of UMC 817.46(e)-(u).

The thickener overflow and plant overflow ponds are incised impoundments which have no embankments. The thickener pond is constructed with concrete sides and bottom (Plate 3-6). The plant overflow pond has a volume of 0.72 acre-feet, and is only used in the event that a mechanical failure or some other unforeseen circumstance would cause an overflow of water while the drain water storage sump within the plant was completely full.

Locations of berms and embankments which are subject to scour or erosion shall be riprapped or modified to prevent further erosion.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.50 Hydrologic Balance: Underground Mine Entry and Access Discharges-(RVS)

Existing Environment and Applicant's Proposal

Operations at the C. V. Spur Coal Processing and Loadout Facility do not encompass underground coal mining activities. This section is not applicable.

UMC 817.52 Hydrologic Balance: Surface and Groundwater Monitoring-(DW)

Existing Environment and Applicant's Proposal

Surface Water

Surface runoff in the permit and adjacent area is of poor quality with total dissolved solids (TDS) ranging from 2000 to 3000 mg/l.

One UPDES monitoring point (CV-15) exists at the outfall of Sedimentation Pond #6 is monitored monthly according to the requirements of the permit. Monitoring at this discharge point will be terminated upon removal of the Sedimentation Pond #6. CV14W is monitored biannually for background water quality. Analyzed parameters are found in Table 7-15. All monitoring locations are found on Plate 7-1.

A monitoring station (CV16W) prior to Sedimentation Pond #6 will be implemented during the initial stages of reclamation. Monitoring Stations CV14W and CV16W will be in operation until final bond release (page 7-102). All reclamation surface water monitoring locations are found on Plate 3-7.

Ground Water

A water table does exist in some locations above the impermeable alluvium or weathered shale and gravelly pods above the Bluegate Shale Member. The water is of poor quality and accumulations of salt are found where the water table approaches the ground surface.

Thirteen observation wells exist at the C. V. Spur Coal Processing and Loadout Facility. These wells extend through the soil and weathered shale and terminate at the surface of the unweathered Bluegate Shale Member. Well locations are shown on Plate 7-1. Typical well completions are illustrated in Figure 7-1.

Water levels are measured biannually in the spring and fall, prior to water quality sampling. Water quality analysis is completed for the parameters listed in Table 7-15 for both the wells and the French drain. Data is submitted quarterly and is also presented in the Annual Hydrologic Monitoring Report.

Operational monitoring will be conducted semiannually after cessation of mining until bond release.

Compliance

Surface Water

The applicant's water monitoring program is adequate to measure the water quality and quantity of discharges from the permit area.

Data are submitted to the Division quarterly within 60 days of the end of each quarter. Results are also analyzed and summarized in an Annual Hydrologic Monitoring Report.

Surface water flow and quality will continue to be monitored after surface-disturbed areas have been regraded and stabilized. These data will be used to demonstrate that the quality and quantity of runoff without treatment is consistent with all applicable state and federal water quality standards.

The applicant is in compliance with the surface water monitoring part of this section.

Ground Water

The frequency, parameters tested, and location of ground water sampling will identify potential adverse impacts within and adjacent to the permit area.

The applicant is in compliance with the ground-water monitoring part of this section.

Stipulations

None.

UMC 817.53 Hydrologic Balance: Transfer of Wells-(RVS)

Existing Environment and Applicant's Proposal

The applicant does not propose to transfer wells. Therefore, this section is not applicable.

UMC 817.55 Hydrologic Balance: Discharge of Water into an Underground Mine-(RVS)

Existing Environment and Applicant's Proposal

Operations at the C. V. Spur Coal Processing and Loadout Facility do not encompass underground coal mining activities. Therefore, this section is not applicable.

UMC 817.56 Hydrologic Balance: Postmining Rehabilitation of Sedimentation Ponds, Diversions, Impoundments and Treatment Facilities-(DW)

Existing Environment and Applicant's Proposal

No permanent sedimentation ponds, diversions, impoundments or treatment facilities are planned to be left at the C. V. Spur Coal Processing and Loadout Facility.

Once revegetation standards are met, the applicant proposes to construct three permanent channels as shown on Plate 3-7. These channels are designated RC-1, RC-2 and RC-3. A typical cross section of the reclaimed channels is shown on Figure 7-7. Design details are summarized for each of the channels in Table 7-28. The channel design is based on the following criteria:

1. 100-year, 24-hour precipitation event - 2.74 inches;
2. SCS TR55 storm flow generation using Type II storm;
3. Average curve number of 80;
4. Manning's n of 0.035; and
5. Critical erosion velocity of five feet per second.

Alternative sediment controls for final reclamation will consist of silt fences or straw bale dikes, placed near the outlet of each channel, prior to leaving the permit area, and at other locations along ditches as needed (page 7-95).

Compliance

Post-reclamation hydrology design meets all criteria specified under UMC 817.49.

The applicant has used acceptable engineering practices and methodologies to design the post-reclamation hydrology. Design storms and other applicable parameters used in the calculations were all found to be adequate.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.57 Hydrologic Balance: Stream Buffer Zones-(DW)

Existing Environment and Applicant's Proposal

There are no perennial streams within or in close proximity to the proposed permit area. No stream has the biological community defined in paragraph C of this section. Therefore, this section is not applicable.

UMC 817.59 Coal Recovery-(RVS)

Existing Environment and Applicant's Proposal

Operations at the C. V. Spur Coal Processing and Loadout Facility do not encompass underground coal mining activities. Therefore, this section is not applicable.

UMC 817.61-.68 Use of Explosives: General Requirements-(WAW)

The applicant does not propose to use explosives. Therefore, this section is not applicable.

UMC 817.71-.74 Disposal of Excess Spoil and Underground Development Waste-(WAW)

Existing Environment and Applicant's Proposal

Sedimentation pond waste from the Gordon Creek #2, #7 and #8 Mine and Trail Mountain #9 Mine is disposed of at the C. V. Spur Coal Processing and Loadout Facility (page 3-3). This material is analyzed each time the ponds are cleaned out for acid- or toxic-forming materials and will be handled according to the requirements of UMC 817.103, if required.

Compliance

The plan for disposing of excess spoil meets the requirements of this section.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.81-.85 Coal Processing Waste Banks-(WAW/HS)

Existing Environment and Applicant's Proposal

The applicant's proposal for coal processing waste disposal is contained in Section 3.2.3 (pages 3-2 through 3-23) and Plate 3-3. The disposal area is located in the southeastern corner of the permit area and is designed, constructed, and maintained under the supervision of a professional engineer (page 3-3).

Inspections will be conducted at least quarterly until final reclamation has occurred. Upon identification of a potential hazard, the Division will be immediately notified (page 3-3a). Copies of the inspection findings will be maintained on site (page 3-14).

A subdrainage system has been installed upslope from the disposal area. The system consists of a backfilled trench containing an eight-inch diameter perforated pipe, surrounded by a clean two-inch drain rock filter, covered with an impervious plastic. The intercepted flow is directed to the northeast corner of the property by a buried 10-inch solid pipe, then discharged into a buried 25,000 gallon sump (page 3-14).

Surface drainage from above the disposal area is conveyed by Ditch CD-7 to Sedimentation Pond #5. Slope protection is provided through the use of terracing. All earth-lined ditches will be revegetated upon completion of construction.

The permit area contains three disposal areas as shown on Plate 3-3. General construction requirements are given on pages 3-15 and 3-16 which ensure that vegetation and topsoil will be removed prior to disposal of coal processing waste. Coal processing waste is spread and compacted (to 90 percent maximum dry density) in layers not to exceed 24 inches, and the pile will be graded and maintained to allow controlled drainage and prevent water impoundment.

A stability analysis (Figure 3-3, page 3-19 and 3-20) demonstrated a static factor of safety greater than 1.5. The applicant proposes to cover all post-Law disturbances including the coal processing waste bank with a minimum of six inches of topsoil/subsoil (page 8-36a). Also, sampling will be conducted annually to analyze the acid-and/or toxic-forming potential of the disposed material and all coal seams that undergo processing.

The applicant commits to covering acid-and/or toxic-forming materials, as described under UMC 817.48.

Compliance

The applicant has adequately addressed the designs, construction and maintenance of coal processing waste disposal areas. The applicant proposes covering the coal processing waste bank with a minimum of six inches of topsoil. The shallow depth of cover material should be adequate for the following reasons: 1) to date, the refuse material analyses indicates a non-acid and non-toxic forming potential and 2) the depth of planned topsoil redistribution closely parallels predisturbance soil conditions.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.86-.87 Coal Processing Waste: Burning and Burned Waste Utilization-(WAW)

Existing Environment and Applicant's Proposal

The applicant's contingency plan for extinguishing a coal processing waste fire is contained on pages 3-16 through 3-18. Upon detection of a fire, the Division and MSHA will be contacted and one of two methods will be employed for extinguishing the fire (page 3-17). The applicant does not anticipate removal of any burned coal waste or any other materials from the disposal areas. However, if removal of any burned materials becomes necessary, prior approval will be obtained from the Division and MSHA (page 3-18).

The applicant commits to inspect the banks at least quarterly for any potential hazards.

Compliance

The applicant has properly identified mitigation measures to be initiated upon detection of a coal processing waste fire.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.88 Coal Processing Waste: Return to Underground Workings-(WAW)

Operations at the C. V. Spur Coal Processing and Loadout Facility do not encompass underground coal mining activities. Therefore, this section is not applicable.

UMC 817.89 Disposal of NonCoal Waste-(WAW)

Existing Environment and Applicant's Proposal

Temporary storage of noncoal waste is in a metal trash receptacle. As needed, the garbage is loaded into a truck and disposed in an approved sanitary landfill.

Oil and grease wastes are collected in a surface tank. As needed, the tank will be pumped into a commercial disposal truck and disposed of off-site in an approved manner (page 3-2, Figure 3-12, page 3-54C).

Compliance

The applicant's proposal meets the requirements of this section.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.91-93 Coal Processing Waste: Dams and Embankments-(WAW)

There are no dams and embankments constructed of coal processing waste at the C. V. Spur Coal Processing and Loadout Facility. Therefore, this section is not applicable.

UMC 817.95 Air Resources Protection-(WAW)

Existing Environment and Applicant's Proposal

The applicant commits to the implementation of dust control devices such as covered conveyors, water sprays, water trucks and chemical dust suppressants (page 3-50).

Specific dust control measures and potential emissions are discussed in Section 11.2, pages 11-11 through 11-21. The Bureau of Air Quality issued an Air Quality Approval Order dated August 21, 1980 (Appendix 11-1).

Compliance

The applicant has committed to the implementation of dust control measures to minimize fugitive dust. The applicant also has acquired the required Air Quality Approval Order.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.97 Protection of Fish, Wildlife, and Related Environmental Values-(BAS)

Existing Environment and Applicant's Proposal

The C. V. Spur Coal Processing and Loadout Facility area is classified as a saltbush vegetation community, characterized by low-growing shrubs and a large amount of bare ground (Chapter 9). This community provides cover and food for relatively few wildlife species.

Species which utilize habitats within and adjacent to the permit area include the ring-necked pheasant, mourning dove, desert cottontail, badger, coyote, and whitetail prairie dog (Section 10.3.2). Observations by company environmental personnel have failed to document the occurrence of raptors or migratory birds of high federal interest on the site (Section 10.3.3). However, due to the operation's proximity to surrounding cropland and the Price River, the area could provide minimal food and cover for these species (Sections 10.3.1 and 10.3.3).

Three federally listed threatened or endangered species of wildlife potentially occur around C. V. Spur Coal Processing and Loadout Facility. These are the bald eagle, peregrine falcon, and black-footed ferret. Habitat surrounding the permit area is ranked as having substantial value to the bald eagle and peregrine falcon (Section 10.3.3). The area is also classified as historic range for the black-footed ferret. However, field studies conducted by the applicant in the whitetail prairie dog community showed no evidence of use by ferrets (Section 10.3.3.1).

Mitigation and management plans for terrestrial species emphasize contemporaneous reclamation. Other mitigation measures include conducting "employee awareness" programs to inform company personnel of sensitive periods for wildlife, and prevention of hunting and harassment of wildlife in the permit area (Section 10.5). A commitment has also been made to not use persistent pesticides on the area without regulatory approval (Section 3.5.5.4).

Following mining, the applicant will implement revegetation methods designed to restore and enhance wildlife habitat on disturbed areas. The final revegetation plant mix includes herbaceous and woody species adapted to on-site conditions and of known value to wildlife for cover and forage (Section 3.5.5).

Compliance

The C. V. Spur Coal Processing and Loadout Facility has been used since 1975. Of the 117 acres planned for disturbance (Section 9.5), 112.6 have already been disturbed (Table 9-1). Future disturbance will be limited to continuance of the operation. Any adverse effect to wildlife has already occurred. Further impact will be inconsequential.

Field surveys and literature searches to determine the presence of threatened and endangered plant and animal species and bald or golden eagles and their habitats have been conducted by the applicant (Section 9.4 and 10.2). None were found to occur.

Although the project area is classified by the Utah Division of Wildlife Resources (UDWR) as historic range for black-footed ferrets (Section 10.3.3), no sightings have been made on or near C. V. Spur Coal Processing and Loadout Facility and an intensive field survey found no evidence of their presence (Section 10.3.3.1). Therefore, no impact to this species is expected.

The applicant has made a commitment to promptly report the presence of any threatened or endangered species or any bald or golden eagle that has not been previously reported (Section 3.4.5.3).

The U.S. Fish and Wildlife Service (USFWS) determined armless powerline configurations at the C. V. Spur Loadout Facility to be raptor-safe (letter dated November 10, 1982 from USFWS to DOGM). However, crossarm type configurations were determined by UDWR to require modification (pages 10-27 and 10-27a). The applicant has committed to making the recommended changes.

Access and haul roads do not constitute a significant hazard to wildlife, as the vicinity supports only minimal numbers of big game animals, and migratory routes are not known to exist.

No habitat of unusually high value for fish and wildlife occurs within the permit area. The operation's impact on local wildlife is believed to be negligible.

Plant materials, used for permanent revegetation, are shown in Tables 3-2 and 3-3. Species have been selected which provide nutrition and cover to wildlife and will enhance wildlife habitat after bond release.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.99 Slides and Other Damages--(WAW)

Existing Environment and Applicant's Proposal

Coal processing waste banks are inspected at least quarterly for potential safety hazards. If a potential hazard is identified, the Division will be immediately notified of the hazard and the emergency procedures to be implemented (page 3-3a). If a slide occurs which may have a potential adverse effect on public property, health, safety, or the environment, the applicant will notify the Division immediately and comply with remedial measures required by the Division (page 3-52).

Compliance

The applicant has committed to initiate the appropriate actions to ensure the safety of the public, property and the environment.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.100 Contemporaneous Reclamation-(BAS)

Existing Environment and Applicant's Proposal

The applicant has committed to contemporaneous reclamation of refuse disposal areas after their completion (Section 3.5.1). Seeding, fertilizing, and mulching will be performed immediately following soil redistribution.

Final reclamation shall be conducted immediately after final site preparation and during the first normal period of favorable planting conditions (Section 3.5.1 and 3.5.6.1).

Compliance

The applicant's plan for contemporaneous reclamation meet the requirements of this section.

The applicant is in compliance with this section.

Stipulations

None

UMC 817.101 Backfilling and Grading: General Requirements-(WAW)

Existing Environment and Applicant's Proposal

The applicant's proposal for backfilling and grading is contained on pages 3-55 and 3-55a. Postmining topography and drainage for the coal processing waste disposal area is shown on Plate 3-7; cross sections of the reclaimed disposal areas are shown on Plate 3-3.

Upon termination of the operations, the surface area, except the coal processing waste disposal sites, will be graded. Areas to be backfilled will consist of the seven ponds and diversions (see discussion under UMC 817.46). Backfilling materials include berms, foundations, road fill, and other suitable fill materials.

All final grading, preparation and placement of topsoil, will be done along the contour to minimize erosion and instability. Reclamation procedures will be implemented within 180 days of termination of operations and will follow the approximate time schedule given on page 3-63.

Compliance

The applicant has committed to regrade and backfill the site to achieve a final configuration that is compatible with the surrounding terrain. Since the site lies on a fairly level to moderately sloping area, backfilling and grading will be minimal. The applicant demonstrated a static factor of safety of at least 1.5.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.103 Backfilling and Grading: Covering Coal and Acid- and Toxic-Forming Materials-(WAW/HS)

Existing Environment and Applicant's Proposal

Coal processing waste was and/or is produced by processing coal from the Beaver Creek Coal Company's Gordon Creek #2, #7 and #8 Mine (active), Gordon Creek #3 and #6 Mine (reclaimed), Huntington #4 Mine (reclaimed), and Trail Mountain #9 Mine (active). Analysis of the coal indicates a low sulfur (0.5 percent to 0.8 percent) product, whereas coal reject is low-sulfur, non-acid, and non-toxic (page 3-3, Figures 3-1 and 3-2).

The applicant commits to annually sample each coal seam that is being processed and analyze a representative sample from the disposal area to determine the acid- or toxic-forming potential of the material (page 3-3 and 3-3a). Based on these analyses, the applicant proposes to cover post-Law disturbance including coal processing waste with six inches of topsoil. This material will be disced to eliminate cloddiness (page 3-56). Pages 8-31 through 8-34 discuss the replacement of topsoil on the disturbed areas.

In the event that acid-and/or toxic-forming materials are identified, the applicant has committed to covering any acid-and/or toxic-forming materials with four feet of suitable non-toxic and/or non-acid forming material.

Compliance

The applicant has proposed to cover all post-Law disturbed areas including coal processing waste with six inches of topsoil. Although data indicate that the coal and coal processing waste material is non-acid or non toxic-forming, the applicant has committed to annually analyze a representative sample from the coal processing waste areas and each coal seam that is or will be processed. Tables 8-4 and 8-6 address the quality and quantity of available soil medium.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.106 Regrading or Stabilizing Rills and Gullies-(WAW)

Existing Environment and Applicant's Proposal

Areas that develop rills or gullies deeper than nine inches will be filled, graded, or otherwise stabilized and reseeded. All final grading, preparation and placement of topsoil will be done along the contour to minimize subsequent erosion and instability (page 3-55). Soil erosion will be controlled through the use of mulch, chemical stabilizers, or other appropriate techniques (page 3-62).

Seeding and transplanting, mulching, and reclamation management are discussed on pages 3-56 through 3-63.

Compliance

The applicant commits to stabilize, fill, regrade, and revegetate areas that develop rills or gullies in excess of nine inches. Reclamation activities will be conducted along the contour to minimize subsequent erosion. Mulching will be implemented to protect slopes and enhance seed germination.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.111 Revegetation: General Requirements-(BAS)

Existing Environment and Applicant's Proposal

The applicant presents temporary and final reclamation plans in Section 3.5.5. The final reclamation seed mix proposed for revegetation of 117 acres of disturbance consists of five grass, four forb and five shrub species (Table 3-2).

An additional 5.28 acres of linear disturbance, occurred when the Price River pipeline was installed (Section 3.2.6.1, Plate 1-1), and will be revegetated. The pipeline seed mix includes four grass, one forb, and two woody species (Table 3-3). Hydroseeding rate exceeds 80 seeds PLS/ft² for both mixes. Rates for drill seeding will be reduced by one half.

On-going test plot studies (Appendix 9-1, 9-2; Section 3.5.2) and temporary revegetation efforts are designed to develop procedures and plant materials which will promote rapid and effective final reclamation (Section 3.5.5.2).

Compliance

All plant species in the final revegetation seed mix are perennial (except for sunflower and yellow sweetclover), and are capable of regeneration and plant succession.

Revegetation methods, materials, and timetables are expected to achieve a permanent and diverse vegetative cover and recovery of predisturbance productivity.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.112 Revegetation: Use of Introduced Species-(BAS)

Existing Environment and Applicant's Proposal

The final revegetation seed mix contains four introduced species (Table 3-2). These are crested wheatgrass (both fairway and Ephraim varieties), Russian wildrye, yellow sweetclover, and prostrate kochia. The temporary (interim) revegetation seed mix proposes use of one additional introduced species, alfalfa (Table 3-1). The applicant justifies use of introduced species on pages 3-58 and 3-60.

Compliance

Both varieties of crested wheatgrass have performed exceptionally well in the applicant's test plot studies to date. The species appears to be particularly adapted to the site's climatic and edaphic conditions.

Results of U.S. Forest Service test plots near Emery, Utah have documented Russian wildrye and prostrate kochia to be top performers for conditions similar to those existing at the C. V. Spur Coal Processing and Loadout Facility.

Yellow sweetclover is valued as a fast-growing, nitrogen-fixing species. Its role in soil stabilization and micro-climate modification promotes establishment of desirable perennial species.

The qualities of the above species will be further evaluated during test plot and temporary revegetation studies (Appendix 9-1 Appendix 9-2, Sections 3.5.2 and 3.5.5.2). Compatibility with native plants and adaptability to the site will also be studied further.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.113 Revegetation: Timing-(BAS)

Existing Environment and Applicant's Proposal

Seeding will take place in the fall after 15 October, immediately following seedbed preparation (Section 3.5.1, 3.5.5.2, and 3.5.6.1).

Compliance

The applicant meets the requirements of this section by proposing to seed immediately after final site preparation and during the first normal period for favorable planting conditions (Section 3.5.5.4, page 3-62).

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.114 Revegetation: Mulching and Other Soil Stabilizing Practices-(BAS)

Existing Environment and Applicant's Proposal

Native hay mulch will be applied at a rate of one ton/acre on slopes 3:1 or less. Mulch will be crimped with a straight disc. Slopes steeper than 3:1 (see Plate 3-7) will be hydroseeded and then

hydromulched. Wood fiber hydromulch will be applied at a rate of 2000 lbs/acre for slopes between 2:1 and 3:1, and at a rate of 2500 lbs/acre for slopes steeper than 2:1. A chemical tackifier will be used at a rate of 120 lbs./acre (Section 3.5.5.3).

Compliance

Both mulch options, rates of application, and methods of anchoring meet the requirements of this section.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.116 Revegetation: Standards for Success-(BAS)

Existing Environment and Applicant's Proposal

Success of revegetation will be measured by comparison with the approved reference area, which represents the salt desert shrub vegetation type (Plate 9-1 and Section 9.3.2.5). The reference area has been determined to be in good range condition by the Soil Conservation Service (Figure 9-1). The reference area is fenced and will not be disturbed. Range condition will be periodically reassessed to assure maintenance of fair or better condition (page 9-14).

The reference area was sampled for total vegetative cover, cover by species, productivity by life form, and by species, and shrub density and height. Sample adequacy was achieved for all parameters with the exception of cover data (Section 9.3.2.5, Tables 9-2, 9-3, 9-4 and 9-9). The applicant will resample cover during revegetation success monitoring (Section 3.5.5.4). At that time, sample adequacy requirements will be satisfied (page 3-62b).

Success standards for ground cover, production, and woody plant density are identified in Section 3.5.5.2 and on Tables 9-6, 9-7 and 9-8.

Periodic measurements of revegetation will be conducted to determine reclamation success (Section 3.5.5.4).

Compliance

Bond liability will continue for not less than ten years under the conditions of this section.

Ground cover, woody plant density, and production shall be considered equal to their respective reference area counterparts, when there is 90 percent success at 90 percent statistical confidence (Section 3.5.5.2).

Monitoring commitments (page 3-62b) are adequate to document progress toward realization of reclamation objectives. Should problems occur, which require maintenance or repair work, the applicant commits to take appropriate action (Section 3.5.5.4).

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.117 Revegetation: Tree and Shrub Stocking for Forest Land-(BAS)

Existing Environment and Applicant's Proposal

The surface of the C. V. Spur Coal Processing and Loadout Facility is privately owned (Section 4.3.4), and occurs within a salt desert vegetation community (Section 9.3.2.1). Woody plant stocking level is a consideration, however, because postmining land use includes wildlife habitat (Section 3.4.5 and 3.5).

Compliance

The applicant proposes to include four woody plant species in the permanent reclamation seed mixture (Table 3-2). Rate of application is 29 PLS/ft². Containerized or bare root stock is proposed for planting along the Price River pipeline (Table 3-3). The applicant commits to supplemental plantings of woody species (page 3-60a) in the event reestablished stocking levels do not meet the bond release standard, identified on Table 9-8.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.121-.126 Subsidence Control-(RVS)

Existing Environment and Applicant's Proposal

Operations at the C. V. Spur Coal Processing and Loadout Facility do not encompass underground coal mining activities. Therefore, this section is not applicable.

UMC 817.131-.132 Cessation of Operations-(WAW)

Existing Environment and Applicant's Proposal

Page 3-44 addresses the requirements for temporary cessation of operations. The applicant commits to notifying the Division when operations have temporarily ceased and submit mitigation measures to be employed in accordance with the approved plan.

Upon termination of operations at the C. V. Spur Coal Processing and Loadout Facility, reclamation activities will commence within 180 days, according to an approximate reclamation time schedule (page 3-63). All surface facilities will be removed, the surface area graded (except the disposal site), topsoil spread and the area revegetated. After revegetation success criteria has been satisfied, all drainage structures, culverts, and diversions will be removed and the areas reclaimed.

Compliance

The applicant commits to notify the Division in the event of cessation of operations for a period of 30 days or more and conduct the required monitoring.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.133 Postmining Land Use-(BAS)

Existing Environment and Applicant's Proposal

Prior to the existing land use as a coal processing and loadout facility, the land was capable of providing limited wildlife habitat and supporting very limited grazing (Section 4.4.1) and was zoned

for agricultural use (Section 4.4.3). Present zoning is for industrial use (Section 4.5). Following the cessation of the current operation, the applicant will reclaim the area employing seed mixtures which contain species that are adapted to on-site conditions and are of known value to wildlife (Section 3.4.5 and 3.5). The applicant proposes to restore the area for songbird and small mammal habitat (Section 4.5).

Compliance

The applicant is the surface owner of the permit area (Section 4.3.4 and Plate 4-1). The applicant's proposal to return the land to wildlife habitat is feasible, as discussed under UMC 817.111-.117 of this document and will be compatible with adjacent land uses.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.150-.176 Roads-(WAW)

Existing Environment and Applicant's Proposal

The main access road (coal haulage road) extends approximately 2600 feet and is classified as a Class I road. The road is maintained at a width of 24 feet, and is gravel-surfaced. This road will be used and maintained throughout the life of the operation (page 3-24). Certified, as-constructed road plans and cross sections are shown on Plate 3-4.

The road that extends from the preparation plant to the coal processing waste disposal area (approximately 1584 feet), is gravel-surfaced, and will be maintained at an approximate width of 20 feet throughout the active phase of coal processing waste disposal. This road as well as the remaining access roads are classified as Class II roads.

Roads will be watered as necessary to control dust and drainage controls will be maintained to prevent contaminated water in the disturbed area from leaving the permit area (page 3-29a).

Roads required for access to the sedimentation ponds and diversions will be left in place until pond and diversion reclamation is undertaken. Roads will then be removed and reclaimed, according to Section 3.5.4. There are no plans to leave any roads at this property (page 3-54a).

There are no Class III roads proposed or existing at the C. V. Spur Coal Processing and Loadout Facility.

Compliance

The applicant has adequately addressed the designs, locations, maintenance and reclamation of Class I and Class II roads at this site.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.180 Other Transportation Facilities-(WAW)

Existing Environment and Applicant's Proposal

A railroad grade embankment is external and adjacent to the eastern edge of the permit area. The grade supports the main rail line and is owned and maintained by the Denver and Rio Grande Western Railroad.

A railroad loop consisting of a single set of tracks (approximately 8340 feet in length) lies within the permit area and serves as a loop for the unit trains. The loop is owned by the applicant and will be used and maintained throughout the life of the facility (page 3-27, Plate 3-5).

Pages 3-27 through 3-29 address the seven separate conveyor runs utilized during the coal handling process. Grades of all conveyors are shown on Figure 3-7, page 3-28. All conveyors will be used throughout the operational life of this facility.

Transportation facilities are maintained to prevent damage to fish, wildlife, and related environmental values, as well as additional contributions of suspended solids of streamflow or runoff

outside the permit area (page 3-29). Additional measures are implemented to control and minimize degradation of water quality and quantity, control and minimize erosion and siltation as well as pollution (pages 3-29 and 3-30).

Compliance

The applicant commits to install, maintain and reclaim the conveyor systems and railroad loop in an environmentally sound manner. Water sprays, enclosures for the conveyors, and drainage controls are implemented to prevent water and air contamination.

The applicant is in compliance with this section.

Stipulations

None.

UMC 817.181 Support Facilities and Utility Installations-(WAW)

Existing Environment and Applicant's Proposal

Plate 3-1 and 3-2 depict all buildings and structures associated with the C. V. Spur Coal Processing and Loadout Facility. There are no plans to modify or reconstruct structures at this site (page 3-2).

All support facilities will be maintained and reclaimed in a manner which prevents damage to fish, wildlife, and related environmental values, and prevents additional contributions of suspended solids and streamflow or runoff outside the permit area (page 3-1).

Compliance

The applicant commits to maintain and reclaim the support facilities in an environmentally sound manner.

The applicant is in compliance with this section.

Stipulations

None.

UMC 828.00 Prime Farmland Investigation-(HS)

Existing Environment and Applicant's Proposal

The applicant contends that there are no lands identified as prime farmland within the proposed permit area (page 8-22).

Page 40
C.V. Spur Technical Analysis
Beaver Creek Coal Company
ACT/007/022

Compliance

On the basis of soil survey and field review of the lands within the permit area, there are no soil map units that have been designated prime farmland by the Soil Conservation Service (SCS). Refer to the SCS letter of June 16, 1980, from T. B. Hutchings, State Soil Scientist, on page 8-23, regarding a negative prime farmland determination.

The applicant is in compliance with this section.

Stipulations

None.

djh
AT93/1-40

CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT
FIVE-YEAR PERMIT RENEWAL
C.V. SPUR COAL PROCESSING AND LOADOUT FACILITY
ACT/007/022

BEAVER CREEK COAL COMPANY
CARBON COUNTY, UTAH
AUGUST 7, 1989

I. INTRODUCTION

The purpose of this report is to provide a Cumulative Hydrologic Impact Assessment (CHIA) for Beaver Creek Coal Company's C. V. Spur Coal Processing and Loadout Facility located in Carbon County, Utah. The assessment encompasses the probable cumulative impacts of all anticipated coal mining in the general area on the hydrologic balance and whether the operations proposed under the application have been designed to prevent damage to the hydrologic balance outside the proposed permit area. This report complies with federal legislation passed under the Surface Mining Control and Reclamation Act (SMCRA) and subsequent Utah and federal regulatory programs under UMC 786.19(c) and 30 CFR 784.14(f), respectively.

Beaver Creek Coal Company's C. V. Spur Coal Processing and Loadout Facility is located in Castle Valley approximately four miles South-Southeast of Price, Utah (Figure 1).

II. CUMULATIVE IMPACT AREA (CIA)

Figure 2 delineates the CIA for the C. V. Spur Coal Processing and Loadout Facility. The CIA includes Section 11, E 1/2 of Section 10, Township 15 South, Range 10 East. The CIA encompasses approximately 1,000 acres.

III. SCOPE OF MINING

The C. V. Spur Coal Processing and Loadout Facility processes and loads coal from the Gordon Creek #2, #7, and #8 Mine and Trail Mountain #9 Mine. This facility handles approximately 1,000,000 tons of coal annually.

The permit area is approximately 160 acres, of which 117 acres will be disturbed during the life of the facility. Approximately 77.2 acres of this permit area was disturbed prior to the enactment of the Surface Mining Control and Reclamation Act of 1977.

All of the surface structures will be removed and the entire area reclaimed upon cessation of operations.

BEAVER CREEK COAL COMPANY AREA OF OPERATIONS

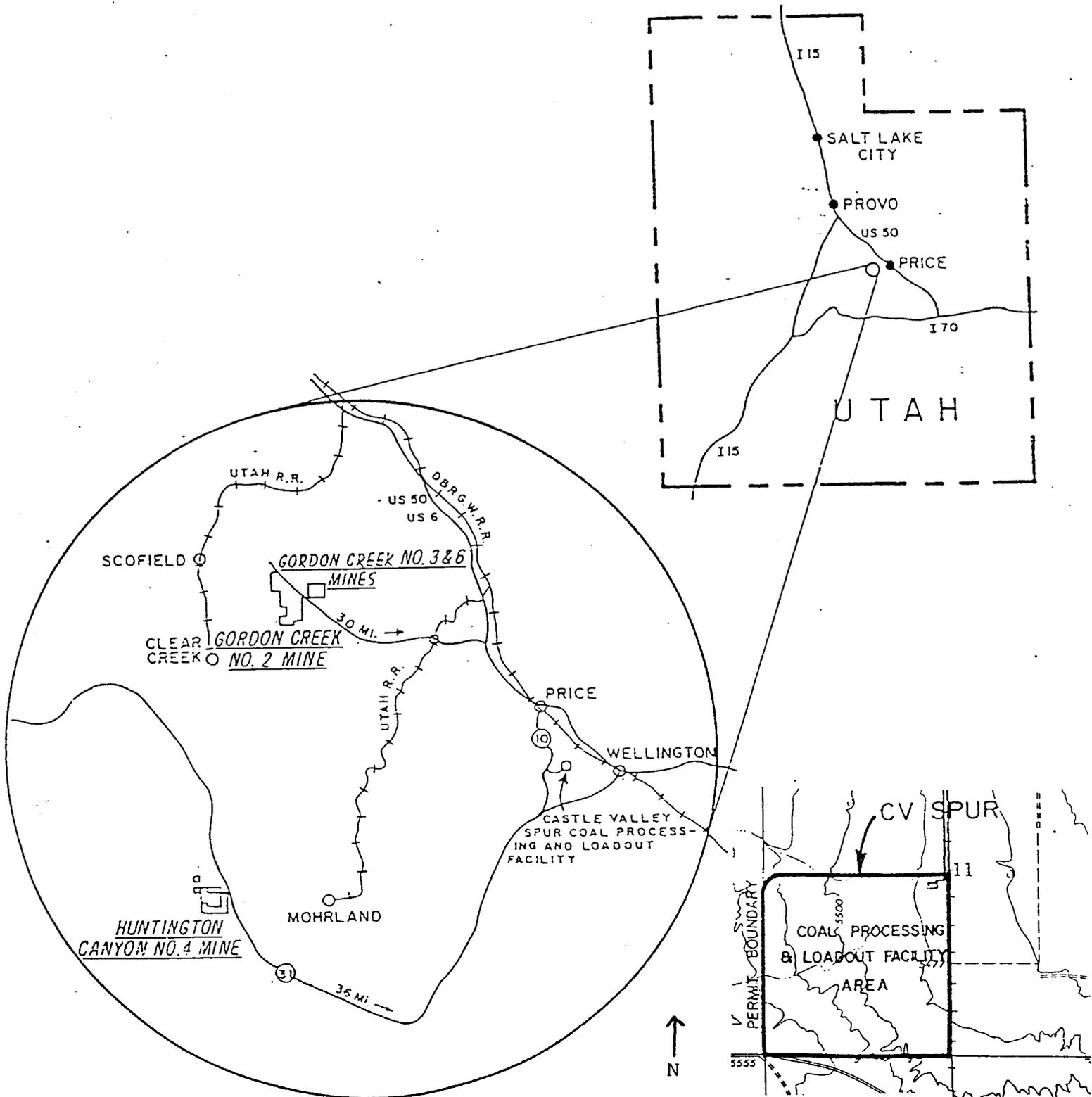


FIGURE 1 LOCATION MAP

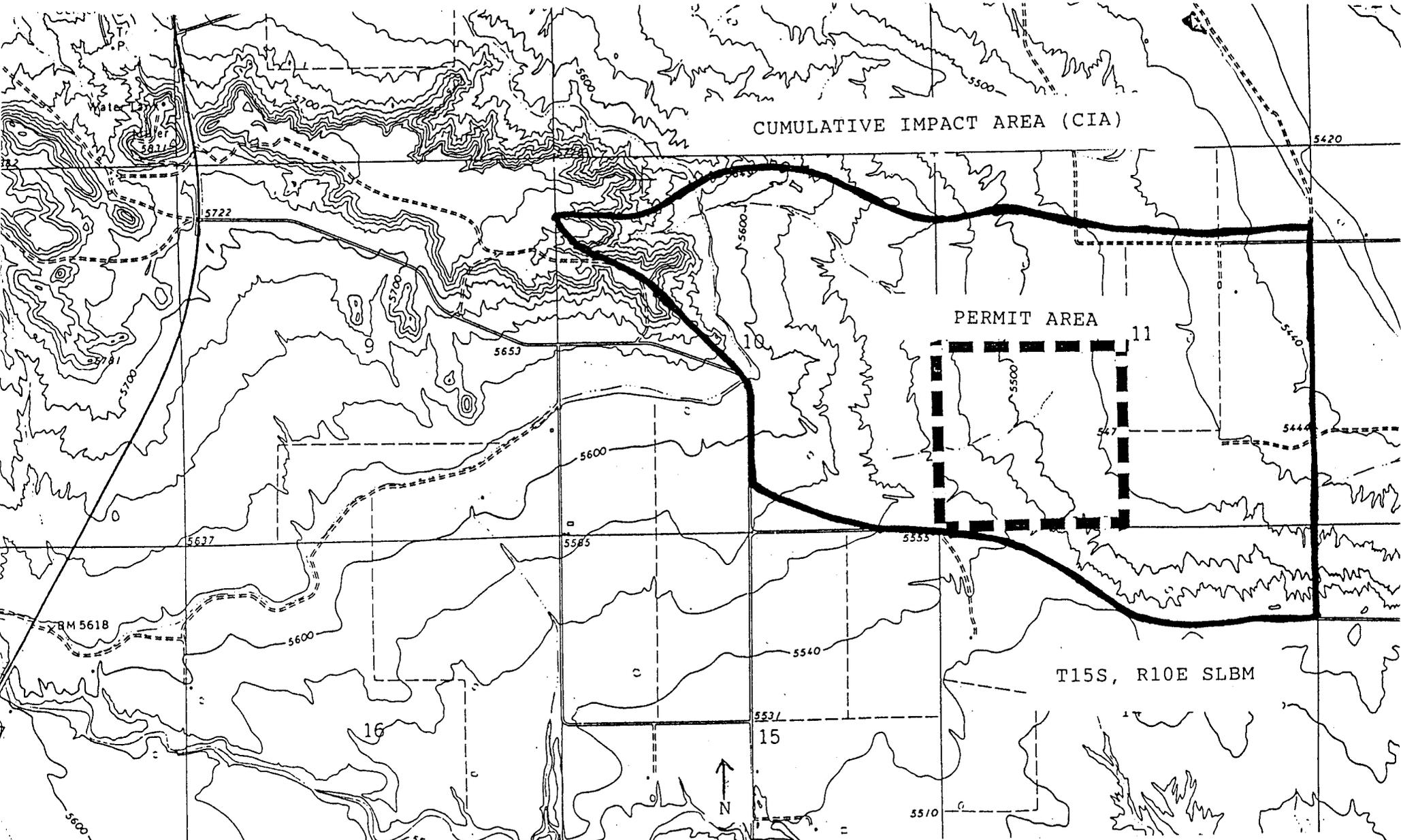
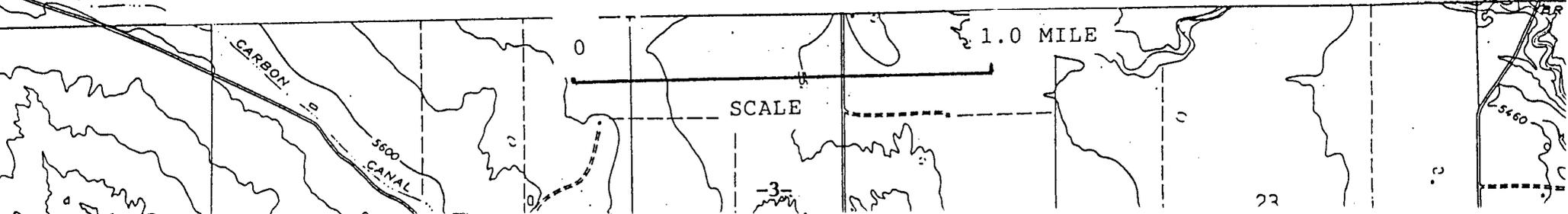


FIGURE 2. CUMULATIVE IMPACT AREA (CIA)



IV. STUDY AREA

A. Geology

The C.V. Spur Coal Processing and Loadout Facility is located on the Bluegate Shale Member of the Mancos Shale. The Bluegate Shale Member is a dark blue-gray marine mudstone with some thin lenses of shaley sandstone, sandy limestone, and calcareous shale that is 500 feet thick in the Castle Valley area. The Ferron Sandstone Member underlies the Bluegate Shale Member. Drilling in the Castle Valley area has identified a regional confined aquifer in the Ferron Sandstone Member.

Rocks in the study area strike generally to the northeast and dip from three to six degrees to the northwest. No faults have been identified in the study area.

B. Topography and Precipitation

Topography ranges from 5420 feet to 5760 feet.

Average annual precipitation is approximately ten inches.

C. Vegetation

Native vegetation of the C. V. Spur Coal Preparation and Loadout Facility area consists entirely of desert shrub. Soils are derived from Mancos Shale and are finely textured and relatively saline.

The desert shrub community is sparsely vegetated and dominated by shadscale (Atriplex confertifolia), and mat saltbush (A. corrugata). This community may include fourwing saltbush (A. Canescens), winterfat (Ceratoides lanata), Mormon tea (Ephedra spp.), budsage (Artemisia spinescens), miscellaneous buckwheats (Eriogonum spp.), Indian ricegrass (Oryzopsis hymenoides), galleta grass (Hilaria jamesii), grama grass (Bouteloua spp.), needle and thread grass (Stipa comata), sand dropseed (Sporobolus cryptandrus) and squirreltail (Sitanian hystrix). Greasewood (Sarcobatus vermiculatus) and saltgrass (Distichlis stricta) often dominate bottomlands.

V. HYDROLOGIC RESOURCES

A. Ground Water

No springs occur within the CIA.

Thirteen boreholes have been drilled for the purposes of identifying and evaluating shallow ground-water resources within and adjacent to the permit area (Figure 3). Shallow (2 to 20 feet below the surface) unconfined ground water occurs within the surficial weathered portion of the Bluegate Shale Member. Shallow ground-water levels seasonally vary from a low during the late winter to a high during the late spring. Flow is towards the east-northeast and discharge most likely occurs in proximity to the Price River. Water quality is poor with extremely high levels of total dissolved solids (1,500 to 48,000 mg/l) and sulfate (1,000 to 31,000 mg/l). These values are characteristic for shallow ground-water resources found in weathered Mancos Shale.

Aquifer testing was conducted to determine hydraulic conductivity in the weathered and unweathered portions of the Bluegate Shale Member. A pump test indicated a hydraulic conductivity of .007 ft./min. for weathered bedrock, whereas a slug test indicated unweathered bedrock is impermeable.

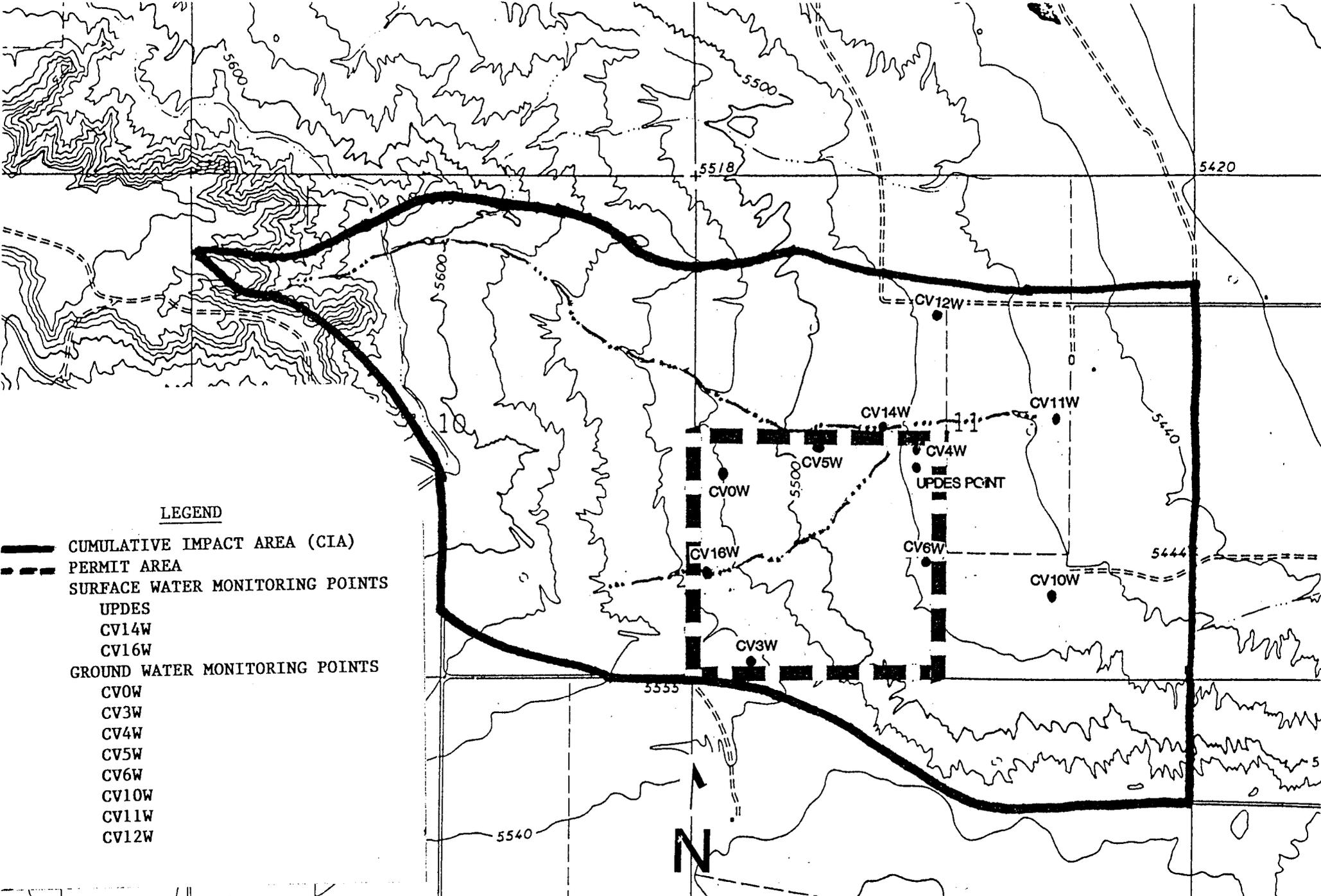
A French drain was installed along the northern and western boundaries of the permit area to intercept shallow ground-water flow and isolate the coal processing and loadout facility from this ground-water resource.

B. Surface Water

The C.V. Spur Coal Processing and Loadout Facility is located in the Price River drainage Basin. No perennial streams exist within the CIA. Miller Creek and the Price River are perennial and occur within one mile of the CIA. All streams within the CIA are ephemeral (Figure 2).

Disturbed area runoff is controlled by a series of sedimentation ponds. Undisturbed area runoff is diverted around disturbed areas by means of ditches and culverts.

The final sedimentation pond in the series is regulated by a UPDES permit (Figure 3). All disturbed drainage must pass through this pond before leaving the CIA. The coal processing and loadout facility uses most water produced on site. Under normal conditions, no water produced on site will be discharged off site. The sedimentation ponds are designed to prevent additional contributions of sediment to downstream areas.



LEGEND

— CUMULATIVE IMPACT AREA (CIA)

- - - PERMIT AREA

• SURFACE WATER MONITORING POINTS

UPDES

CV14W

CV16W

• GROUND WATER MONITORING POINTS

CV0W

CV3W

CV4W

CV5W

CV6W

CV10W

CV11W

CV12W

FIGURE 3. WATER MONITORING LOCATIONS

VI. POTENTIAL HYDROLOGIC IMPACTS

A. Ground Water

Shallow ground-water quality is poor and it is not anticipated that surface activities will further degrade this resource. Moreover, a French drain was installed to prevent potential contamination of the shallow ground-water resource.

Aquifer testing indicated that the deep ground-water resource is hydrologically isolated from the overlying ground-water resource within the CIA.

B. Surface Water

Leachate and acid- and toxic-forming material analyses has been performed on all material stored on-site. Results of the analyses indicate that no impacts have occurred to the surface waters in the CIA to date. Annual analysis will detect possible future impacts.

A surface water monitoring plan has been implemented at the site. Three surface locations exist which includes two points along the northwestern diversion ditch which are monitored annually according to the Division's Water Monitoring Guidelines and one UPDES point at the discharge of Sedimentation Pond #6.

The combination of surface water monitoring, NPDES monitoring, and annual acid- and toxic-forming material analyses will enable determination of any potential impacts to the hydrologic balance.

Material disposed of at the C.V. Spur Coal Processing and Loadout Facility consists of the following material: sedimentation pond waste from Gordon Creek #2, #7, and #8 Mine and Trail Mountain #9 Mine; coal processing waste produced from the processing of coal from Gordon Creek #2, #7, and #8 Mine (active), Gordon Creek #3 and #6 Mine (inactive), Huntington #4 Mine (inactive) and Trail Mountain #9 Mine (active).

Percent pyritic-sulfur analyses from the coal processing waste and each individual coal seam being processed average 0.49 percent.

The weathered bedrock underlying the coal processing waste disposal area is calcareous and should neutralize drainage or seepage from areas within the coal processing waste area, which could potentially form acid.

Although most water associated with the C.V. Spur Coal Processing and Loadout Facility coal processing waste will evaporate, a minor amount of water may percolate through the storage cells into the underlying weathered bedrock. However, as indicated previously this seepage has a low potential for degrading the shallow ground-water resource because of the poor water quality that occurs naturally.

VII. SUMMARY

The operational designs proposed for the C.V. Spur Coal Processing and Loadout Facility are herein determined to be consistent with preventing damage to the hydrologic balance outside the permit area.

BT241/1-5

REFERENCES

Beaver Creek Coal Company, Permit Application Package, July 19, 1989,
Castle Valley Spur Coal Processing and Loadout Facility, Carbon
County, Utah

FINDINGS
FIVE-YEAR PERMIT RENEWAL
C. V. SPUR COAL PROCESSING AND LOADOUT FACILITY
BEAVER CREEK COAL COMPANY
ACT/007/022

Carbon County, Utah
August 7, 1989

1. The plan and the permit application are accurate and complete and all requirements of the Surface Mining Control and Reclamation Act (the "Act"), and the approved State Program have been met (UMC 786.19[a]).
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. These practices have been shown to be effective in the short term; there are no long-term reclamation records utilizing native species in the western United States. Nevertheless, the Division has determined that reclamation, as required by the Act, can be feasibly accomplished under the Permit Application Package (PAP) (UMC 786.19[b]) (see Technical Analysis [TA] Section UMC 817.111-.117).
3. The assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been made by the Division. The Operation and Reclamation Plan proposed under the application has been designed to prevent damage to the hydrologic balance in the permit area (UMC 786.19[c] and UCA 40-10-11[2][c]). (See C. V. Spur Coal Processing and Loadout Facility Cumulative Hydrologic Impact Analysis [CHIA]).
4. The proposed lands to be included within the permit area are:
 - (a) not included within an area designated unsuitable for underground coal mining operations;
 - (b) not within an area under study for designated lands unsuitable for underground coal mining operations;
 - (c) not on any lands subject to the prohibitions or limitations of 30 CFR 761.11[a] (national parks, etc.), 761.11[f] (public buildings, etc.) and 761.11[g] (cemeteries);

- (d) within 100 feet of a public road; however, the road was used as a coal haul road by the applicant prior to August 3, 1977, and is therefore subject to a valid existing right (UMC 761.11);
 - (e) not within 300 feet of any occupied dwelling (UMC 786.19[d]).
5. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800) (UMC 786.19[e]).
 6. The applicant has the legal right to enter and complete mining and reclamation activities in the permit area through BLM rights-of-way (UMC 786.19[f]).
 7. A 510[c] report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; Beaver Creek Coal Company is not delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with a demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (UMC 786.19[g], [h], [i]; {OSMRE Relatedness Report, re-verified August 1, 1989}).
 8. Coal preparation and reclamation operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area (UMC 786.19[j]).
 9. A detailed analysis of the proposed bond has been made, and the bond estimate is \$2,441,745.00. The Division has made appropriate adjustments to reflect costs which would be incurred by the state if it was required to contract the final reclamation activities for the mine site. The bond was posted on April 22, 1987, and made payable to the Division of Oil, Gas and Mining and Office of Surface Mining, Reclamation and Enforcement (UMC 786.19[k]).

10. The applicant has satisfied the requirements for alluvial valley floors and prime farmlands (UMC 786.19[1]). (See TA Section UMC 785.19 and 828.00).
11. The proposed postmining land use of the permit area has been approved by the Division (UMC 786.19[m]). (See TA Section UMC 817.133).
12. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program (UMC 786.19[n]).
13. Reclamation will not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats (UMC 786.19[o]) (See TA UMC 817.97).
14. All procedures for public participation required by the Act, and the approved Utah State Program have been complied with (UMC 786.11-.15).
15. The applicant proposes to use existing structures in connection with the proposed underground coal mining activities. These structures meet the performance standards of the Act and subchapter K and pose no significant harm to the environment or public health or safety (UMC 786.21) (see TA Section UMC 817.181).

Richard V. Smith
Permit Supervisor

James P. Breyer
Associate Director, Mining

Thomas P. Nelson
Director

Entity ID / Name : 135986(SAVAGE INDUSTRIES INC.)
 Related ID / Name :

Locked : Records retrieved : 27

Rel Ent	Name	Desc	Begin date	End date	Source	Hold
088390	WOLACH, DAVID G	EVP	05/01/87		sraut069	
088390	WOLACH, DAVID G	MGR	05/01/87		sraut069	
088392	REES, L DEAN	TRS	08/01/87		sraut069	
088392	REES, L DEAN	VP	08/01/87		sraut069	
088393	LEWIS, H BENSON	ASC	08/01/85		sraut069	
088393	LEWIS, H BENSON	DIR	08/01/85		sraut069	
088393	LEWIS, H BENSON	EVP	08/01/85		sraut069	
088395	SAVAGE, NEAL	CB	10/01/84		sraut069	
088395	SAVAGE, NEAL	DIR	10/01/84		sraut069	
088397	ALEXANDER, ALLEN	DIR	10/01/84		sraut069	
088397	ALEXANDER, ALLEN	PRS	10/01/84		sraut069	
088398	GOODMAN, HOWARD F	COP	06/01/92		sraut069	

ADD(F5)

SEARCH(F2) PRV_SCR(F3) QUIT(F4) ENTITY(F6) CHOICES(F10)

■ avsdg

09:30

Entity ID / Name : 135986(SAVAGE INDUSTRIES INC.)
 Related ID / Name :

Locked : Records retrieved : 27

Rel Ent	Name	Desc	Begin date	End date	Source	Hold
088398	GOODMAN, HOWARD F	VP	06/01/92		sraut069	
088399	BIDDINGER, RICHARD	VP	06/01/92		sraut069	
088400	FORDHAM, ROGER	VP	06/01/92		sraut069	
124668	JENSEN, JAMES T	EVP	07/01/90		sraut069	
124668	JENSEN, JAMES T	SEC	07/01/90		sraut069	
129757	SAVAGE, JOHN	VP	06/01/93		sraut069	
132160	MECHAM, JAMES	VP	06/01/93		sraut069	
132161	ALEXANDER, DONALD	VP	06/01/93		sraut069	
132162	ADAMSON, ERIC B	VP	06/01/92		sraut069	
132164	JOHNSON, ARTHUR D	VP	07/01/90		sraut069	
132165	BUSCH, C FRED	SVP	07/01/90		sraut069	
132166	KONNICK, RONALD J	VP	06/01/92		sraut069	

ADD(F5)

SEARCH(F2) PRV_SCR(F3) QUIT(F4) ENTITY(F6) CHOICES(F10)

■ avsdg

09 31

Entity ID / Name : 135986(SAVAGE INDUSTRIES INC.)
 Related ID / Name :

Locked : Records retrieved : 27

Rel Ent	Name	Desc	Begin date	End date	Source	Hold
124668	JENSEN, JAMES T	EVP	07/01/90		sraut069	
124668	JENSEN, JAMES T	SEC	07/01/90		sraut069	
129757	SAVAGE, JOHN	VP	06/01/93		sraut069	
132160	MECHAM, JAMES	VP	06/01/93		sraut069	
132161	ALEXANDER, DONALD	VP	06/01/93		sraut069	
132162	ADAMSON, ERIC B	VP	06/01/92		sraut069	
132164	JOHNSON, ARTHUR D	VP	07/01/90		sraut069	
132165	BUSCH, C FRED	SVP	07/01/90		sraut069	
132166	KONNICK, RONALD J	VP	06/01/92		sraut069	
132167	ALT, RAYMOND	VP	06/01/92		sraut069	
135987	COOPER, KENNETH W	VP	06/01/94		sraut069	
135988	MARCHBANKS, MICHAEL A	VP	06/01/94		sraut069	

ADD (F5)

SEARCH (F2) PRV_SCR (F3) QUIT (F4) ENTITY (F6) CHOICES (F10)

■ avsdg

09:31

Listed in Entity as: The Savage Co
(Savage Co The)

132159
5250 S. 300 W.
SLC UT

Savage Industries Inc.
C.V. Spur Processing Facility

84107
(801) 263-9400

2.2.7.1 Officers and Directors of the Applicant

The names and addresses of every officer, partner, director, or other person performing a function similar to a director of the applicant:

13598 SAVAGE INDUSTRIES INC. (Shareholder: The Savage Companies)

088395 - Neal Savage ✓	Chairman of the Board/Director	10/84
088397 - Allen B. Alexander ✓	President and Director	10/84
088393 - H. Benson Lewis ✓	Ex. V.P., CFO, Asst. Sec./Director	8/85
088390 - David G. Wolach ✓	Executive Vice Pres, Business Dev.	5/87
124668 - James T. Jensen ✓	Ex. V.P., General Counsel and Sec.	7/90
132165 - C. Fred Busch	Senior Vice President	7/90
088400 - Roger P. Fordham	Regional Vice President	6/92
129757 - John K. Savage	Regional Vice President	6/93
132160 - L. James Mecham	Regional Vice President	6/93
132161 - Donald W. Alexander	Regional Vice President	6/93
135987 132164 - Kenneth W. Cooper	Regional Vice President	6/94
132164 - Arthur D. Johnson	Vice President	7/90
088392 - L. Dean Rees ✓	Vice President and Treasurer	8/87
132162 - Eric B. Adamson	Vice President	6/92
088398 - Howard F. Goodman	Vice President and Controller	6/92
088399 - Richard L. Biddinger	Vice President	6/92
132166 - Ronald J. Konnick	Vice President	6/92
132167 - Raymond Alt	Vice President	6/92
<u>135988</u> - Michael A. Marchbanks	Vice President	6/94

The Address is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

2.2.7.2 Principal Shareholder of the Applicant

The name and address of any person who is a principal shareholder of the applicant:

All stock is owned by:
The Savage Companies
5250 South 300 West
Salt Lake City, Utah 84107
(A Utah Corporation)

Not listed
in Entity dB.

Employer I.D. #87-0387049 ✓

Mountain Coal 109235
003337

Entity ID / Name : 132159 (SAVAGE CO THE)

01	02	03	04	05	06	07	08	09	10 (Level)	Records Retrieved : 8
----	----	----	----	----	----	----	----	----	------------	-----------------------

- 132159 (SAVAGE CO THE)
- 088390 (WOLACH, DAVID G)
- 088392 (REES, L DEAN)
- 088393 (LEWIS, H BENSON)
- 088395 (SAVAGE, NEAL)
- 088396 (SAVAGE, T LUKE) ✓
- 088397 (ALEXANDER, ALLEN)
- 124668 (JENSEN, JAMES T)
- 132168 (SAVAGE, KENNETH C) ✓

CHOICES (F10)

SRCH(F2) PRV_SCR(F3) QUIT(F4) ENTITY(F6) FIND_ENT(F7)

■ avsdg



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 15, 1994

Mr. James T. Jensen
Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

Re: Reclamation Agreement, Savage Industries, C. V. Spur, ACT/007/022, Folder #3 & #4, Carbon County, Utah

Dear Mr. Jensen:

Enclosed please find a reclamation agreement form which should be completed to effectuate the transfer of the C. V. Spur facility to Savage.

Please call Tom Mitchell or myself if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

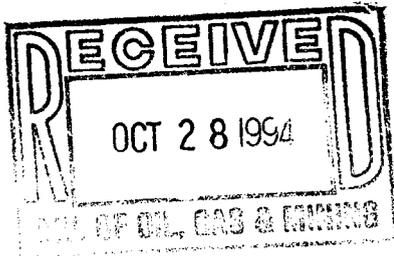
cc: T. Mitchell
P. Grubaugh-Littig





BLACKHAWK ENGINEERING, CO.

Rt. 1, Box 146-H5 - Helper, Utah 84526 - Telephone (801) 637-2422



October 26, 1994

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Designation of Operator
G.V. Spur Preparation Facility
ACT/007/022 #2
Carbon County, Utah

94F
~~94E~~
Copy Pam

Dear Ms. Littig:

This letter is to inform the Division that Mountain Coal Co. wishes to change the "Designation of Operator" at the C.V. Spur Preparation Facility from Mountain Coal Co. to Savage Industries, Inc.

Savage Industries has a lease-option to purchase the facility, and has applied for a permit transfer. Until the transfer of permit is approved, Mountain Coal Co. will remain as the permittee, with Savage Industries, Inc. as the operator.

If any additional information is required for the permit in the interim, please let me know.

Thank you for your consideration.

Respectfully,

Dan W. Guy,
for Paige B. Beville

cc: Paige B. Beville, MCC
Scot Anderson, Arco
Jim Jensen, Savage Industries
Bill Malencik, DOGM
File

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the

6th day of September, 1994

and that the last publication of such notice was in the issue of such newspaper dated the

.....day of....., 19.....

Kevin Ashby

Subscribed and sworn to before me this

.....6th.....day of...September....., 1994..

Linda Thayne
Notary Public

My Commission expires January 10, 1995

Residing at Price, Utah

Publication fee, \$ 46.80

**PROPOSED NEWSPAPER ADVERTISEMENT
PUBLIC NOTICE**

Savage Industries Inc. has applied for a permit transfer of the Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc.

The applicant is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

The original permittee is:

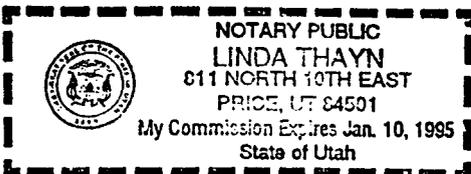
Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

The permit for which transfer is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base and Meridian. The permit area is further described as follows: Township 15 South, Range 10 East, Salt Lake Base and Meridian, Section 11: W $\frac{1}{2}$ SW $\frac{1}{4}$ except 0.24 ac. in NW corner and 5.42 ac. in SW corner, E $\frac{1}{2}$ SW $\frac{1}{4}$ except East 100. Also included in the permit area is a 20' Right-of-Way for a pipeline across the SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 (1.21 acres), and across the SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey 7 $\frac{1}{2}$ minute map.

The application is available for inspection at the Carbon County Courthouse, 1st East and Main Street, Price, Utah 84501.

Written comments, objections or requests for informal conferences on the application may be submitted to: State of Utah Department of Natural Resources, Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203.

Published in the Sun Advocate September 6, 1994.



PERMIT CHANGE TRACKING FORM

DATE RECEIVED	5/13/94	PERMIT NUMBER	ACT/007/022
Title of Proposal:		PERMIT CHANGE #	94B
Description:	Permit Transfer from Mt. Coal to Savage	PERMITTEE	Mountain Coal
		MINE NAME	E. V. Spur

<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION <input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee. <input type="checkbox"/> Request additional review copies prior to Division/Other Agency review. <input type="checkbox"/> Notice of Approval of Publication. (If change is a Significant Revision.) <input type="checkbox"/> Notice of request to modify proposed permit change prior to approval.	DATE DUE	DATE DONE	RESULT	
	N/A		<input type="checkbox"/> ACCEPTED <input type="checkbox"/> REJECTED	Permit Change Classification <input type="checkbox"/> Significant Permit Revision <input type="checkbox"/> Permit Amendment <input type="checkbox"/> Incidental Boundary Change

REVIEW TRACKING	INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER	DUE	DONE	DUE	DONE	DUE	DONE
<input checked="" type="checkbox"/> Administrative <i>Paul</i>	June 13	6/20				
<input type="checkbox"/> Biology						
<input type="checkbox"/> Engineering						
<input type="checkbox"/> Geology						
<input type="checkbox"/> Soils						
<input type="checkbox"/> Hydrology						
<input type="checkbox"/> Bonding						
<input type="checkbox"/> AVS Check						

COORDINATED REVIEWS	DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> OSMRE						
<input type="checkbox"/> US Forest Service						
<input type="checkbox"/> Bureau of Land Management						
<input type="checkbox"/> US Fish and Wildlife Service						
<input type="checkbox"/> US National Parks Service						
<input type="checkbox"/> UT Environmental Quality						
<input type="checkbox"/> UT Water Resources						
<input type="checkbox"/> UT Water Rights						
<input type="checkbox"/> UT Wildlife Resources						
<input type="checkbox"/> UT State History						
<input type="checkbox"/> Other						

<input type="checkbox"/> Public Notice/Comment/Hearing Complete (If the permit change is a Significant Revision)	<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date. <input type="checkbox"/> Permit Change Denied.
<input type="checkbox"/> Copies of permit change marked and ready for MRP.	<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.
<input type="checkbox"/> Special Conditions/Stipulations written for approval.	<input type="checkbox"/> Copy of Approved Permit Change to File.
<input type="checkbox"/> TA and CHIA modified as required.	<input type="checkbox"/> Copy of Approved Permit Change to Permittee.
<input type="checkbox"/> Permit Change Approval Form ready for approval.	<input type="checkbox"/> Copies to Other Agencies and Price Field Office.

**Savage Industries Inc.
C.V. Spur Processing Facility**

CHAPTER 2

**LEGAL, FINANCIAL
COMPLIANCE AND
RELATED INFORMATION**

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

Savage Industries Inc.
 C.V. Spur Processing Facility

2.0 Table of Contents

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
2.1	Scope.....	2-1
2.2	Identification of Interests.....	2-1
2.2.1	Permit Applicant.....	2-1
2.2.2	Owners of Record of Surface Area and of Coal Rights.....	2-1
2.2.3	Holders of Leasehold Interests in Surface Area and of Coal Rights.....	2-2
2.2.4	Purchase of Record Under a Real Estate Contract for Surface Area or Coal.....	2-2
2.2.5	Operator.....	2-2
2.2.6	Resident Agent.....	2-2
2.2.7	Business Designation.....	2-2
2.2.7.1	Officers and Directors of the Applicant..	2-3
2.2.7.2	Principle Shareholder of the Applicant...	2-3
2.2.7.3	Names under which Applicant and Principal Shareholder Operated U.S. Coal Mines (within the last 5 years).....	2-4
2.2.7.4	Principals, Officers, and Resident Agents	2-4
2.2.8	Current, Pending, or Previous Coal Mining Permits.....	2-5
2.2.9	Owners of Record of Surface and Sub- Surface Areas Contiguous to Proposed Permit Area.....	2-6
2.2.10	Mine Name and MSHA Identification.....	2-6
2.2.11	Applicant's Interest in Areas Contiguous to Proposed Permit Area.....	2-6
2.3	Compliance Information.....	2-6
2.3.1	Status of Mining Permits or Bonds.....	2-6

Savage Industries Inc.
C.V. Spur Processing Facility

2.0 Table of Contents (Continued)

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
2.3.2	Explanation of Permit or Bond Status.....	2-7
2.3.3	Compliance Information.....	2-7
2.4	Right of Entry and Operation Information.	2-7
2.5	Relationship to Areas Designated Unsuitable to Mining.....	2-8
2.6	Permit Term Information.....	2-8
2.7	Personal Injury and Property Damage.....	2-9
2.8	Proposed Performance Bond.....	2-9
2.9	Identification of Other Licenses and Permits.....	2-9
2.10	Identification of Location of Public Office for Filing Application.....	2-9
2.11	Newspaper Advertisement.....	2-10

APPENDICES

Appendix 2-1	Coal Mining Permits- Approved & Pending
Appendix 2-2	Compliance History
Appendix 2-3	Certificate of Liability Insurance
Appendix 2-4	Reclamation Performance Bond
Appendix 2-5	Other Licenses and Permits
Appendix 2-6	Public Notice for Permit Transfer

Savage Industries Inc.
C.V. Spur Processing Facility

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

2.1 Scope

The scope of the legal, financial, compliance and related information chapter of this mining and reclamation plan is to describe the status of the owner and permittee of the C.V. Spur Processing and Loadout Facility, and to document its right to mine the property. Sections within this chapter cover the following major topics; identification of interests, right of entry and operation information, other licenses and permits, location of public office for filing application, and newspaper publication.

Certain portions of the narrative, maps and other documents in this P.A.P. carry the name of Beaver Creek Coal Company or Mountain Coal Company. In lieu of changing each of these at this time, it is assumed for purposes of this permit, that wherever the name "Beaver Creek Coal Company" or "Mountain Coal Company" appears, it now pertains to "Savage Industries Inc.". Document titles will be changed to "Savage Industries Inc." as directed by the Division.

2.2 Identification of Interests

2.2.1 Permit Applicant

The permit applicant, name and address, including telephone number:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
Phone # (801) 263-9400

2.2.2 Owner of Record of Surface Area and of Coal Rights

Every legal or equitable owner of record of the areas to be affected by surface operations and facilities and every legal or equitable owner of record of the coal to be mined:

a) Surface

Mountain Coal Company
P.O. Box 591
Somerset, Colo. 81434

b) Coal

Mountain Coal Company
P.O. Box 591
Somerset, Colo. 81434

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.3 Holders of Leasehold Interests in Surface Area and of Coal Rights

The holder of record of leasehold interests in areas to be affected by surface operations of facilities and the holders of record of any leasehold interest in the coal to be mined is shown below:

a) Leasehold interest in surface:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

b) Leasehold interest in coal:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

2.2.4 Purchaser of Record Under a Real Estate Contract for Surface Area or Coal

Any purchaser of record under a real estate contract of area to be affected by surface operations and facilities and any purchaser of record under a real estate contract of the coal to be mined:

Savage Industries Inc. holds a lease on the C.V. Spur Property with option to purchase.

2.2.5 Operator

If the operator is a person different from the applicant, including his or her telephone number:

The operator is the same as the applicant.

2.2.6 Resident Agent

The resident agent of the applicant who will accept service of process, including his or her telephone number:

C.T. Corporation Systems
50 West Broadway
Salt Lake City, Utah 84101
Phone # 1-(800)-441-9820

2.2.7 Business Designation

A statement of whether the applicant is a corporation, partnership, single proprietorship, association or other business entity:

The applicant is a Utah corporation.

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.7.1 Officers and Directors of the Applicant

The names and addresses of every officer, partner, director, or other person performing a function similar to a director of the applicant:

SAVAGE INDUSTRIES INC. (Shareholder: The Savage Companies)

Neal Savage	Chairman of the Board and Director
Allen B. Alexander	President and Director
H. Benson Lewis	Ex. V.P., CFO, Asst. Secretary and Director
David G. Wolach	Executive Vice Pres, Business Development
James T. Jensen	Ex. V.P., General Counsel and Secretary
C. Fred Busch	Senior Vice President
Roger P. Fordham	Regional Vice President
John K. Savage	Regional Vice President
L. James Mecham	Regional Vice President
Donald W. Alexander	Regional Vice President
Kenneth W. Cooper	Regional Vice President
Arthur D. Johnson	Vice President
L. Dean Rees	Vice President and Treasurer
Eric B. Adamson	Vice President
Howard F. Goodman	Vice President and Controller
Gary L. Norman	Vice President
Richard L. Biddinger	Vice President
Ronald J. Konnick	Vice President
Raymond Alt	Vice President
Michael A. Marchbanks	Vice President

The Address is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

2.2.7.2 Principal Shareholder of the Applicant

The name and address of any person who is a principal shareholder of the applicant:

All stock is owned by:
The Savage Companies
5250 South 300 West
Salt Lake City, Utah 84107
(A Utah Corporation)

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.7.3 Names Under which Applicant and Principal Shareholder Operated U.S. Coal Mines

Names under which the applicant, partner, or principal shareholder previously operated underground or surface coal mining operations in the United States within the five years preceding the date of application:

Savage Industries Inc.
Catale Oklahoma Loadout
Catale, Oklahoma

2.2.7.4 Principals, Officers and Resident Agents

If any owner, holder, purchaser, or operator identified under paragraph 2.2. of this section is a business entity other than a single proprietor, the application shall contain the names and addresses of their respective principals, officers and resident agent.

The officers and directors of Mountain Coal Company, the owner identified in 2.2.2, are as follows:

<u>OFFICER</u>	<u>TITLE</u>	<u>ADDRESS</u>
E. DiClaudio	President and Director	Mountain Coal Company Post Office Box 591 Somerset, Colo. 81434
W.S. Wagener	Vice President	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
R.D. Pick	Vice President and Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
M.W. DeGenring	Vice President and Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217
M.C. Rechuite	Treasurer	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
H.L. Edwards	Vice President and Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071

Savage Industries Inc.
C.V. Spur Processing Facility

(continued)

T.G. Dallas	Assistant Treasurer	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
R.E. Nelson	Assistant Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
B.M. Hinds	Assistant Secretary	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
E.C. Tidball	Assistant Secretary and Director	Atlantic Richfield Company ARCO Plaza 515 South Flower Street Los Angeles, Ca. 90071
A.G. Fernandez	Director	Atlantic Richfield Company 555 Seventeenth Street Post Office Box 5300 Denver, Colo. 80217

Resident Agent

The resident agent of the owner who will accept service or process, including his or her telephone number:

The Corporation Trust Company
1209 Orange Street
Wilmington, Delaware 19801
Phone #: 1-(800)-441-9820

The applicant and operator is Savage Industries Inc. Officers and directors of Savage Industries Inc. are listed in Section 2.2.7.1.

2.2.8 Current, Pending or Previous Coal Mining Permits

A statement of any current or previous coal mining permits in the United States held by the Applicant subsequent to 1970 and by any person identified in paragraph 2.2.7.3 of this section and of any pending permit application to conduct underground or surface coal mining activities in the United States. The information shall be listed by permit or application number and identify the division for each of those coal mining operations.

See Appendix 2-1
Coal Mining Permits - Approved and Pending

Savage Industries Inc.
C.V. Spur Processing Facility

2.2.9 Owner of Record of Surface and Subsurface Areas Contiguous to Proposed Permit Area

The names and addresses of the owners of record of all surface and subsurface areas contiguous to any part of the proposed permit area.

See Plate 4-1 for owner of record.

2.2.10 Mine Name and MSHA Identification

The name of the proposed mine and the Mine Safety and Health Administration identification number for the mine and all sections:

Mine Name

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

MSHA Identification Number

42-01444

2.2.11 Applicant's Interest in Areas Contiguous to Proposed Permit Area

A statement of all lands, interests in lands, options or pending bids on interests held or made by the applicant for lands which are contiguous to the area to be covered by the permit:

None

2.3 Compliance Information

2.3.1 Status of Mining Permits or Bonds

A statement of whether the applicant, any subsidiary, affiliate or person controlled by or under common control has had any federal or state mining permits suspended or revoked in the last five years or has forfeited a mining bond or security deposit:

Permits Suspended or Revoked

None

Bond or Security Forfeited

None

Savage Industries Inc.
C.V. Spur Processing Facility

2.3.2 Suspension, Revocation or Forfeiture

Each application shall describe all proceedings identified under 2.3.1 and the status of any suspension, revocation of forfeiture proceedings:

None

2.3.3 Compliance Information

A list of all notices of violation received by the applicant in the past 3 years for violations pertaining to air or water environmental protection:

See Appendix 2-2 - Compliance History.

2.4 Right of Entry and Operation Information

A description of the documents upon which the applicant bases its legal right to enter and begin underground coal activities in the permit area and whether the rights are the subject of pending litigation. For underground activities where operations involve the surface mining of coal, evidence of the right to surface mine must be provided.

Documents Establishing Right

See Tables 4-1 and 4-2 for all required leases, easements and rights to access.

Pending Litigation

None

Surface Mining Rights

None

2.5 Relationship to Areas Designated Unsuitable for Mining

The relationship of the permit area to possible areas designated as being unsuitable for mining, whether an exemption is claimed under the regulation, and whether surface operations will be conducted within 300 feet of occupied dwellings:

Areas Designated Unsuitable for Mining

The proposed permit area is not within an area designated unsuitable for the surface effects of underground coal mine activities under the R645 regulations. Neither is the proposed permit area under study for designation in an administrative proceeding initiated under renewable resource lands and would not result in substantial losses of food fiber, or water supply. The permit area contains no prime farmland or merchandisable timber. Mining would not affect natural hazard lands and thereby endanger life and property. It contains no cemeteries, no national trails, no wild and scenic rivers, no wilderness or wilderness study areas, and no sufficient harvestable forest cover.

Exemption

The applicant does not claim exemption.

Dwellings

There are no occupied dwellings within $\frac{1}{4}$ mile of the proposed permit area.

2.6 Permit Term Information

The number of surface acres to be affected and the horizontal and vertical extent of the workings:

Surface Acres Affected

The number of surface acres to be disturbed by the operation is 153.46 acres. There are no plans for additional surface disturbance for this operation at this time.

Horizontal Extent of Underground Workings

All 153.46 acres of the permit area may be affected by surface activities.

Vertical Extent of Workings

N/A

(continued)

Permit Term

This permit will be for the term of the existing permit - starting on August 7, 1989 through August 7, 1994. The permit is under application for a 5-year renewal. The permit is expected to be renewed at 5-year intervals throughout the life of the property.

2.7 Personal Injury and Property Damage Insurance Information

A certificate of liability insurance or evidence that the self insurance requirements are satisfied.

See Appendix 2-3
Certificate of Liability Insurance

2.8 Proposed Performance Bond

A performance bond in the name of Mountain Coal Company is included.

It has been determined that the Performance Bond will continue to be provided by Mountain Coal Company until such time as Savage Industries Inc. elects to purchase the property.

See Appendix 2-4
Performance Bond

2.9 Identification of Other Licenses and Permits

A list of all other licenses and permits under applicable state and federal law needed by the applicant to conduct underground coal mining activities:

See Appendix 2-5
Other Licenses and Permits

2.10 Identification of Location of Public Office for Filing of Application

Savage Industries Inc. will simultaneously file a complete copy of this permit application for public inspection with:

- a) Carbon County Recorder
Carbon County Courthouse
Price, Utah
- b) Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203

Savage Industries Inc.
C.V. Spur Processing Facility

2.11 Newspaper Advertisement and Proof of Publication

On the date of the filing of the Permit Transfer application with the Division of Oil, Gas & Mining, the applicant will also file an advertisement in the Sun-Advocate, a local newspaper with circulation in Carbon County, sufficient to cover the locality of the applicants operations. This advertisement will be run as required. A copy of the proposed advertisement is attached.

See Appendix 2-6

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-1

**COAL MINING PERMITS
APPROVED AND PENDING**

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

05/16/94

Appendix 2-1
Coal Mining Permits
Approved and Pending

<u>Company and Mine Name:</u>	Savage Industries Inc. Catale Oklahoma Loadout
<u>Type of Permit:</u>	Mining and Reclamation Permit
<u>Issuing Authority:</u>	State of Oklahoma Department of Mines
<u>Permit Number:</u>	88/93-4174
<u>Status:</u>	Site Under Reclamation

**Savage Industries Inc.
C.V. Spur Processing Facility**

APPENDIX 2-2

COMPLIANCE HISTORY

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

Appendix 2-2
Compliance History

- 1) Date: 02/16/92
Location: Catale
Agency: State of Oklahoma
N.O.V.#: 92-19-01-TV2
Description: Drainage Control
Proceedings: None
Status: Terminated 04/06/92
Abatement Action: Repair Erosion
- 2) Date: 02/16/92
Location: Catale
Agency: State of Oklahoma
N.O.V.#: 92-19-01-TV2
Description: Annual Pond Inspections
Proceedings: None
Status: Terminated 03/16/92
Abatement Action: Provide Inspections

**Savage Industries Inc.
C.V. Spur Processing Facility**

APPENDIX 2-3

CERTIFICATE OF LIABILITY INSURANCE

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

05/09/94

PRODUCER

JOHNSON & HIGGINS OF UTAH, INC.
60 East South Temple, #1600
Salt Lake City, UT 841111

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 LETTER **A** Acceptance Insurance Company
 COMPANY LETTER **B**
 COMPANY LETTER **C** *Kim Evans*
 COMPANY LETTER **D** *539-*
 COMPANY LETTER **E** *7480*

INSURED

SAVAGE INDUSTRIES
Attn: Dean Rees
5250 South 300 West #200
Murray, UT 84107

COVERAGE

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 SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. OWNER'S & CONTRACTOR'S PROT. <input checked="" type="checkbox"/> 73 FORM <input checked="" type="checkbox"/> \$250,000 SIR	D94CM0173	4/01/94	4/01/95	GENERAL AGGREGATE \$ PRODUCTS-COMP/OP AGG. \$ 1,000,000 PERSONAL & ADV. INJURY \$ EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$ DISABE-POLICY LIMIT \$ DISABE-EACH EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

SUBJECT TO COMPANY TERMS, CONDITIONS, AND EXCLUSIONS.

CERTIFICATE HOLDER

State of Utah
Division of Oil, Gas & Mining
UT. Dept. of Natural Resources
3 Triad Center #350
355 West North Temple
Salt Lake City, UT 84180-1203
Attn: Pam Grubaugh

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

[Signature]

**Savage Industries Inc.
C.V. Spur Processing Facility**

APPENDIX 2-4

RECLAMATION PERFORMANCE BOND

**Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility**

05/16/94

ORIGINAL

R I D E R

RIDER to be attached to and form a part of Bond Number U-629894

on behalf of BEAVER CREEK COAL COMPANY

(Name)

P.O. BOX AU, PRICE, UTAH 84501

(Address)

as Principal, and in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING

as Oblige, executed by UNITED PACIFIC INSURANCE COMPANY as Surety ,

in the amount of TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND SEVEN HUNDRED FORTY-FIVE AND NO/100-----

Dollars (\$ 2,441,745.00) effective AUGUST 6 , 19 89 .

It is hereby understood and agreed that effective as of SEPTEMBER 5, 1991 , the said bond has been amended as follows:

1) The Principal's Name has been changed from: BEAVER CREEK COAL COMPANY
to: MOUNTAIN COAL COMPANY

2) Specific Language has been added:
"In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining."

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

SIGNED, SEALED AND DATED this 5TH day of SEPTEMBER , 19 91 .



MOUNTAIN COAL COMPANY

Principal

UNITED PACIFIC INSURANCE COMPANY

Surety

BY: Thomas H. Parker
Vice President

BY: Dorothy M. Iwanoff
DOROTHY M. IWANOFF
ATTORNEY-IN-FACT

R I D E R

RIDER to be attached to and form a part of Bond Number U-629894
on behalf of BEAVER CREEK COAL COMPANY
(Name)

P.O. Box AU, Price, Utah 84501
(Address)

as Principal, and in favor of STATE OF UTAH

as Obligee, executed by UNITED PACIFIC INSURANCE COMPANY as Surety,
in the amount of TWO MILLION SEVENTEEN THOUSAND SIX HUNDRED SIXTY-NINE
Dollars (\$ 2,017,669.00) effective APRIL 22, 19 87.

It is hereby understood and agreed that, effective as of AUGUST 6, 1989,
the Bond Amount on said bond has been increased as follows:

FROM: TWO MILLION SEVENTEEN THOUSAND SIX HUNDRED
SIXTY-NINE AND NO/100 DOLLARS (\$2,017,669.00)

TO: TWO MILLION FOUR HUNDRED FORTY-ONE THOUSAND
SEVEN HUNDRED FORTY-FIVE DOLLARS (\$2,441,745.00)

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

SIGNED, SEALED AND DATED this 15TH day of AUGUST, 19 89.

SAL
[Signature]

BEAVER CREEK COAL COMPANY
Principal

By: *[Signature]*

UNITED PACIFIC INSURANCE COMPANY
Surety

By: *[Signature]*
W. C. BOYLE, ATTORNEY-IN-FACT

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

W. C. DOYLE of LOS ANGELES, CALIFORNIA -----

as true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on his behalf, and in his act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP -----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one or more of such officers, and hereby ratifies and confirms all that his said Attorney-in-Fact may do in pursuance hereof.

The Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows.

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1 The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2 Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3 Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By Laws of the Company or any article or section thereof.

A power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not amended or repealed.

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be void and binding upon the Company and any such power be executed and certified by facsimile signatures and facsimile seal shall be void and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereunto affixed, this 23rd day of June 19 89



UNITED PACIFIC INSURANCE COMPANY

Charles B. Schmalz
Vice President

STATE OF Washington
COUNTY OF King } ss.

On this 23rd day of June 19 89 personally appeared

Charles B. Schmalz

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are all in full force.

My Commission Expires:

May 15 1990



Pamela Young
Notary Public in and for State of Washington
Residing at Tacoma

Lawrence W. Carlstrom

Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 15TH day of AUGUST 19 89



Assistant Secretary *Lawrence W. Carlstrom*
Lawrence W. Carlstrom

CALIFORNIA
ACKNOWLEDGEMENT BY SURETY

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

ss.

on this 15TH day of AUGUST in the year 19 89, before me CORA V. RODRIGUEZ personally

appeared W. C. DOYLE

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within

document as attorney-in-fact of UNITED PACIFIC INSURANCE COMPANY

and acknowledged to me that the corporation executed it.



Cora V. Rodriguez
Notary Public



August 17, 1987

Pamela Grubaugh-Littig
State of Utah
Natural Resources
Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Bond No. U-629894

Dear Ms. Littig:

As we discussed by telephone, enclosed is a rider increasing the bond on CV Spur to \$2,017,669.00.

Please contact me if you need anything further in this regard.

Sincerely,

A handwritten signature in cursive script that reads "Mickey L. Love". The signature is written in dark ink and is positioned above the typed name.

Mickey L. Love
Senior Lease Administrator

MLL:mjb
enclosure
cc: Dan Guy

UNITED PACIFIC INSURANCE COMPANY

HOME OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

NOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the state of Washington, does hereby make, constitute and appoint

W. C. DOYLE of LOS ANGELES, CALIFORNIA-----

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or 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 and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 1st day of March 19 82.



UNITED PACIFIC INSURANCE COMPANY

Charles R. Schmalz

Vice President

STATE OF Washington
COUNTY OF King

On this 1st day of March 19 82, personally appeared Charles R. Schmalz

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

My Commission Expires:

June 12 1982



Nancy Starnes

Notary Public in and for State of Washington

Residing at Tacoma

Charles J. Falskow

Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 4TH day of AUGUST 19 87



Assistant Secretary *Charles J. Falskow*

(Revised January 1983)
(Non-Federal)

C. V. Spur Preparation Plant

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, Utah 84114

RECEIVED

JUL 30 1984

DIVISION OF OIL
GAS & MINING

THE MINED LANDS RECLAMATION ACT

BOND

The undersigned Beaver Creek Coal Company
as principal, and FEDERAL INSURANCE COMPANY as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining in the penal sum of Two Million, Seventeen Thousand, Six Hundred &
Sixty Nine dollars (\$2,017,669.00).

The principal estimated in a "Notice of Intention to Commence Mining
Operations and a Mining and Reclamation Plan," filed with the Division of Oil,
Gas and Mining on the 23rd day of September,
1983, that 160.0 acres of land will be affected by this mining
operation in the State of Utah. A description of the affected land is attached
hereto as Exhibit "A."

If the principal shall satisfactorily reclaim the above-mentioned lands
affected by mining by the said principal in accordance with the Mining and
Reclamation Plan and shall faithfully perform all requirements of the Mined
Land Reclamation Act, and comply with the Rules and Regulations adopted in
accordance therewith, then this obligation shall be void; otherwise it shall
remain in full force and effect until the reclamation is completed as outlined
in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, has constituted and appointed, and does hereby constitute and appoint Norman D. Squires, Richard G. Taylor and George L. Williams, Salt Lake City, Utah----- and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as in or otherwise, bonds of any of the following classes, to-wit:

- 1. Bonds and Undertakings filed in any suit, matter or proceeding in any Court, or filed with any Sheriff or Magistrate, for the doing or not doing of anything specified in such Bond or Undertaking.
2. Surety bonds to the United States of America or any agency thereof, including those required or permitted under the laws or regulations relating to Customs or Internal Revenue; License and Permit Bonds or other indemnity bonds under the laws, ordinances or regulations of any State, City, Town, Village, Board or other body or organization, public or private; bonds to Transportation Companies, Lost Instrument bonds; Lease bonds, Workers' Compensation bonds, Miscellaneous Surety bonds and bonds on behalf of Notaries Public, Sheriffs, Deputy Sheriffs and similar public officials.
3. Bonds on behalf of contractors in connection with bids, proposals or contracts.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Assistant Vice-President and Assistant Secretary and its corporate seal to be hereto affixed this 12th day of December 19 83



Richard D. O'Connor Assistant Secretary

FEDERAL INSURANCE COMPANY By George McClellan Assistant Vice-President

STATE OF NEW JERSEY County of Somerset } SS.

this 12th day of December 19 83, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of said COMPANY and knows the corporate seal thereof, that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said COMPANY and that the signature of said George McClellan subscribed to said Power of Attorney is in the genuine handwriting of said George McClellan and was thereto subscribed by authority of said COMPANY and in deponent's presence



STATE OF NEW JERSEY County of Somerset } SS.

Alice Leonard Notary Public

CERTIFICATION ALICE LEONARD NOTARY PUBLIC OF NEW JERSEY My Commission Expires June 28, 1988

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 11, 1953 and most recently amended March 11, 1983 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

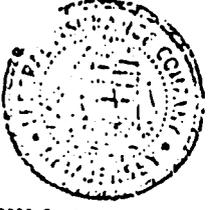
Section 2 All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice-Chairman or the President or a Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3 All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice-Chairman or the President or a Vice-President or an Assistant Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed"

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the provinces of Canada with the exception of Prince Edward Island, and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect

in my hand and the seal of said Company at Warren, N.J., this 30th day of July 19 84



Assistant Secretary

C.V. SPUR PROCESSING & LOADOUT FACILITY

Exhibit A

Affected Area

SW¹/₄, Section 11, T. 15S., R. 10E., SLM, Utah
(160 Acres, more or less)

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officers with the seal of the corporation affixed.

Beaver Creek Coal Company
Principal (Company)

By J.A. Herickhoff
Company Official - Position
J.A. Herickhoff
General Manager

Date: July 30, 1984

FEDERAL INSURANCE COMPANY
Surety (Company)

By Norman D. Squires
Official of Surety - Position
Norman D. Squires, Attorney-in-Fact
447 East First South
Salt Lake City, Utah 84111

DATE: July 30, 1984

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

Jerry B. White

DATE: August 23, 1984

STATE OF UTAH

County of Salt Lake

} ss.:

On this 30th day of July, in the year nineteen hundred and
eighty-four, A. D., before me, Mary Cristaudo, a Notary Public in and for the said
County of Salt Lake, State of Utah, residing therein, duly commissioned and sworn,

personally appeared Norman D. Squires, known to me to be the Attorney(s) in Fact of Federal Insurance Company executing the annexed instrument, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal in said county the day and year in this certificate first above written.

Mary Cristaudo
Notary Public in and for the County of Salt Lake, State of Utah.

My Commission Expires July 4, 1897
My Comm. Expires

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-5

OTHER LICENSES AND PERMITS

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

Mining and Reclamation Plan
 Castle Valley Spur Coal Processing and Loadout Facility Permit Application

PERMITS AND LICENSES NEEDED TO OPERATE C.V. SPUR

<u>Name and Address of Type of Permit/Licence</u>	<u>Permit License Issuing Authority</u>	<u>Application Number</u>	<u>Status</u>
Construction Approval	Utah Division of Health 288 N. 1460 W. Salt Lake City, Utah 84116-0690	N/A	Approved 07/21/77
Building Permit	Carbon County County Courthouse Price, Utah 84501	No. 979	Issued 10/06/77
Refuse Fill Permit	State of Utah Division of Oil, Gas & Mining 355 W. No. Temple #3 Triad Center Suite 350 Salt Lake City, Utah 84180-1203	N/A	Issued 10/02/79
Temporary Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0033	Issued 10/02/79
Permanent Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0034	Issued 10/02/79
UPDES Discharge Permit	Utah Dept. of Health 288 North 1460 West Salt Lake City, Utah 84116-0690	UTGO40005	Issued 05/01/89
Air Quality Approval Order	Utah Division of Health Bureau of Air Quality 288 No. 1460 West Salt Lake City, Utah 84116-0690	N/A	Issued 8/21/80
State Permit Approval	State of Utah Division of Oil, Gas & Mining 355 West North Temple #3 Triad Center Suite 350 Salt Lake City, Utah 84180-1203	ACT/007/022	Issued 8/6/84

Savage Industries Inc.
C.V. Spur Processing Facility

APPENDIX 2-6

****PUBLIC NOTICE****
PERMIT TRANSFER APPLICATION

Savage Industries Inc.
Castle Valley Spur Processing and Loadout Facility

05/16/94

Proposed Newspaper Advertisement

****Public Notice****

Savage Industries Inc. has applied for a permit transfer of the Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility from Mountain Coal Company to Savage Industries Inc.

The applicant is:

Savage Industries Inc.
5250 South 300 West
Suite 200
Salt Lake City, Utah 84107

The original permittee is:

Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

The permit for which transfer is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the C.V. Spur Processing and Loadout Facility, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base & Meridian. The permit area is further described as follows: Township 15 South, Range 10 East, Salt Lake Base & Meridian, Section 11: $W\frac{1}{2} SW\frac{1}{4}$ except 0.24 ac. in NW corner, $E\frac{1}{2} SW\frac{1}{4}$ except East 100' and 5.42 acres in SW corner. Also included in the permit area is a 20' Right-of-Way for a pipeline across the $SE\frac{1}{4} NW\frac{1}{4}$ and $NW\frac{1}{4} NW\frac{1}{4}$ of Section 11 (1.21 acres), and across the $SW\frac{1}{4} SW\frac{1}{4}$, $NW\frac{1}{4} SW\frac{1}{4}$, $SW\frac{1}{4} NW\frac{1}{4}$ and $NE\frac{1}{4} NW\frac{1}{4}$ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey 7 $\frac{1}{2}$ minute map.

The application is available for inspection at the Carbon County Courthouse, 1st East and Main Street, Price, Utah 84501.

Written comments, objections or requests for informal conferences on the application may be submitted to: State of Utah Department of Natural Resources, Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center Suite 350, Salt Lake City, Utah 84180-1203.

Pipeline
also
crosses:
Sect 11
SW $\frac{1}{4}$ NW $\frac{1}{4}$
Sect 2
SE $\frac{1}{4}$ NW $\frac{1}{4}$

?
Jensen?

James T. Jensen
Executive Vice President
and General Counsel

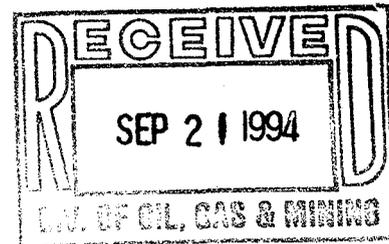


Savage
INDUSTRIES INC.

5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
FAX (801) 261-8766

September 20, 1994

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



Re: Mountain Coal - Savage
C.V. Spur

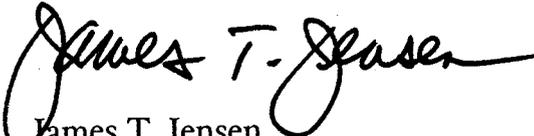
ACT/007/022 #2
Copy Pam (all)

Enclosed is a copy of the Lease Agreement With Option To Purchase between Mountain Coal Company and Savage Industries Inc. which was executed on September 9, 1994. As discussed, the economic terms have been deleted as well as Exhibit M - Purchase and Sale Agreement Form.

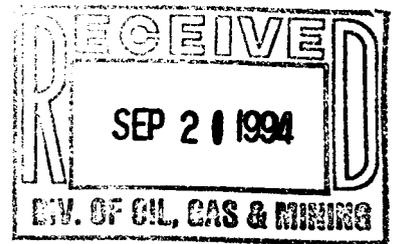
The AVS listing is in the name of Savage Industries Inc.

Call me if you have any questions.

Sincerely,


James T. Jensen

Enclosures



**LEASE AGREEMENT
WITH OPTION TO PURCHASE**

between

**MOUNTAIN COAL COMPANY
and
SAVAGE INDUSTRIES INC.**

TABLE OF CONTENTS

1.	<u>Lease</u>	1
2.	<u>Description of CV Spur</u>	1
3.	<u>MCC Representations and Warranties</u>	2
4.	<u>Savage's Representations and Warranties</u>	3
5.	<u>Term</u>	4
6.	<u>Fees</u>	4
7.	<u>Transloading for MCC</u>	6
8.	<u>Improvements</u>	6
9.	<u>Early Termination</u>	7
10.	<u>Environmental Responsibilities; Permits</u>	9
11.	<u>Savage Operational Responsibilities</u>	11
12.	<u>Restrictions on Use</u>	13
13.	<u>Insurance and Indemnities</u>	13
14.	<u>Bond and No Compete</u>	16
15.	<u>Holdover</u>	17
16.	<u>Late Payments and Other Defaults</u>	17
17.	<u>Option to Purchase</u>	18
18.	<u>Alternate Dispute Resolution</u>	19
19.	<u>Miscellaneous</u>	20

EXHIBITS

- A PREP PLANT
- B LOADOUT FACILITY
- C REAL ESTATE
- D RAIL AGREEMENTS
- E WATER LINE AGREEMENTS
- F CAMPBELL AGREEMENT
- G WATER RIGHTS
- H EXCLUDED ITEMS
- I PERMITS
- J PREP PLANT CURRENT CONDITION
- K LOADOUT FACILITY CURRENT CONDITION
- L ESCALATION PROVISIONS
- M PURCHASE AND SALE AGREEMENT FORM

**LEASE AGREEMENT
WITH
OPTION TO PURCHASE**

This Lease Agreement with Option to Purchase ("Lease") is made and entered into effective the 9th day of September, 1994, (the "Commencement Date") by and between Mountain Coal Company, a Delaware corporation ("MCC") and Savage Industries Inc., a Utah corporation ("Savage").

RECITALS:

A. On February 25, 1994, Savage executed a Letter of Understanding the "LOU") which was executed by MCC on the 4th day March, 1994.

B. MCC owns and previously operated a coal preparation plant and rail loadout facility on real property located in Carbon County, Utah, described in Section 2 (the "CV Spur").

C. Savage desires to lease, with an option to purchase, the CV Spur from MCC.

D. MCC is willing to lease, with an option to purchase, the CV Spur to Savage.

E. Savage is concurrently with the execution of this Lease, purchasing certain mobile equipment and rolling stock used at the CV Spur from MCC.

NOW, THEREFORE, the parties agree as follows:

UNDERSTANDING AND AGREEMENT:

1. Lease

1.1 MCC hereby leases to Savage and Savage hereby leases from MCC the CV Spur, subject to the terms and conditions hereinafter set forth including the attached Exhibits A through M.

2. Description of CV Spur

2.1 The CV Spur consists of:

- (a) The coal preparation plant (the "Prep Plant") more fully described on Exhibit A;
- (b) The conveyors, bins, hoppers, silos, electrical components, equipment and railtracks (the "Loadout Facility") more fully described on Exhibit B;

- (c) The real property (the "Real Estate") more fully described on Exhibit C;
- (d) The lease and trackage agreements the "Rail Agreements" with the Southern Pacific Railroad formerly known as Denver and Rio Grande Western Railroad Company ("Southern Pacific") more fully described on Exhibit D;
- (e) The Right of Way Agreements with Cave, Critchlow and Campbell (the "Water Line Agreements") more fully described on Exhibit E;
- (f) The Agreement with R.D. and Peggy Campbell (the "Campbell Agreement") more fully described on Exhibit F; and
- (g) The water rights (the "Water Rights") more fully described on Exhibit G.
- (h) All other facilities and improvements situated upon and attached to the Real Estate.

2.2 The CV Spur shall not include the specific items described on Exhibit H.

3. MCC Representations and Warranties

3.1 MCC represents and warrants, to the best of its knowledge the following with full knowledge that Savage is relying thereon:

- (a) MCC is the fee title owner, with no mortgages, security interests, indebtedness or liens thereon, of the Prep Plant, the Loadout Facility, the Real Estate, and the Water Rights.
- (b) The Rail Agreements, the Water Line Agreements and the Campbell Agreement (collectively, the "Miscellaneous Agreements") are in good standing, are valid and binding according to the terms thereof, and there is no notice of any uncured defaults pertaining thereto.
- (c) The environmental and reclamation permits and licenses issued to MCC described on Exhibit I (the "Permits") are current and in good standing. To the actual present knowledge of MCC, except for a coal refuse stockpile

permit, no other environmental permits, reclamation permits or licenses are required in order for Savage to occupy and use the CV Spur as a coal storage and loadout facility.

- (d) The execution and performance of this Agreement by MCC have been fully authorized by all necessary corporate actions.
- (e) MCC is a Delaware corporation, qualified and in good standing to do business in the State of Utah.

3.2 The CV Spur and each constituent part thereof shall be delivered by MCC and accepted by Savage in its "as-is" condition, and MCC shall not be obligated to make any improvements or repairs thereto. Savage has conducted such inspections and examinations of the CV Spur as Savage believes is necessary to satisfy itself as to the condition thereof. The condition and state of repair of the Prep Plant as of the Commencement Date is described on Exhibit J (the "Prep Plant Current Condition"), and the condition and state of repair of the Loadout Facility as of the Commencement Date is described on Exhibit K (the "Loadout Facility Current Condition"). Savage and MCC accept the Prep Plant Current Condition and the Loadout Facility Current Condition as accurate descriptions of the current condition of the facilities described therein as of the Commencement Date. Except as expressly set forth herein, no representation or warranty has been made to or relied upon by Savage concerning the CV Spur, including, without limitation, the fitness or the suitability of the CV Spur for the conduct of Savage's business, nor has MCC agreed to undertake any modification, alteration, or improvement thereof.

4. Savage's Representations and Warranties

4.1 Savage represents and warrants, to the best of its knowledge, the following with full knowledge that MCC is relying thereon:

- (a) Savage is a Utah corporation in good standing, with full authority and legal right to enter this Lease and to operate the CV Spur as contemplated under this Lease.
- (b) The execution and performance of this Agreement by Savage have been fully authorized by all necessary corporate actions.
- (c) Savage has no unabated Notices of Violation from either the U.S. Office of Surface Mining ("OSM") or the Utah Division of Oil, Gas, and Mining ("DOGMA").

- (d) An amount equal to the annual payments required to be paid by MCC pursuant to the Miscellaneous Agreements, which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.
- (e) An amount equal to the annual county assessed real property taxes and state assessed personal property taxes for the Prep Plant, Loadout Facility and Real Estate, assessments on the Water Rights, and all other real and personal property taxes applicable to the CV Spur which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.
- (f) An amount equal to premium costs [REDACTED] for reclamation bonds provided by MCC and on file with DOGM as provided in Section 10.4, which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.

6.2 The Usage Fee, the [REDACTED] Fee, and the Prep Plant Fee shall be paid on or before the 25th calendar day of each month for the preceding month's tonnage based on rail weights determined by the Southern Pacific Railroad or scale weights at the CV Spur. Payments shall be accompanied by a statement showing in reasonable detail, the data upon which the Usage Fee, the [REDACTED] Fee, and the Prep Plant Fees have been computed pursuant to Sections 6.1(a), (b), and (c) as well as copies of Southern Pacific weigh bills for which Usage Fees are paid.

6.3 If the Usage Fee is adjusted retroactively, as provided in Section 6.1(a), the increased amount shall be paid on or before 30 days following each Year.

6.4 MCC, upon notice in writing to Savage, shall have the right to audit Savage's accounts and records relating to the computation and payment of the Usage Fee, [REDACTED] Fee, and the Prep Plant Fee for any Year within the 24 month period following the end of such Year. All audits shall be conducted by MCC at the office of Savage where the relevant books and records are maintained and such audit shall be conducted during normal business hours. The costs of such audit shall be for the sole account of MCC if less than [REDACTED] underpayment to MCC is shown by such audit; otherwise Savage shall bear such costs. Any overpayment shall be credited to future fees payable to MCC.

6.5 The fees described above shall be absolutely net to MCC and Savage shall, except as expressly herein provided, pay for all insurance, taxes, utilities, repairs, maintenance and all other services and costs relating to the CV Spur and to Savage's use thereof.

7. Transloading for MCC

7.1 During the Term, Savage agrees to handle coal for MCC at the CV Spur as follows:

- (a) Load through the Loadout Facility MCC's coal at the CV Spur on the Commencement Date (MCC estimates that there are approximately 8,500 tons of MCC's coal presently located at the CV Spur) into railcars provided by MCC, and MCC shall pay Savage for such loading at the rate of [REDACTED] (but Savage shall still be obligated to pay MCC the applicable Usage Fee with respect to such coal). MCC will pay to Savage a storage fee of [REDACTED] of MCC's coal which remains at the CV Spur after November 30, 1994.
- (b) Load MCC's coal located at the CV Spur on the Commencement Date into trucks provided by MCC and weigh such trucks at the CV Spur, and MCC shall pay Savage for such loading and weighing at the rate of [REDACTED]. No Usage Fee shall be paid on coal loaded into trucks.
- (c) Subject to appropriate notice, load through the Loadout Facility into railcars any other coal provided by MCC to the CV Spur subsequent to the Commencement Date (such coal to be compatible with the operating parameters of the Loadout Facility), and MCC shall separately pay Savage for such loading at the rate of [REDACTED] (but Savage shall still be obligated to pay MCC the applicable Usage Fee with respect to such coal).
- (d) The rates set forth in Sections 7.1(b) and (c) shall be subject to escalation pursuant to the procedures set forth on Exhibit L (the "Escalation Provisions").

8. Improvements

8.1 During the Term, Savage may make capital improvements to the CV Spur (the "Improvements") subject to the Improvements, the depreciation methods for the Improvements, and any new permitting requirements resulting from the

Improvements being approved in writing in advance by MCC, which approval shall not unreasonably be withheld. Improvements shall not include any mobile or office equipment placed at the CV Spur by Savage, and such mobile and office equipment may be removed by Savage at any time. Savage may install a weigh bin system as an Improvement (the "Weigh Bin") subject to MCC's approval of the depreciation method and permitting requirements for the Weigh Bin, which approval shall not be unreasonably withheld.

9. Early Termination

9.1 Except as provided in Sections 10.3, 10.4, 16.1, and 17.5, neither party shall have the right to terminate the Lease during the first three years of the Term. During this three year period MCC shall have no right to sell the CV Spur to a third party unless Savage agrees to such a sale. At any time following the first three years of the Term, the rights of termination in Sections 9.2, 9.3, 9.4, and 9.5 shall apply.

9.2 Savage may terminate this Lease upon the giving of not less than three (3) months prior written notice to MCC, in which event the Improvements shall remain with the CV Spur and shall become the sole property of MCC and no compensation for those Improvements shall be paid to Savage. However, Savage may remove the Weigh Bin if Savage returns the affected area of the CV Spur to the condition immediately preceding the installation of the Weigh Bin. If Savage leaves the Weigh Bin, MCC shall have no obligation to pay any compensation for it. MCC will have the option but not the obligation to assume any transloading agreement Savage may have entered into for coal loading at the CV Spur. MCC will not pay a fee to Savage for these agreements if MCC chooses to accept them.

9.3 MCC may terminate this Lease if the amount paid by Savage to MCC for the Usage Fee in any Year commencing with the fourth year of the Term does not equal or exceed [REDACTED], and Savage has not paid to MCC on or before 30 days following such Year an additional amount as necessary for MCC to have received an aggregate of [REDACTED]. Upon such termination, the Improvements shall remain with the CV Spur and shall become the sole property of MCC and no compensation for those Improvements shall be paid to Savage. However, Savage may remove the Weigh Bin if Savage returns the affected area of the CV Spur to the condition immediately preceding the installation of the Weigh Bin. If Savage leaves the Weigh Bin, MCC shall have no obligation to pay any compensation for it. MCC will have the option but not the obligation to assume any transloading agreement Savage may have entered into for coal loading at the CV Spur. MCC will not pay a fee to Savage for these agreements if MCC chooses to accept them.

9.4 MCC may terminate this Lease if it has received a bona fide offer (the "Offer Price") from a third party to purchase the CV Spur, and Savage does not

commit to purchase the CV Spur, as provided in Sections 9.4(a)(1) or 9.4(b)(1), within 15 days following its receipt from MCC of a copy of the general terms and conditions of the Offer Price, and MCC thereafter executes a contract for the sale of the CV Spur within three (3) months to such third party following the date when the Offer Price was first presented to Savage. The early termination of this Lease would occur upon closing of the sale to the third party.

- (a) If the Offer Price is less than [REDACTED] (1) Savage shall have the option to purchase the CV Spur at the lower of the Option Price as defined in Section 17.1(b) or the Offer Price, with closing to occur within two (2) months of when the offer is presented to Savage. (2) If Savage declines to purchase the CV Spur under Section 9.4(a)(1) and MCC sells it to the third party, MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value of the Improvements plus monthly payments thereafter of [REDACTED] of coal which is handled at the CV Spur for Savage's customers pursuant to and for the remaining term of any then existing written contracts which Savage has entered into with its customers for the handling of coal at the CV Spur and has assigned to MCC (the "Customer Fee").
- (b) If the Offer Price is more than [REDACTED]: (1) Savage may purchase the CV Spur for an amount equal to the Option Price plus fifty percent of the excess of the Offer Price over an amount equal to [REDACTED] plus the remaining book value of Improvements. (2) If Savage declines to purchase under 9.4(b)(1) and MCC sells the CV Spur to the third party, MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value for the Improvements, the Customer Fee, and [REDACTED] of the excess, if any, of the Offer Price over an amount equal to (i) [REDACTED] plus (ii) [REDACTED] of the remaining book value of the Improvements.

Savage's right to purchase the CV Spur shall be subject to the terms of sections 10.1 and 17.4. If Savage elects to purchase the CV Spur, the parties shall execute in duplicate a written purchase agreement as provided in Section 17.3. The purchase price set forth therein will be the Offer Price, Option Price, or the price calculated under Section 9.4(b), as appropriate.

9.5 MCC may terminate this Lease upon three (3) months prior written notice to Savage if MCC requires the CV Spur to handle coal produced from mines operated by MCC individually or with or by others pursuant to a joint venture or similar

arrangement. In such event MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value for the Improvements plus the Customer Fee.

9.6 In the event of MCC's termination of this Lease pursuant to Section 9.4 (if the CV Spur is purchased by a third party) or Section 9.5, Savage will assign to MCC and MCC will assume any existing CV Spur customer contracts which Savage has at the time of such termination.

10. Environmental Responsibilities; Permits

10.1 The parties have jointly funded a contract with an independent environmental consultant, mutually acceptable to each party (the "Environmental Consultant"), for the purpose of determining the baseline environmental condition and status of the CV Spur existing as of the Commencement Date of this Lease. The Consultants's report of May, 1994 plus a subsequent report of resampling results of Ponds 5 and 6 dated August 24, 1994 are referred to as the "Baseline Environmental Report". The Baseline Environmental Report describes some minor contamination and conditions which potentially could cause contamination including some constituents in certain areas of Ponds 5 and 6 that may be required to be remediated under present law through corrective action or removal or decontamination (the "Baseline Environmental Conditions"). The Baseline Environmental Conditions do not include those conditions described in the Permit No. ACT/007/022 for the CV Spur issued by DOGM (the "DOGM Permit") that are to be cleaned up and reclaimed in the ordinary course pursuant to the reclamation plan contained in the DOGM Permit (the "DOGM Reclamation Obligation"). There shall be a rebuttable presumption that the Baseline Environmental Report is complete and that no contamination exists on the Commencement Date other than that disclosed in the Report. If, thereafter, contamination is discovered, it will be presumed to have occurred after the Commencement Date unless Savage affirmatively demonstrates to MCC's reasonable satisfaction that the contamination occurred prior to the Commencement Date. If Savage so demonstrates then the contamination will be treated as a "Baseline Environmental Condition" under this Article 10 and will be referred to at times in this Lease and its exhibits as an "After-discovered Baseline Environmental Condition." The Baseline Environmental Conditions and the DOGM reclamation obligation shall remain, during the term of this Lease, the sole responsibility of MCC and MCC shall hold Savage harmless on account thereof. MCC may undertake correction or remediation with respect to the Baseline Environmental Conditions at any time, giving due regard to the need to coordinate and cooperate with Savage so as to minimize disruptions to Savage's operations hereunder. All costs to remediate the Baseline Environmental Conditions, including without limitation costs to move, dismantle, or shift, and to restore, objects or facilities that must be removed or set aside in order for the remediation to be performed, shall be borne by MCC if MCC elects to remediate the Baseline Environmental Conditions, but MCC shall not be responsible for any losses or expenses related to interruption of Savage's operations by such removal. If Savage elects to purchase the CV Spur as provided in Articles 9 and 17, MCC shall undertake

permit changes