

and complete remediation of any remaining Baseline Environmental Conditions that are required by then existing law to be remediated; provided, however, that if there is an After-discovered Baseline Environmental Condition that MCC determines is not economically reasonable or legally required to be remediated at that time, MCC may elect not to remediate it, in which event the terms of Section 17.4 shall apply. In the alternative, the parties may negotiate an adjustment to the purchase price to compensate Savage for acceptance of any unremediated Baseline Environmental Conditions that are required by then existing law to be remediated. Savage shall, upon closing of the purchase of the CV Spur, become fully responsible for all environmental conditions, including the Baseline Environmental Conditions, and MCC shall be fully released of any and all liability with respect to them. Savage will also upon closing of the purchase of the CV Spur assume full responsibility for the DOGM Reclamation Obligation and for bonding required in respect thereof. △

10.2 Any environmental contamination caused at the CV Spur by Savage or resulting from any cause other than a Baseline Environmental Condition for which MCC is responsible under Section 10.1 shall be promptly remediated by Savage at its expense. Upon the termination of this Lease without purchase of the CV Spur by Savage or a third party, the parties shall again jointly fund a contract with the Environmental Consultant to determine if the environmental condition of the CV Spur is different from that disclosed in the Baseline Environmental Report. Savage shall be responsible at its expense for (i) correcting or remediating any contamination and conditions causing contamination other than the Baseline Environmental Conditions, including without limitation, any increase or exacerbation of the Baseline Environmental Conditions (excluding any increase or exacerbation due to the passage of time), and (ii) performing reclamation required under the DOGM Permit or any new or modified permit that is required because of new activities or disturbances occurring at the CV Spur that were not provided for under the DOGM Permit as of the Commencement Date, provided, however, that MCC may elect to retain portions of such disturbed areas and facilities thereon for continued use by MCC in which event MCC will assume responsibility for reclamation thereof. △

10.3 MCC may inspect the CV Spur at any time during the Term to determine the environmental status of the CV Spur and the condition of the Prep Plant and the Loadout Facility. If the environmental condition of CV Spur negatively has changed from the Baseline Environmental Report, as remediated if MCC has performed any remediation, or if the condition of the Prep Plant or the Loadout Facility is not at least equivalent to the Prep Plant Current Condition or the Loadout Facility Current Condition respectively, normal wear and tear excepted, MCC shall give written notice thereof to Savage and Savage shall promptly implement corrective actions. If MCC performs any remediation, it shall supply Savage with a copy of an environmental report on the remediation. If Savage fails to implement corrective action within 30 days following receipt of such notice, MCC at its option, may either (i) correct such conditions and Savage shall be obligated to reimburse MCC for the reasonable costs △

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incurred by MCC for correction or (ii) terminate this Lease, take possession of the CV Spur, and recover from Savage the reasonable cost of any corrective action.

10.4 Within three (3) months from the Commencement Date, Savage shall, at its expense, effect the transfer of the DOGM Permit from MCC to Savage and MCC shall cooperate and assist Savage in effecting such transfer. Savage and MCC shall make every reasonable effort to effect the transfer of the balance of the Permits from MCC to Savage. Upon Savage's request, MCC shall execute the Designation of Operator form required by DOGM in designating Savage as the operator of the CV Spur under the DOGM Permit effective as of the Commencement Date. MCC shall retain the obligation to provide the reclamation bond required under the DOGM Permit (the "Bond"), subject to reimbursement by Savage for the premium charged for the Bond. The Bond shall either be modified as necessary to reflect transfer of the DOGM Permit to Savage or shall be replaced by a new bond structured as necessary to reflect transfer of the DOGM Permit to Savage. If transfer of the DOGM Permit to Savage is not completed within three (3) months after the Commencement Date, Savage shall (i) provide the reclamation bond required under the DOGM Permit such that MCC's Bond is released (notwithstanding the deferred transfer of any of the Permits to Savage, or receipt of necessary consents, Savage shall assume all responsibilities and liabilities under the Permits as of the Commencement Date except as provided in Section 10.1), or (ii) terminate this Lease and its duties and obligations hereunder and Savage shall remove all of its personal property and equipment from the CV Spur, provided however, Savage shall be responsible for remediation of any environmental conditions occurring during the time that Savage occupies the CV Spur.

10.5 Upon termination of this Lease (except upon purchase of the CV Spur by Savage), Savage shall, in cooperation with MCC, transfer the Permits back to MCC and MCC shall promptly provide the reclamation bond required under the DOGM Permit such that Savage's Bond (if previously provided) is promptly released. Notwithstanding the deferred transfer of the Permits to MCC, MCC shall assume all responsibilities and liabilities under the Permits [subject to Sections 10.2 and 13.6(c)], when it takes possession of the CV Spur from Savage.

## **11. Savage Operational Responsibilities**

11.1 All activities performed or caused to be performed by Savage upon the CV Spur shall be in compliance with all applicable federal, state, and local laws, rules, and regulations. Except as otherwise provided in Sections 10.1 and 10.4, Savage shall be solely responsible for compliance with all laws, regulations, rules, and permits of governmental agencies having jurisdiction over CV Spur including specifically, without limitation, MSHA, OSM, and DOGM.

11.2 Savage has and will maintain its own MSHA identification number while this Lease is in effect and will cause such notices to be given to MSHA as will

identify Savage as the occupant and responsible party for compliance with MSHA laws and regulations at the CV Spur.

11.3 The Miscellaneous Agreements will not be assigned by MCC to Savage. MCC will make all payments required thereunder subject to reimbursement by Savage as provided in Section 6.1(d). Savage shall be responsible for complying with all of the terms and conditions of the Miscellaneous Agreements related to the conduct of operations at the CV Spur and shall not by action or inaction cause MCC to be in default thereunder. If any default is alleged by the other parties to the Miscellaneous Agreements as to any obligation for which Savage is responsible, MCC will notify Savage forthwith and Savage will be responsible for curing such default. If Savage disputes the occurrence of a default, Savage will be responsible for undertaking any litigation or other action that may be necessary to resolve the dispute, which may be undertaken in the name of MCC, but Savage will not, in any event, allow the termination of the Miscellaneous Agreement involved or cause MCC to suffer any liability. Without limiting Savage's responsibilities set forth above, MCC shall cooperate with Savage to keep the Miscellaneous Agreements current and in good standing.

11.4 Savage shall provide and pay for all utilities, labor, materials, supplies, parts, fuel, lubricants, and all other items necessary for and during the time Savage occupies and uses the CV Spur.

11.5 Savage shall, at its sole cost, maintain the Prep Plant and the Loadout Facility in a condition equal to the Prep Plant Current Condition and the Loadout Facility Current Condition respectively, and shall maintain all other facilities and improvements at the CV Spur in good order, condition, and repair, less normal wear and tear. Savage expressly and irrevocably waives the benefit or applicability of any statute now or hereafter in effect that would otherwise afford Savage the right to make repairs at MCC's expense or to terminate this Lease because of MCC's failure to keep the CV Spur or any part thereof in good order, condition, and repair.

11.6 Savage shall keep title to the CV Spur free and clear of and from any and all liens, claims, and encumbrances of whatever kind or nature, arising in any manner whatsoever from Savage's possession of the CV Spur or its operations hereunder. Savage shall promptly pay all wages due its workers and employees and pay for all materials and supplies furnished and contract labor performed for its operations hereunder and shall defend and protect MCC from and against all claims, liens, and liabilities which may arise as a result of Savage's failure to do so or from Savage's contractors failure to do so. In the event that any mechanic's, materialmen's or laborer's liens may arise and are filed against the property as a result of Savage's operations hereunder, Savage shall take all steps to obtain the discharge thereof.

**12. Restrictions on Use**

12.1 Savage shall use the CV Spur only for coal preparation, storage, and transloading and for necessary incidental activities. Without MCC's prior written consent, Savage shall not use the CV Spur to:

- (a) Store, service, wash, or repair equipment (excluding equipment used in coal preparation and transloading, also excluding pressure washing and emergency repairs of equipment used to deliver coal to the CV Spur);
- (b) Prepare or load oil-treated stoker coal;
- (c) Store any used vehicles, parts or equipment (excluding equipment used at the CV Spur in coal preparation and transloading);
- (d) Store or dispose of any diesel or other petroleum products except those used in the operations for coal preparation and transloading; or
- (e) Store or dispose of any hazardous materials or waste except to store necessary amounts of hazardous materials used in coal preparation or transloading.

**13. Insurance and Indemnities**

13.1 During the entire term of this Lease, Savage shall provide and maintain in effect the following types and amounts of insurance with insurance companies satisfactory to MCC. For purposes of this Article 13 only, all references to MCC shall include its parent, Atlantic Richfield Company, and their respective subsidiaries, directors, officers and employees.

- (a) Worker' Compensation Insurance, including Occupational Disease, in accordance with the laws of the State of Utah and Employers' Liability Insurance in the limit of not less than [REDACTED] per person and \$ [REDACTED] per accident.
- (b) Comprehensive General Liability Insurance, including contractual liability insuring the indemnity agreement set forth in this Agreement, with limits of not less than [REDACTED] applicable to bodily injury, sickness or death in any one occurrence; and [REDACTED] for loss of or damage to property in any one occurrence.

- (c) Automobile liability insurance covering owned, non-owned, and hired, and all vehicles used by Savage with limits of not less than [REDACTED] applicable to bodily injury, sickness or death of any one person and [REDACTED] for more than one person in any one occurrence; and [REDACTED] for loss of or damage to property in any one occurrence.
- (d) All Risks Physical Damage Coverage for the permanently installed structures (excluding the Weigh Bin) on the CV Spur for [REDACTED], with a loss payable clause in favor of MCC and Savage as their interests may appear.

13.2 All policies shall be endorsed to provide that underwriters and insurance companies of Savage shall not have any right of subrogation against MCC and its insurers and underwriters. The waiver of subrogation by Savage's insurance carrier, in and of itself, shall not prevent Savage from maintaining a separate cause of action against MCC.

13.3 MCC shall be named as an additional insured in each of Savage's policies, except Worker's Compensation, provided that such insurance shall not cover the affirmative acts or omissions of MCC.

13.4 Within seven (7) days after the Commencement Date, Savage shall furnish Certificates of Insurance evidencing the insurance required hereunder, including the waiver of subrogation and listing of the additional insured. Each certificate shall provide that a minimum of ten (10) days prior written notice shall be given MCC in the event of cancellation or material change in the policies. All policies shall be endorsed to provide that there will be no recourse against MCC for payment of premium.

13.5 Savage shall require all contractors coming on the CV Spur to obtain, maintain and keep in force similar insurance coverage during the time in which they are engaged in performing work at the CV Spur. All policies of contractors shall include the waiver of subrogation and additional insured required under Sections 13.2 and 13.3.

13.6 Savage agrees to and does hereby indemnify, defend and save MCC, harmless against and from any breach by Savage of its obligations hereunder and for:

- (a) Any and all claims demands, damages, losses, lawsuits and other proceedings, and liabilities, including costs and expenses, for bodily injury to, and illness or death of, persons (including claims and liabilities for care or loss of

services in connection with any bodily injury, illness or death);

- (b) Any and all claims, demands, damages, losses, lawsuits and other proceedings, and liabilities, including costs and expenses, for loss or destruction of or damage to any property belonging to Savage, MCC or others that are not assumed by MCC hereunder; and
- (c) Any fines, penalties, or other amounts assessed against MCC by reason of Savage's failure to comply with all health, safety and environmental laws and regulations;

resulting directly or indirectly from, or occurring in the course of, Savage's use, possession, or occupancy of the CV Spur. However, this indemnity shall not extend to claims and liabilities for (i) injury or death to persons or (ii) loss of or damage to property to the extent that those claims and liabilities result from MCC's affirmative acts or omissions. The obligations of Savage under this Section 13.6 specifically shall survive termination of this Lease.

13.7 The liability of Savage under the provisions of Section 13.6 shall not be limited to the insurance coverage of Savage under Section 13.1.

13.8 Any coverage provided by Savage's insurance under this Agreement is primary insurance and shall not be considered to be contributory insurance with any insurance policies of MCC.

13.9 Any deductibles in Savage's insurance shall be assumed by Savage.

13.10 If any part of the facilities or improvements at the CV Spur is damaged or destroyed, Savage shall promptly repair and restore the facilities or improvements involved to at least as good a condition as existed prior to such damage or destruction, which shall not be less than the Loadout Facility Current Condition and the Prep Plant Current Condition less normal wear and tear. Savage shall have no claim against MCC for any loss suffered by reason of any such damage, destruction, repair, or restoration, nor shall Savage have the right to terminate this Lease as the result of any statutory provision now or hereafter in effect pertaining to the damage and destruction. The proceeds of all insurance carried by Savage on the CV Spur and on its leasehold improvements, personal property and fixtures shall be held in trust by Savage for the purpose of the repair and replacement thereof. MCC shall not be required to repair any damage or to make any restoration or replacement of the CV Spur or any part thereof or personal property or fixtures installed thereon. Savage shall be entirely responsible to make such repair, restoration and replacement at its sole cost. In the alternative, instead of repairing or replacing the damaged facilities,

Savage, may, at its option, pay to MCC the amount [REDACTED] and have no further obligation to repair the damage, and may terminate this Lease or Savage may exercise its option under Article 17 to purchase the CV Spur.

#### 14. Bond and No Compete

14.1 In order to assure itself of Savage's financial ability to discharge its obligations under this Lease during the Term and at the termination of this Lease, MCC shall have the right upon notice to Savage, to annually review at Savage's offices in Salt Lake City, Utah, Savage's most recent financial statements. If MCC determines through that review or otherwise that Savage's financial status has materially deteriorated from its May, 1994 status such that MCC becomes concerned about Savage's then present or future financial ability to discharge all of its obligations, including environmental remediation, Savage shall, at MCC's request, post a performance bond, with MCC as the obligee, in an amount reasonably determined by the parties to secure the discharge of Savage's obligations, which in no event shall exceed [REDACTED]

14.2 For a period of five (5) years following the Commencement Date of this Lease, MCC agrees that if it acquires a transloading facility which at the time of MCC's acquisition is transloading coal for third parties ("Existing Customers") into railcars on the Southern Pacific, Denver Rio Grande Railroad, in Carbon or Emery Counties, State of Utah:

- (a) MCC will not annually transload coal for the Existing Customers in excess of the greater of the tonnages transloaded for the Existing Customers during the twelve (12) month period immediately preceding MCC's acquisition of the transload facility or the tonnages for which the Existing Customers had the contractual right to transload through the transload facility; and
- (b) In no event will MCC transload coal from that facility for any other third party into railcars in Carbon or Emery Counties, State of Utah.
- (c) This Section 14.2 in no way restricts MCC, or its partner's ability to increase volume produced from its own operation or partnership or joint venture operation through the transload facility.

14.3 For a period of ten (10) years following the Commencement Date of this Lease, MCC shall not transload coal for third parties at a new coal transload facility constructed and operated by MCC in Carbon or Emery Counties, State of Utah,

which will handle coal to be shipped in railcars from an originating point on the Southern Pacific.

**15. Holdover**

15.1 If Savage holds over, or remains in the possession or occupancy after the expiration of this Lease, or any extension thereof, or after any sooner termination thereof without any written lease of the CV Spur actually made and entered into between MCC and Savage, such holding over or continued possession or occupancy shall not be deemed or held to operate as any renewal or extension of this Lease, and shall, if payments are paid by Savage and accepted by MCC for or during any period of time it so holds over or remains in possession or occupancy, only create a tenancy from month to month, which may at any time be terminated by either party, giving to the other thirty (30) days notice of such intention to terminate the tenancy.

**16. Late Payments and Other Defaults**

16.1 If any payment required to be paid by Savage to MCC pursuant to this Lease shall be unpaid on the day whereon it shall become due and payable, and for ten (10) days following MCC's written notice to Savage thereof, or if default shall be made in any of the covenants, other than the payments herein required of Savage, its successors or assigns, and Savage shall fail to rectify any such default within 30 days after being notified in writing of the existence thereof, it shall be lawful for MCC:

- (a) To perform in Savage's stead any obligation that Savage has failed to perform and be reimbursed promptly by Savage for any reasonable cost incurred by MCC in connection therewith with interest at the prime rate charged by First Interstate Bank of Utah [REDACTED] (the "Interest Rate");
- (b) To take possession of the CV Spur and terminate this Lease;
- (c) Require specific performance from Savage as herein required; or
- (d) Pursue any other remedies provided by law or in equity.

This remedy is specified for the benefit of MCC and is optional and not exclusive.

16.2 Any sum not paid by Savage to MCC when due shall thereafter accrue interest daily at the Interest Rate, both before and after judgment, until paid.

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16.3 Savage agrees to pay to MCC the reasonable cost of recovering possession of the CV Spur, and all reasonable costs of necessary cleanup, restoration, and repair needed to restore the CV Spur to its original condition as provided in Section 19.6 to the extent that Savage fails to carry out such activities.

16.4 If default shall be made by MCC in any covenants required of MCC, its successors or assigns, and MCC shall fail to rectify any such default within thirty (30) days after being notified in writing of the existence thereof, or if the nature of MCC's obligation is such that more than thirty (30) days are reasonably required for performance or cure and MCC shall fail to commence curative work within the thirty (30) day period and diligently prosecute the same to completion, it shall be lawful for Savage to pursue its legal and equitable remedies.

#### 17. Option to Purchase

17.1 MCC hereby grants unto Savage the right and option ("Option") to purchase the CV Spur upon the following terms and conditions:

- (a) The Option shall only be available to Savage during the Term.
- (b) The purchase price for the CV Spur shall be [REDACTED] less the total amount of credits under Section 17.1(c) (the "Option Price").
- (c) Savage shall be entitled to a credit for amounts of any Usage Fee (which does not include the Special Genwal Fee) previously paid by Savage to MCC plus an additional credit of:
  - (1) [REDACTED] for any Year that the Usage Fee for such Year exceeds [REDACTED]; and
  - (2) An additional [REDACTED] for any Year that the Usage Fee for such Year exceeds [REDACTED]

17.2 Savage shall have no right to exercise the Option for a period of six months following the date Savage receives notice from MCC of a prospective third party which may offer to purchase the CV Spur except as set forth in Section 9.4 or except during the last six months of the Term. Savage shall have no right to exercise the Option during any period of time when it has notice of a Savage default hereunder and such default remains uncured.

17.3 If Savage exercises the Option, which exercise must be in writing to MCC, the parties shall date, insert provisions as required and execute in duplicate,

a written purchase and sale agreement (the "Purchase and Sale Agreement"), a copy of which is set forth on Exhibit M.

17.4 If Savage exercises the Option and there exists an After-discovered Baseline Environmental Condition that is required by then existing law to be remediated at some time, MCC may either remediate the condition or negotiate with Savage for a reduction in the Option Price to fairly compensate Savage for the estimated actual cost with respect to accepting liability for the condition (based on a present worth analysis if remediation is not required to be done immediately). If the parties are unable to negotiate a reduction in the Option Price, MCC may elect not to sell the CV Spur to Savage, in which event Savage may elect to continue the Lease up to its Term or to treat the Lease as terminated by MCC under the terms of Section 9.5.

17.5 If Savage exercises the Option, then at such time as closing takes place as contemplated by the Purchase and Sale Agreement, this Lease shall terminate.

17.6 If Savage exercises the Option and within one (1) year of closing the purchase of the CV Spur sells the CV Spur to a third party purchaser for a price in excess of the Option Price plus Savage's remaining book value of the Improvements, then within thirty (30) days thereafter, Savage shall remit to MCC fifty percent (50%) of such excess. Savage shall provide accurate details to MCC about the price paid by the third party purchases for the CV Spur.

**18. Alternate Dispute Resolution**

18.1 The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives. If the matter has not been resolved within two (2) months of a party's request for negotiation, either party may initiate mediation as provided hereinafter.

18.2 If the dispute has not been resolved by negotiation as provided herein, the parties shall endeavor to settle the dispute by mediation under the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes. The neutral third party will be selected from the CPR Panels of Neutrals, with the assistance of CPR, unless the parties agree otherwise.

18.3 Any dispute arising out of or relating to this contract or the breach, termination or validity thereof, which has not been resolved by a non-binding procedure as provided herein within three (3) months of the initiation of such procedure shall be settled by arbitration in accordance with the then current Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes by a sole arbitrator. The arbitration shall be governed by the United States Arbitration



with a copy to: **MOUNTAIN COAL COMPANY**  
Attn: Legal Department  
555 Seventeenth Street  
Denver, CO 80202

If to Savage: **SAVAGE INDUSTRIES INC.**  
Attn: David G. Wolach  
5250 South 300 West, Suite 200  
Salt Lake City, UT 84107

with a copy to: **SAVAGE INDUSTRIES INC.**  
Attn: James T. Jensen, Esq.  
5250 South 300 West, Suite 200  
Salt Lake City, UT 84107

or at such other addresses as either party may designate in writing to the other. Notice shall be effective upon personal delivery or upon posting in the U.S. Mail, as the case may be.

19.6 Upon the expiration of the Term, or other termination hereof other than termination due to purchase by Savage, Savage shall promptly and peaceably surrender the CV Spur to MCC, free of all trash, rubbish, junk, or debris, and in good order and condition at least equal to the condition and state of repair as is described in the Prep Plant Current Condition and the Loadout Facility Current Condition, ordinary wear and tear excepted, and Savage shall deliver all keys thereto to MCC. Before surrendering the CV Spur, Savage shall, at its sole cost, remove its movable personal property and trade fixtures only, and all other property shall, unless otherwise directed by MCC or otherwise addressed in Article 9, remain upon the premises and become the property of MCC without payment therefor. All personal property and trade fixtures of Savage not removed from the premises upon the abandonment of the CV Spur or upon the termination of this Lease for any cause shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by MCC without notice to Savage or any other person and without any obligation to account therefor. Savage shall forthwith take such action in cooperation with MCC as will effect transfer of the Permits to MCC. Savage shall not be released from its obligations hereunder in connection with surrender of the CV Spur until MCC has inspected the CV Spur and delivered to Savage a written release.

19.7 This Lease shall be interpreted and enforced pursuant to the laws of the State of Utah.

19.8 This Lease sets forth the entire understanding and agreement and incorporates and supersedes all previous understandings and agreements between the parties with respect to the CV Spur.

19.9 The LOU is superseded and replaced by this Lease.

19.10 No failure by any party to insist upon the strict performance of any covenant, duty or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such or any other covenant, duty or condition. Any party may, by notice delivered in the manner provided in this Lease, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any covenant or duty of any other party hereto. No waiver shall affect or alter the remainder of this Lease but each other covenant, duty and condition hereof shall continue in full force and effect with respect to any other then existing or subsequently occurring breach.

19.11 The rights and remedies of the parties hereto shall not be mutually exclusive and the exercise of one or more of the provisions of this Lease shall not preclude the exercise of any other provisions. The parties confirm that damages at law may be an inadequate remedy for a breach or threatened breach by any party of any of the provisions hereof. The parties' respective rights and obligations hereunder shall be enforceable by specific performance, injunction or any other equitable remedy, but nothing herein contained is intended or shall limit or affect any rights at law or by statute or otherwise of any party against another for a breach or threatened breach of any provision hereof, it being the intention by this Section 19.11 to make clear the agreement of the parties hereto that the rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

19.12 If any action is brought to recover any fees or other amount hereunder because of any default hereunder or to enforce or any of the provisions hereof, or for recovery of possession of the CV Spur, the party prevailing in such action shall be entitled to recover from the other reasonable attorneys' fees (including those incurred in connection with any appeal), the amount of which shall be fixed by the court or arbitrator and made a part of any judgment rendered.

EXECUTED in duplicate as of the date first above set forth.

MOUNTAIN COAL COMPANY

SAVAGE INDUSTRIES INC.

By: [Signature]  
Its: President

By: [Signature]  
Its: President

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R.C.

**EXHIBIT A**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***PREPARATION PLANT***

(Operational Units at Time of Shutdown)

McNally Mogul Jig, (No. 534)  
Clean Coal Fixed Sieve  
Two 7'x16' Double Deck Clean Coal Screens, L-107-X Tyler  
McNally Gearmatic Roll Crusher, 36x60  
(2) McNally Wedag A150 Centrifuges  
Classifying Cyclone Sump  
(2) Classifying Cyclone Pumps, 10x10 LSA32 (GIW)  
(16) 14" Diameter McNally Classifying Cyclones  
(2) Bird Screen Bowl Centrifuges, 54"x70"  
36" W Washery Bypass Conveyor  
36" W Fine Coal Belt Conveyor  
36" W Fines Transfer Belt Conveyor  
36" W Coal Collecting Belt Conveyor  
Refuse Screen 7'x16' Single Deck, L-1007-X Tyler  
Refuse Bin With Gates  
Jig Water Head Tank with Valve  
(2) Fire Protection Pumps  
(2) Washdown Sump Pumps  
Air Compressor  
(2) Seal Water Booster Pumps  
(2) Flocculent Mixing Tanks  
(2) Flocculent Mixers  
Flocculent Metering Pump  
Clarified Water Sump  
(2) Clarified Water Pumps, 6x8 LSA25 (GIW)  
(2) Thickener Underflow Pumps, 3x4 (GIW)  
120' Diameter Eimco Thickener with Concrete Tank  
Refuse Vacuum Disc Filter, 12'6" Dia.x8 Disc, Complete System  
Refuse Vacuum Disc Filter, 12'6" Dia.x12 Disc, Complete System  
Filter Cake Flight Conveyor  
(2) Banks Denver Froth Flotation Cells, 3x300 cu. ft., Complete System  
Clean Coal Vacuum Disc Filter, 10'6"Dia.x6 Disc, Complete System

**EXHIBIT A**

**page 2**

**to Lease Agreement with Option to Purchase  
Mountain Coal Company and Savage Industries Inc.**

**(Inactive\*Units at Time of Shutdown)**

**Primary Hydrocyclone Feed Sump**

**(2) Primary Hydrocyclone Feed Pumps**

**(18) 12" Diameter Primary McNally Tricones (Hydrocyclones)**

**Secondary Hydrocyclone Feed Sump**

**Secondary Hydrocyclone Feed Pump**

**(2) 12" Diameter Secondary McNally Tricones (Hydrocyclones)**

**\*No longer piped or wired for operation in the current plant configuration  
although all the equipment is still in place.**

**EXHIBIT B**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***LOADOUT FACILITY***

**Coal Handling Facilities**

**Raw Coal Receiving, Storage, and Reclaim  
Certified Truck Scale, Bridge Type**

**Truck Dump No. 1 (Wash Plant)**

**Raw Coal Truck Dump Hopper, 75 Ton Capacity  
Raw Coal Vibrating Feeder, 550 TPH  
Raw Coal Crusher, "Jeffrey Flextooth"  
Cross-Belt Primary Sample Cutter  
36" W Raw Coal Stockpile Feed Conveyor, 550 TPH  
Tramp Iron Magnet  
Raw Coal Stacking Tube, 10,000 Tons Capacity  
(3) Raw Coal Vibrating Feeders  
36" W Washery Feed Conveyor  
36" W Belt Scale**

**Truck Dump No. 2 (Trail Mountain)**

**Raw Product Truck Dump Hopper  
Vibrating Feeder, 48" W, 600 TPH  
Raw Product Stockpile Feed Conveyor, 600 TPH  
Tramp Iron Magnet  
Cross-Belt Primary Sample Cutter (not ASTM certified, not covered in Exhibit K)  
Belt Scale**

**Product Reclaim, Sampling, and Loadout**

**Raw Product Stacking Tube, 25,000 Tons Capacity  
(5) Raw Product Vibrating Feeders  
Washed Fines Stacking Tube, 12,000 Tons Capacity  
(3) Washed Fines Vibrating Feeders  
Washed Coal Stacking Tube, 31,000 Tons Capacity  
(5) Washed Coal Vibrating Feeders  
48" W Reclaim Conveyor, 1200 TPH Capacity  
Dust Suppression System including tanks and motors (As is, where is; not covered  
in Exhibit K)  
Side Release Agent Applicator System, complete with motor, hose, tanks, and applicator  
(As is, where is; not covered in Exhibit K)**

**Yard Area Coal Reclaim Hopper and Transfer Conveyor**

**2-Stage ASTM Sampling System  
48" W Loadout Conveyor, 1200 TPH  
48" W Belt Scale  
Coal Silo, 11,500 Ton Capacity  
Railcar Flood Loading Chute and Gate System, 6000 TPH Capacity  
Single Track Rail Loop and Trackage to Accommodate 110 Cars  
Each Side of Loadout**

**EXHIBIT C**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***REAL ESTATE***

The land leased under the Lease is described as follows:

The Southwest Quarter of Section 11, Township 15 South, Range 10 East, Salt Lake Base and Meridian.

Situate in Carbon County, State of Utah.

EXCEPTING the most Easterly 100 feet thereof.

ALSO EXCEPTING the following: BEGINNING at a point 227.59 feet North and 269.61 feet East of the Southwest Corner of said Section 11, and running thence North  $45^{\circ}39'45''$  East 69.47 feet; thence North  $58^{\circ}29'30''$  East 372.17 feet; thence South  $68^{\circ}31'00''$  East 516.41 feet; thence South 280.99 feet, more or less, to the South boundary of said Section 11; thence South  $89^{\circ}58'22''$  West 342.25 feet along the South boundary of said Section 11; thence North  $49^{\circ}17'10''$  West 225.38 feet; thence North  $76^{\circ}30'50''$  West 343.93 feet, more or less, to the point of beginning.

ALSO EXCEPTING the following: BEGINNING at the West Quarter Corner of said Section 11, and running thence East 200.00 feet; thence Southwesterly along the arc of a 225 feet radius curve 306.3 feet, more or less, to a point 200.00 feet South of the point of beginning, thence North 200.00 feet to the point of beginning.

EXCEPTING therefrom all oil and gas in the West one-Half of said Southwest Quarter, with the right to prospect for, mine and remove the same.

EXCEPTING therefrom all oil, gas and other minerals in the East One-Half of said Southwest Quarter, with the right to prospect for, mine and remove the same.

**EXHIBIT D**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***RAIL AGREEMENTS***

1. Trackage Agreement dated January 22, 1974, Contract No. 26823 between the Denver and Rio Grande Western Railroad Company ("DRGW RR") and Utah Power & Light Company (UP&L").
2. Lease dated June 1, 1974, Lease No. 16391, between DRGW RR and UP&L.
3. Assignment, Acceptance and Consent dated February 28, 1978 from UP&L to Swisher Coal Company.
4. Lease dated January 15, 1981, Lease No. 17685,, from DRGW RR to Beaver Creek Coal Company, a Utah, corporation.

**EXHIBIT E**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***WATER LINE AGREEMENTS***

1. Right of Way Agreement dated January 1, 1978 by and between David and Mildred Cove, and Judson and Cherie Crichlow as Grantors to Swisher Coal Co. recorded at Book 208, pages 350-353; as amended by Amendment of Right-of-Way Agreement dated March 20, 1989 by the Grantors and Beaver Creek Coal Company, recorded at Book 287, pages 789-790.
  
2. Campbell Agreement. Letter Agreement dated January 17, 1978 between Mr. and Mrs. R.D. Campbell as Grantors to Swisher Coal Co. a Grantee of a 20 foot Right-of-Way for water pipelines.

**EXHIBIT F**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***CAMPBELL AGREEMENT***

Agreement dated August 3, 1977 between General Exploration Company and Roy D. Campbell and Peggy L. Campbell.

**EXHIBIT G**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***WATER RIGHTS***

The Water Rights associated with the CV Spur consist of 357.1 shares of Price River Water Users Association (a Non-Profit Mutual Irrigation Association) represented by certificate number 6096.

**EXHIBIT H**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***EXCLUDED ITEMS***

Quantity

- 1 Fax Machine
- 2 First aid pack in Warehouse, and prep plant
- 1 Pull trailer with (3) 250 lb. fire extinguishers
- 1 20 Scott air pack
- 2 Computers

Leased office Equipment

- 1 - Coffee machine
- 1 - Minolta EP450 Copier
- 4 - AT&T Telephones
- 1 - Postage Meter
- 2 - Dumpsters

- 1 1989 Dodge Ram 50 4WD Pickup Truck
- 1 1985 Chevy 20 4WD Pickup Truck
- 1 JCB 3DIII Backhoe
- 1 Drill Press
- 1 Bench Grinder - 6" wheels
- 1 Electric Hand Grinder - 4" Makita
- 1 Battery Charger - 12/24 volt Hi-lo
- 1 Steam Cleaner
- 4 Air Compressors - 230/480 volt
  - 1 - Emglo Piston, 200 psi max., (Spare)
  - 1 - Ingersoll-Rand T30 Piston Type, 200 psi max., (Oil Trailer)
  - 1 - Manchester Piston Type, 200 psi max., (Shop)
  - 1 - Gardner Denver Electra Screw, 200 psi max., (Loadout)
- 3 Welders
  - 1 - Miller portable, 400 amp max. (diesel)
  - 1 - Lincoln Wire Feed (Shop)
  - 1 - Hobart Portable, 200 amp max., (Gas)
- 2 Tool Boxes
  - 1 - 10-drawer top / 9 drawer bottom
  - 1 - 3-drawer top / 5-drawer bottom w/storage
- 4 Knaack Boxes
  - 2 - 36"
  - 1 - 42"
  - 1 - 72"

**EXHIBIT H**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**  
**Page 2**

***EXCLUDED ITEMS***

- 2 Torch Sets (full size)
- 1 Portable Torch Set (hand held)
- 1 Jack air/hyd. portable 150 ton
- 1 Jack (floor) 10 ton
- 3 Hydraulic port-a-power
- 2 Mechanic Set of Tools (shop/maintenance truck)
- 2 Air Hammers
  - 1 - 1/2" drive
  - 1 - 3/4" drive
- 1 Electric Drill 1/2" drive
- 2 Tap and Die Sets
- 1 Pipe Die Set
- 2 Bench Vice (Shop) (Prep Plant)
- 1 Portable Light Plant (maxi lite)
- 1 Knockout Punch Set Drive Set w/punch & dies for 1/2" thru 4" conduit
- 4 55-gallon Oil Barrel Pumps, (2) w/hose, nozzle and reel
- 1 120 lb. Grease Barrel Pump w/hose, nozzle and reel
- 1 32' Extension Ladder
- 3 Step Ladders
  - 1 - 12'
  - 1 - 8'
  - 1 - 6'
- 2 SP/DRGW Railroad Radios
  - 1 - Stationary
  - 1 - Hand Held w/charger

Lawson bolt bins large, small, slide drawer pins

**EXHIBIT I**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

**PERMITS AND LICENSES NEEDED TO OPERATE C. V. SPUR**

Name and Address of Type of Permit/License	Permit License Issuing Authority	Application Number	Status
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 84316-0690	UTG040005	Issued 08/01/93
Air Quality Approval Order	Utah Division of Health Bureau of Air Quality 288 North 1460 West Salt Lake City, Utah 84316-0690	N/A	Issued 08/21/80
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 08/07/94
Storm Water Discharge Permit	U.S.E.P.A.	N/A	Plan Signed & Filed 04/29/93

**EXHIBIT J**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***PREP PLANT CURRENT CONDITION***

The Preparation Plant was shut down and mothballed in 1984. In 1991, MCC commissioned Norwest Mine Services to assess the current condition of the Prep Plant and to investigate what repair parts and repair labor would be necessary for MCC to start up and operate with an 85% availability. This report is attached.

Roberts and Schaeffer toured the plant and took pictures of the general condition during their inspection of the CV Spur facilities. Their comments and pictures are included in the report evaluating the condition of the CV Spur in Exhibit K.

**EXHIBIT K**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***LOADOUT FACILITY CURRENT CONDITION***

See "ARCO Coal CV Spur Inspection Report" by Roberts & Schaefer (Job #6283) of May 1994.

**EXHIBIT L**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***ESCALATION PROVISIONS***

The fees in Section 7.1(b) and (c) are subject to escalation according to changes in the Gross Domestic Product - Implicit Price Deflator ("GDP-IDP") index twice annually, once in March and again in September. The value published in the previous January will be used for the March adjustment and the value published for the previous July index will be used for the September adjustment. The value will be compared with the value published for July 1994. The change in the rate will be calculated as follows:

For the March 1995 adjustment:

New rate = [REDACTED] x (GDP-IDP Index for January 1995 / GDP-IDP Index for July 1994)

**EXHIBIT M**  
**to Lease Agreement with Option to Purchase**  
**Mountain Coal Company and Savage Industries Inc.**

***PURCHASE AND SALE AGREEMENT FORM***

**DELETED**



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)

April 9, 1994

Kathleen G. Welt  
Environmental Supervisor  
Mountain Coal Company  
P.O. Box 591  
Somerset, CO 81434

Re: Permit Transfer Requirement for C.V. Spur Coal Processing  
and Loadout Facility, Mountain Coal Company, ACT/007/022,  
Folder #2, Carbon County, Utah

Dear Ms. Welt:

Articles in trade magazines state that there is a proposed purchase of the Castle Valley Spur Coal Processing and Loadout Facility by Savage Industries. This letter is to remind you that a permit transfer is required prior to the final purchase.

If you have any questions, please call me. Thank you.

Sincerely,



Pamela Grubaugh-Littig  
Permit Supervisor

Enclosure  
cc/enc:

Lowell Braxton  
Daron Haddock



From: Paul Baker (PBAKER)  
To: PGrubaugh-Littig  
Date: Monday, June 20, 1994 9:13 am  
Subject: Savage Insurance

I called Savage's insurance agent about the aggregate limit on their policy. She said that our regulation refers to the general aggregate and that Savage does not have an aggregate limit. Since there is no limit, the insurance company will pay \$1 million for every occurrence without limit to the number of occurrences. If there was an aggregate limit, they would only pay up to that total for all claims within a year.

This part of the policy appears to exceed our requirements.

From: Paul Baker (PBAKER)  
To: PGrubaugh-Littig  
Date: Monday, June 20, 1994 9:13 am  
Subject: Savage Insurance

I called Savage's insurance agent about the aggregate limit on their policy. She said that our regulation refers to the general aggregate and that Savage does not have an aggregate limit. Since there is no limit, the insurance company will pay \$1 million for every occurrence without limit to the number of occurrences. If there was an aggregate limit, they would only pay up to that total for all claims within a year.

This part of the policy appears to exceed our requirements.

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL



JAN GRAHAM  
ATTORNEY GENERAL

CAROL CLAWSON  
Solicitor General

REED RICHARDS  
Chief Deputy Attorney General

PALMER DEPAULIS  
Director of Public Policy & Communications

May 16, 1994

Scott W. Anderson, Esq.  
Arco Coal Company  
555 Seventeenth Street  
Denver, Colorado 80202

Re: Your letter of May 13, 1994

Dear Scott:

This is to confirm our conversation of today's date regarding your letter of May 13, 1994, concerning the bond for C.V. Spur. To clarify, the Division cannot transfer a permit to a new permittee unless the new permittee obtains replacement bond coverage in their own name. Consequently, while Mountain Coal is free to assist a new permittee, their original bond may no longer provide coverage if they are released as the permittee of the permitted facility.

I hope this provides sufficient clarification as to why my client may not accept your proposal of the 13th.

Very truly yours,

Thomas A. Mitchell  
Assistant Attorney General

lsj

cc: James W. Carter  
Lowell Braxton  
Pam Grubaugh-Littig  
Daron Haddock

TAM94034.LTR

From: Pam Grubaugh-Littig (PGRUBAUGH-LITTIG)  
To: DHaddock  
Date: Friday, May 6, 1994 2:50 pm  
Subject: Permit Transfer

I have made arrangements to meet with Scot Anderson, ARCO, regarding the permit transfer from Mountain Coal to Savage on Tuesday, 5/10 at 7:30. Daron, would you like to come? Your permit transfer experience is invaluable..... He faxed a bonding agreement that Tom Mitchell will review. Tom has spoken with Scot about Mountain Coal being the bond holder while Savage is the permittee, (I'll copy you Daron). Thanks.

CC: LBraxton, JHelfrich, TMitchell

From: Pam Grubaugh-Littig (PGRUBAUGH-LITTIG)  
To: LBraxton  
Date: Friday, April 29, 1994 8:32 am  
Subject: C.V. Spur

I talked to Dan Guy yesterday about the potential permit transfer for C.V. Spur. Mtn. Coal submitted a permit renewal application. I told him that for the permit transfer, it could be stipulated for Savage that within 120 days (or so), they would have to update the plan to Savage. (Now the plan is part Mtn. Coal, part Beaver Creek). Does that sound all right with you?

CC: DHaddock

The Savage Group

300 West

Savage Industries, Inc.  
5250 South ~~900~~ West, Suite 200  
Salt Lake City, Utah 84107

Directors

*Savage Coal Service Corp  
(operator?)  
690 E. Main, Pine, 84501*

Neal Savage  
Allen B. Alexander  
H. Benson Lewis

Officers

Neal Savage 088395  
Allen B. Alexander 088397  
H. Benson Lewis 088393  
David G. Wolach 088390  
James T. Jensen 124668  
L. Dean Rees 088392  
Howard F. Goodman 088398  
Rodger P. Fordham 088400  
John K. Savage 129757  
James Mecham 132160  
Donald Alexander 132161  
Eric B. Adamson 132162  
Gary R. Norman 13213863  
C. Fred Busch 132165  
Richard L. Biddinger 088399  
Ronald J. Konnick 132166  
Raymond Alt 132167  
Arthur D. Johnson 132164

Chairman of the Board  
President  
Executive Vice President, Chief Financial  
Officer and Assistant Secretary  
Executive Vice President,  
Business Development  
Executive Vice President, General  
Counsel and Secretary  
Vice President and Treasurer  
Vice President and Controller  
Regional Vice President  
Vice President

*Called Dan Ellis with chief*

Proposed Newspaper Advertisement

**\*\*Public Notice\*\***

Savage Industries <sup>1</sup> Inc. has applied for <sup>a permit</sup> ~~approval of the~~ 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 <sup>out</sup> 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/007022. 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 $\frac{1}{4}$  SW $\frac{1}{4}$  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.

James T. Jensen

"Lease with option to purchase" - try to <sup>5/10</sup>  
pick up F&VA business  
Savage - Coal contracts  
negotiations w/ General.  
SP Eastern  
(ongoing)  
Original

---

Could win in 10 days - 2 weeks  
30 - 45 days.  
If not w/in 45 days, no go.

"Public Unload" - mostly east  
Utah Railway mostly west  
Anchor customers (General)  
"Needs large capacity" ←

Stipulation to Change

---

Receive 5/12 = 5/13 application } permit  
5/17 publish } transfer

---

3 copies

"Cateley," OK

**SAVAGE INDUSTRIES INC.** (Shareholder: The Savage Companies)

- \* \* Neal Savage
- \* Allen B. Alexander
- \* H. Benson Lewis
- \* David G. Wolach
- \* James T. Jensen
- C. Fred Busch
- Roger P. Fordham
- John K. Savage
- L. James Mecham
- Donald W. Alexander
- Kenneth W. Cooper
- Arthur D. Johnson
- L. Dean Rees
- Eric B. Adamson
- Howard F. Goodman
- Gary L. Norman
- Richard L. Biddinger
- Ronald J. Konnick
- Raymond Alt
- Michael A. Marchbanks

- Chairman of the Board and Director
- President and Director
- Ex. V.P., CFO, Asst. Secretary and Director
- Executive Vice President, Business Development
- Ex. V.P., General Counsel and Secretary
- Senior Vice President
- Regional Vice President
- Vice President
- Vice President and Treasurer
- Vice President
- Vice President and Controller
- Vice President

\* \* T. Luke Savage

\* \* Kenneth C Savage

Officers and Directors of The Savage Companies

\* \* All stock held by 3 Savage brothers



# ARCO Denver Legal Department

DATE: May 6, 1994 Time Sent: 12:00 p.m.  
TO: Pamela Grubaugh-Littig  
FAX: 801-359-3940

FROM: Scot W. Anderson  
PHONE: (303) 293-4230  
FAX: (303) 293-4098  
PAGES: 2 (including cover)

## COMMENTS:

Pamela:

A handwritten signature in cursive script that reads "Scot Anderson".

Attached is a proposed agreement to allow Mountain Coal Company to provide the bond for the CV Spur.

Also, some representatives of Savage and I would like to meet with you on Tuesday morning to discuss the permit transfer process, including the bonding issue. Please call me as soon as possible to let me know if you are free to meet with us Tuesday morning.

Finally, I have provided a copy of the attached agreement by fax to Tom Mitchell.

Thanks for the help.

Scot Anderson



# AGREEMENT

This Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 1994, between Mountain Coal Company ("Mountain Coal") and the State of Utah, Division of Oil, Gas and Mining ("Division").

1. Mountain Coal owns the Castle Valley Spur ("CV Spur"), a coal loadout facility near Price, Utah.
2. Mountain Coal will lease the CV Spur to Savage Industries, Inc. ("Savage") for a ten year period. Mountain Coal will also grant Savage the option to purchase the CV Spur under terms and conditions set forth in the lease agreement between Mountain Coal and Savage.
3. Savage will secure from the Division and the Division will issue to Savage the permits necessary to operate the CV Spur.
4. All reclamation and bonding requirements remain the obligation of Mountain Coal throughout the term of the lease of the CV Spur to Savage; Mountain Coal agrees to provide to the Division a bond sufficient for those obligations.

*Mtn. Coal has no independent rights on federal program*

If Savage purchases the CV Spur from Mountain Coal, Savage will be responsible for providing the necessary bonds to the Division. In that event, Mountain Coal will no longer be responsible for reclamation and bonding requirements associated with the CV Spur.

*regulatory  
Savage/Mtn. Coal  
Bonding Co.*

*If Savage qualifies, meets regulatory requirements, Savage represents, meets regulatory requirements, Agreement between Savage and Mtn. Coal*

Mountain Coal Company

State of Utah, Division of Oil, Gas & Mining

*Recognized permittee is Savage  
Forfeit against Savage not Mtn. Coal.  
Instrument to Bond for.*

*If don't exercise options to buy Assignment back to Mtn. Coal. → Permit transfer back to Mtn. Coal.*

- 235. Notice of Decision. The Division will send copies of its decision to the applicant, to each person who filed comments or objections on the renewal, to each party to any informal conference held on the permit renewal, and to the Office.
- 236. Administrative and Judicial Review. Any person having an interest which is or may be adversely affected by the decision of the Division will have the right to administrative and judicial review set forth in R645-300-200.

**R645-303-300. Transfer, Assignment, or Sale of Permit Rights.**

- 310. General Information. No transfer, assignment, or sale of rights granted by a permit will be made without the prior written approval of the Division.
- 320. Application Requirements. An applicant for approval of the transfer, assignment, or sale of permit rights will:
  - 321. Provide the Division with an application for approval of the proposed transfer, assignment, or sale including:
    - 321.100. The name and address of the existing permittee and permit number or other identifier;
    - 321.200. A brief description of the proposed action requiring approval; and
    - 321.300. The legal, financial, compliance, and related information required by R645-301-100 for the applicant for approval of the transfer, assignment, or sale of permit rights;
  - 322. Advertise the filing of the application in a newspaper of general circulation in the locality of the operations involved, indicating the name and address of the applicant, the permittee, the permit number or other identifier, the geographic location of the permit, and the address to which written comments may be sent; and
  - 323. Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.
  - 330. Public Participation. Any person having an interest which is or may be adversely affected by a decision on the transfer, assignment, or sale of permit rights, including an official of any federal, state, or local government agency, may submit written comments on the application to the Division, within 30 days of the advertisement publication described under R645-303-322.
  - 340. Criteria for Approval. The Division may allow a permittee to transfer, assign, or sell permit rights to a successor, if it finds in writing that the successor:
    - 341. Is eligible to receive a permit in accordance with R645-300-132 and R645-300-133;
    - 342. Has submitted a performance bond or other guarantee, or obtained the bond coverage of the original permittee, as required by R645-301-800; and
    - 343. Meets any other requirements specified by the Division.
  - 350. Notification.
  - 351. The Division will notify the permittee, the successor, commentators, and the Office of its findings.

352. The successor will immediately provide notice to the Division of the consummation of the transfer, assignment, or sale of permit rights.

360. Continued Operation Under Existing Permit. The successor in interest will assume the liability and reclamation responsibilities of the existing permit and will conduct the coal mining and reclamation operations in full compliance with the State Program and the terms and conditions of the existing permit, unless the applicant has obtained a new or revised permit as provided in the R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303.

KEY: reclamation, coal mines  
1990

40-10-1 et seq.

*Jim/Lowell -*

4/2

*These are the regulations re: bonding and bonding for a permit transfer. They are vague. With the Oak Valley Canyon said no. Scott Anderson has called and asked. I said no, on the basis that there may be problem high Mountain Coal holding the bond. Savage being the permittee. He may call you. (Scott) PDA*

*BOND PROBLEMS BUT NOT PERMIT*

235. **Notice of Decision.** The Division will send copies of its decision to the applicant, to each person who filed comments or objections on the renewal, to each party to any informal conference held on the permit renewal, and to the Office.
236. **Administrative and Judicial Review.** Any person having an interest which is or may be adversely affected by the decision of the Division will have the right to administrative and judicial review set forth in R645-300-200.

**R645-303-300. Transfer, Assignment, or Sale of Permit Rights.**

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320. **Application Requirements.** An applicant for approval of the transfer, assignment, or sale of permit rights will:
321. Provide the Division with an application for approval of the proposed transfer, assignment, or sale including:
- 321.100. The name and address of the existing permittee and permit number or other identifier;
- 321.200. A brief description of the proposed action requiring approval; and
- 321.300. The legal, financial, compliance, and related information required by R645-301-100 for the applicant for approval of the transfer, assignment, or sale of permit rights;
322. Advertise the filing of the application in a newspaper of general circulation in the locality of the operations involved, indicating the name and address of the applicant, the permittee, the permit number or other identifier, the geographic location of the permit, and the address to which written comments may be sent; and
323. Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.
330. **Public Participation.** Any person having an interest which is or may be adversely affected by a decision on the transfer, assignment, or sale of permit rights, including an official of any federal, state, or local government agency, may submit written comments on the application to the Division, within 30 days of the advertisement publication described under R645-303-322.
340. **Criteria for Approval.** The Division may allow a permittee to transfer, assign, or sell permit rights to a successor, if it finds in writing that the successor:
341. Is eligible to receive a permit in accordance with R645-300-132 and R645-300-133;
342. Has submitted a performance bond or other guarantee, or obtained the bond coverage of the original permittee, as required by R645-301-800; and
343. Meets any other requirements specified by the Division.
350. **Notification.**
351. The Division will notify the permittee, the successor, commentators, and the Office of its findings.

352. The successor will immediately provide notice to the Division of the consummation of the transfer, assignment, or sale of permit rights.

360. **Continued Operation Under Existing Permit.** The successor in interest will assume the liability and reclamation responsibilities of the existing permit and will conduct the coal mining and reclamation operations in full compliance with the State Program and the terms and conditions of the existing permit, unless the applicant has obtained a new or revised permit as provided in the R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303.

KEY: reclamation, coal mines  
1990

40-10-1 et seq.

**R645. Natural Resources; Oil, Gas and Mining; Coal.****R645-301. Coal Mine Permitting: Permit Application Requirements.****R645-301-800. Bonding and Insurance.****810. Bonding Definitions and Division Responsibilities****820. Requirement to File a Bond****830. Determination of Bond Amount****840. General Terms and Conditions of the Bond****850. Bonding Requirements for UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES and Associated Long-Term Coal-Related Surface Facilities and Structures****860. Forms of Bonds****870. Replacement of Bonds****880. Requirement to Release Performance Bonds****890. Terms and Conditions for Liability Insurance****R645-301-800. Bonding and Insurance.**

The rules in R645-301-800 set forth the minimum requirements for filing and maintaining bonds and insurance for coal mining and reclamation operations under the State Program.

**810. Bonding Definitions and Division Responsibilities.**

811. Terms used in R645-301-800 may be found defined in R645-100-200.

**812. Division Responsibilities -- Bonding.**

812.100. The Division will prescribe and furnish forms for filing performance bonds.

812.200. The Division will prescribe by regulation terms and conditions for performance bonds and insurance.

812.300. The Division will determine the amount of the bond for each area to be bonded, in accordance with R645-301-830. The Division will also adjust the amount as acreage in the permit area is revised, or when other relevant conditions change according to the requirements of R645-301-830.400.

812.400. The Division may accept a self-bond if the permittee meets the requirements of R645-301-860.300 and any additional requirements in the State or Federal program.

812.500. The Division will release liability under a bond or bonds in accordance with R645-301-880 through R645-301-880.800.

812.600. If the conditions specified in R645-301-880.900 occur, the Division will take appropriate action to cause all or part of a bond to be forfeited in accordance with procedures of that Section.

812.700. The Division will require in the permit that adequate bond coverage be in effect at all times. Except as provided in R645-301-840.520, operating without a bond is a violation of a condition upon which the permit is issued.

**820. Requirement to File a Bond.**

820.100. After a permit application under R645-301 has been approved, but before a permit is issued, the applicant will file with the Division, on a form prescribed and furnished by the Division, a bond or bonds for performance made payable to the Division and conditioned upon the faithful

performance of all the requirements of the State Program, the permit and the reclamation plan.

820.110. Areas to be covered by the Performance Bond are:

820.111. The bond or bonds will cover the entire permit area, or an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit.

820.112. As coal mining and reclamation operations on succeeding increments are initiated and conducted within the permit area, the permittee will file with the Division an additional bond or bonds to cover such increments in accordance with R645-830.400.

820.113. The operator will identify the initial and successive areas or increments for bonding on the permit application map submitted for approval as provided in the application, and will specify the bond amount to be provided for each area or increment.

820.114. Independent increments will be of sufficient size and configuration to provide for efficient reclamation operations should reclamation by the Division become necessary pursuant to R645-301-880.900.

820.120. An operator will not disturb any surface areas, succeeding increments, or extend any underground shafts, tunnels, or operations prior to acceptance by the Division of the required performance bond.

820.130. The applicant will file, with the approval of the Division, a bond or bonds under one of the following schemes to cover the bond amounts for the permit area as determined in accordance with R645-301-830:

820.131. A performance bond or bonds for the entire permit area;

820.132. A cumulative bond schedule and the performance bond required for full reclamation of the initial area to be disturbed; or

820.133. An incremental-bond schedule and the performance bond required for the first increment in the schedule.

820.200. Form of the Performance Bond.

820.210. The Division will prescribe the form of the performance bond.

820.220. The Division may allow for:

820.221. A surety bond;

820.222. A collateral bond;

820.223. A self-bond; or

820.224. A combination of any of these bonding methods.

820.300. Period of Liability.

820.310. Performance bond liability will be for the duration of the coal mining and reclamation operations and for a period which is coincident with the operator's period of extended responsibility for successful revegetation provided in R645-301-356 or until achievement of the reclamation

- requirements of the State Program and permit, whichever is later.
- 820.320. With the approval of the Division, a bond may be posted and approved to guarantee specific phases of reclamation within the permit area provided the sum of phase bonds posted equals or exceeds the total amount required under R645-301-830 and 830.400. The scope of work to be guaranteed and the liability assumed under each phase bond will be specified in detail.
- 820.330. Isolated and clearly defined portions of the permit area requiring extended liability may be separated from the original area and bonded separately with the approval of the Division. Such areas will be limited in extent and not constitute a scattered, intermittent, or checkerboard pattern of failure. Access to the separated areas for remedial work may be included in the area under extended liability if deemed necessary by the Division.
- 820.340. If the Division approves a long-term, intensive agricultural postmining land-use, in accordance with R645-301-413, the applicable five- or ten-year period of liability will commence at the date of initial planting for such long-term agricultural use.
- 820.350. General.
- 820.351. The bond liability of the permittee will include only those actions which he or she is obligated to take under the permit, including completion of the reclamation plan, so that the land will be capable of supporting the postmining land use approved under R645-301-413.
- 820.352. Implementation of an alternative postmining land-use approved under R645-301-413.300 which is beyond the control of the permittee need not be covered by the bond. Bond liability for prime farmland will be as specified in R645-301-880.320.
- 830. Determination of Bond Amount.**
- 830.100. The amount of the bond required for each bonded area will:
- 830.110. Be determined by the Division;
- 830.120. Depend upon the requirements of the approved permit and reclamation plan;
- 830.130. Reflect the probable difficulty of reclamation, giving consideration to such factors as topography, geology, hydrology and revegetation potential; and
- 830.140. Be based on, but not limited to, the detailed estimated cost, with supporting calculations for the estimates, submitted by the permit applicant.
- 830.200. The amount of the bond will be sufficient to assure the completion of the reclamation plan if the work has to be performed by the Division in the event of forfeiture, and in no case will the total bond initially posted for the entire area under one permit be less than \$10,000.
- 830.300. An additional inflation factor will be added to the subtotal for the permit term. This inflation factor will be based upon an acceptable Costs Index.
- 830.400. Adjustment of Amount.
- 830.410. The amount of the bond or deposit required and the terms of the acceptance of the applicant's bond will be adjusted by the Division from time to time as the area requiring bond coverage is increased or decreased or where the cost of future reclamation changes. The Division may specify periodic times or set a schedule for reevaluating and adjusting the bond amount to fulfill this requirement.
- 830.420. The Division will:
- 830.421. Notify the permittee, the surety, and any person with a property interest in collateral who has requested notification under R645-301-860.260 of any proposed adjustment to the bond amount; and
- 830.422. Provide the permittee an opportunity for an informal conference on the adjustment.
- 830.430. A permittee may request reduction of the amount of the performance bond upon submission of evidence to the Division providing that the permittee's method of operation or other circumstances reduces the estimated cost for the Division to reclaim the bonded area. Bond adjustments which involve undisturbed land or revision of the cost estimate of reclamation are not considered bond release subject to procedures of R645-301-880.100 through R645-301-880.800.
- 830.440. In the event that an approved permit is revised in accordance with the R645 rules, the Division will review the bond for adequacy and, if necessary, will require adjustment of the bond to conform to the permit as revised.
- 830.500. An operator's financial responsibility under R645-301-525.230 for repairing material damage resulting from subsidence may be satisfied by the liability insurance policy required under R645-301-890.
- 840. General Terms and Conditions of the Bond.**
- 840.100. The performance bond will be in an amount determined by the Division as provided in R645-301-830.
- 840.200. The performance bond will be payable to the Division.
- 840.300. The performance bond will be conditioned upon faithful performance of all the requirements of the State Program and the approved permit, including completion of the reclamation plan.
- 840.400. The duration of the bond will be for the time period provided in R645-301-820.300.
- 840.500. General.
- 840.510. The bond will provide a mechanism for a bank or surety company to give prompt notice to the Division and the permittee of any action filed alleging the insolvency or bankruptcy of the surety company, the bank, or the permittee, or alleging any violations which would result in suspension or revocation of the surety or bank charter or license to do business.
- 840.520. Upon the incapacity of a bank or surety company by reason of bankruptcy, insolvency, or suspension or revocation of a charter or license, the permittee will be deemed to be without bond coverage and will promptly notify the Division. The Division, upon notification

235. Notice of Decision. The Division will send copies of its decision to the applicant, to each person who filed comments or objections on the renewal, to each party to any informal conference held on the permit renewal, and to the Office.
236. Administrative and Judicial Review. Any person having an interest which is or may be adversely affected by the decision of the Division will have the right to administrative and judicial review set forth in R645-300-200.

**R645-303-300. Transfer, Assignment, or Sale of Permit Rights.**

310. **General Information.** No transfer, assignment, or sale of rights granted by a permit will be made without the prior written approval of the Division.
320. **Application Requirements.** An applicant for approval of the transfer, assignment, or sale of permit rights will:
321. Provide the Division with an application for approval of the proposed transfer, assignment, or sale including:
- 321.100. The name and address of the existing permittee and permit number or other identifier;
- 321.200. A brief description of the proposed action requiring approval; and
- 321.300. The legal, financial, compliance, and related information, required by R645-301-100 for the applicant for approval of the transfer, assignment, or sale of permit rights;
322. Advertise the filing of the application in a newspaper of general circulation in the locality of the operations involved, indicating the name and address of the applicant, the permittee, the permit number or other identifier, the geographic location of the permit, and the address to which written comments may be sent; and
323. Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.
330. **Public Participation.** Any person having an interest which is or may be adversely affected by a decision on the transfer, assignment, or sale of permit rights, including an official of any federal, state, or local government agency, may submit written comments on the application to the Division, within 30 days of the advertisement publication described under R645-303-322.
340. **Criteria for Approval.** The Division may allow a permittee to transfer, assign, or sell permit rights to a successor, if it finds in writing that the successor:
341. Is eligible to receive a permit in accordance with R645-300-132 and R645-300-133;
342. Has submitted a performance bond or other guarantee, or obtained the bond coverage of the original permittee, as required by R645-301-800; and
343. Meets any other requirements specified by the Division.
350. **Notification.**
351. The Division will notify the permittee, the successor, commentators, and the Office of its findings.

352. The successor will immediately provide notice to the Division of the consummation of the transfer, assignment, or sale of permit rights.

360. **Continued Operation Under Existing Permit.** The successor in interest will assume the liability and reclamation responsibilities of the existing permit and will conduct the coal mining and reclamation operations in full compliance with the State Program and the terms and conditions of the existing permit, unless the applicant has obtained a new or revised permit as provided in the R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303.

KEY: reclamation, coal mines  
1990

40-10-1 et seq.

**R645. Natural Resources; Oil, Gas and Mining; Coal.****R645-301. Coal Mine Permitting: Permit Application Requirements.****R645-301-800. Bonding and Insurance.**

- 810. Bonding Definitions and Division Responsibilities**
- 820. Requirement to File a Bond**
- 830. Determination of Bond Amount**
- 840. General Terms and Conditions of the Bond**
- 850. Bonding Requirements for UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES and Associated Long-Term Coal-Related Surface Facilities and Structures**
- 860. Forms of Bonds**
- 870. Replacement of Bonds**
- 880. Requirement to Release Performance Bonds**
- 890. Terms and Conditions for Liability Insurance**

**R645-301-800. Bonding and Insurance.**

The rules in R645-301-800 set forth the minimum requirements for filing and maintaining bonds and insurance for coal mining and reclamation operations under the State Program.

**810. Bonding Definitions and Division Responsibilities.**

811. Terms used in R645-301-800 may be found defined in R645-100-200.

**812. Division Responsibilities -- Bonding.**

812.100. The Division will prescribe and furnish forms for filing performance bonds.

812.200. The Division will prescribe by regulation terms and conditions for performance bonds and insurance.

812.300. The Division will determine the amount of the bond for each area to be bonded, in accordance with R645-301-830. The Division will also adjust the amount as acreage in the permit area is revised, or when other relevant conditions change according to the requirements of R645-301-830.400.

812.400. The Division may accept a self-bond if the permittee meets the requirements of R645-301-860.300 and any additional requirements in the State or Federal program.

812.500. The Division will release liability under a bond or bonds in accordance with R645-301-880 through R645-301-880.800.

812.600. If the conditions specified in R645-301-880.900 occur, the Division will take appropriate action to cause all or part of a bond to be forfeited in accordance with procedures of that Section.

812.700. The Division will require in the permit that adequate bond coverage be in effect at all times. Except as provided in R645-301-840.520, operating without a bond is a violation of a condition upon which the permit is issued.

**820. Requirement to File a Bond.**

820.100. After a permit application under R645-301 has been approved, but before a permit is issued, the applicant will file with the Division, on a form prescribed and furnished by the Division, a bond or bonds for performance made payable to the Division and conditioned upon the faithful

performance of all the requirements of the State Program, the permit and the reclamation plan.

820.110. Areas to be covered by the Performance Bond are:

820.111. The bond or bonds will cover the entire permit area, or an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit.

820.112. As coal mining and reclamation operations on succeeding increments are initiated and conducted within the permit area, the permittee will file with the Division an additional bond or bonds to cover such increments in accordance with R645-830.400.

820.113. The operator will identify the initial and successive areas or increments for bonding on the permit application map submitted for approval as provided in the application, and will specify the bond amount to be provided for each area or increment.

820.114. Independent increments will be of sufficient size and configuration to provide for efficient reclamation operations should reclamation by the Division become necessary pursuant to R645-301-880.900.

820.120. An operator will not disturb any surface areas, succeeding increments, or extend any underground shafts, tunnels, or operations prior to acceptance by the Division of the required performance bond.

820.130. The applicant will file, with the approval of the Division, a bond or bonds under one of the following schemes to cover the bond amounts for the permit area as determined in accordance with R645-301-830:

820.131. A performance bond or bonds for the entire permit area;

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From: Pam Grubaugh-Littig (PGRUBAUGH-LITTIG)  
To: LBRAXTON  
Date: Wednesday, April 13, 1994 11:39 am  
Subject: C.V. Spur -Reply -Reply

I have reviewed. The rules are vague and that is why I was requesting clarification. But Daron notified me that White Oak and Valley Camp was the same situation. For consistency, I will proceed to notify Mountain Coal that they cannot hold the bond. Due to the vagueness, this should probably be clarified that this is Division practice (directive?) in the future. Thanks.

From: Daron Haddock (DHADDOCK)  
To: PGRUBAUGH-LITTIG  
Date: Wednesday, April 13, 1994 8:03 am  
Subject: C.V. Spur -Reply

For White Oak we have not allowed the Permit Transfer to take place until we have a bond in White Oak's name. (currently the bond is still in Valley camp of Utah's name.)

From: Lowell Braxton (LBRAXTON)  
To: PGRUBAUGH-LITTIG  
Date: Wednesday, April 13, 1994 8:26 am  
Subject: C.V. Spur -Reply

Please read the regs re bond holder different than permittee. (I haven't) My guess is the applicant or permittee must post the bond, and the regs don't contemplate what you are describing. Do a little research, and make a recommendation as to how you think we should proceed.  
thanx, lpb

From: Pam Grubaugh-Littig (PGRUBAUGH-LITTIG)  
To: LBRAXTON  
Date: Wednesday, April 13, 1994 11:39 am  
Subject: C.V. Spur -Reply -Reply

I have reviewed. The rules are vague and that is why I was requesting clarification. But Daron notified me that White Oak and Valley Camp was the same situation. For consistency, I will proceed to notify Mountain Coal that they cannot hold the bond. Due to the vagueness, this should probably be clarified that this is Division practice (directive?) in the future. Thanks.

4) Revised Signature Page.

Permittee: Eugene DiClaudio Division: James Carter

Permit expiration date remain as currently listed,  
August 7, 1994.

5) Include new Stipulation to amended permit as follows:

R645-301-742.240 (WJM) ~~was~~  
~~Stipulation #1: Permittee submit all sediment control information required under Utah Coal Mining Rules, paragraph R645-301-742.240 ~~or~~ R645-301-742.231 by June 1, 1994 for the Price River Pipeline. Currently, the existing permit does not have any stipulation or conditions as an attachment to the permit.~~

ITEM II

The permittee has initiated action to renew the permit. The first legal notice appeared in the local newspaper recently.

The operator is going to republish legal permit renewal notice since it did not include the description of the Price River pipeline. However, it did have the Jensen property deleted. Matters relating to item II above should not be construed to obviate the need for a amended permit as discussed in item I above.

In summary, it is necessary for obvious reasons that a amended permit be issued even though the permittee has taken the necessary steps to acquire a renewal permit.

FEDERAL

PERMIT  
ACT/007/022

September 12, 1991

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

This permit, ACT/007/022, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Mountain Coal Company  
P. O. Box 591  
Somerset, Colorado 81434  
(303) 929-5015

for the C.V. Spur Coal Processing and Loadout Facility. Mountain Coal Company is the owner of certain fee-owned parcels. A Surety Bond is filed with the Division in the amount of \$2,441,745, payable to the State of Utah, Division of Oil, Gas and Mining, and the Office of Surface Mining, Reclamation and Enforcement (OSM). The Division must receive a copy of this permit signed and dated by the permittee.

- Sec. 1      STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2      PERMIT AREA - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the C.V. Spur Coal Processing and Loadout Facility, situated in the State of Utah, Emery County, and located:

Township 15 South Range 10 East, Section 11, SLBM

W1/2 SW1/4 except 0.24 acres in the northwest corner, NE1/4 SW1/4 except East 100 ft., SE1/4 SW1/4, except East 100 ft. and 5.42 acres in SW corner.

Township 15 South Range 10 East, Section 11, SLBM

A 20' Right-of-Way across the SE1/4 NW1/4 and NW1/4 NW1/4 for a water pipeline. (1.21 acres).

Township 15 South Range 10 East, Section <sup>2</sup>11, SLBM (pg 2)

A 20' Right-of-Way across the SW1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 and NE1/4 NW1/4 for a water pipeline and pumphouse facility. (3.97 acres).

This legal description is for the permit area of the C.V. Spur Coal Processing and Loadout Facility. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- B. immediate implementation of measures necessary to comply; and
- C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.



Sec. 8 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 9 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 10 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 11 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 12 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

*Note: Eugene Pelland's stated in Bill's memo. Top*

*April 18, 1994*

FEDERAL

Permit Number ACT/007/022, August 7, 1989

Attach Special Condition:

*You can use updated format. This is really old. Note: Permit Term.*

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

*See attached*

This permit, ACT/007/022, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Beaver Creek Coal Company  
P. O. Box 1378  
Price, Utah 84501  
(801) 637-5050

*Mountain Coal Co  
P.O. Box 591  
Somerset, CO  
Mountain Coal Co*

for the C.V. Spur Coal Processing and Loadout Facility. ~~Beaver Creek Coal Company~~ is the owner of certain fee-owned parcels. A performance bond is filed with the DOGM in the amount of \$2,441,745.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 **STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 **PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands (~~as shown on the map appended as C.V. Spur Coal Processing and Loadout Facility, Attachment B~~) within the permit area at the C. V. Spur Coal Processing and Loadout Facility, situated in the state of Utah, Carbon County, and located:

Township 15 South, Range 10 East, Section 11, SLBM

W1/2 SW1/4 except 0.24 acres in the northwest corner, NE1/4 SW1/4 except East 100 ft., SE1/4 SW1/4, except East 100 ft.

This legal description is for the permit area (as shown on Attachment B) of the C.V. Spur Coal Processing and Loadout Facility. The permittee is authorized to conduct underground coal mining operations and related surface activities on the foregoing described property subject to the conditions of applicable conditions, laws and regulations.

*Insert  
pg. 3*

- Sec. 3 PERMIT TERM - This permit ~~becomes~~<sup>expires</sup> effective on August 7, 1989 and ~~expires~~ on August 7, 1994.
- Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment, or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and UMC 788.17-.19.
- Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. have the rights of entry provided for in 30 CFR 840.12, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and
  - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
  - B. immediate implementation of measures necessary to comply; and
  - C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

- Sec. 8 **DISPOSAL OF POLLUTANTS** - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 9 **CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:
- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
  - B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 10 **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 11 **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 12 **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act and the approved Utah State Program and the Federal Lands Program.
- Sec. 13 **CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 14 **APPEALS** - The permittee shall have the right to appeal as provided for under UMC 787.
- Sec. 15 **SPECIAL CONDITIONS** - The permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: *Dianne R. Nielson*  
Date: 8-7-89

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

*Richard P. Felt*  
Authorized Representative of  
the Permittee  
Date: 8/7/89

APPROVED AS TO FORM:

By: *David Hunter*  
Assistant Attorney General  
Date: 8/7/89

**Attachment A**

Utah Division of Oil, Gas and Mining  
Five-Year Permit Renewal  
C.V. Spur Coal Processing and Loadout Facility  
ACT/007/022  
August 7, 1989

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.

*a*

FEDERAL

PERMIT  
ACT/007/022

April 18, 1994

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

This permit, ACT/007/022, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Mountain Coal Company**  
P.O. Box 591  
Somerset, CO 81434  
(303) 929-5015

for the C.V. Spur Coal Processing and Loadout Facility. A Surety Bond is filed with the Division in the amount of \$2,441,745.00, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM). The Division must receive a copy of this permit signed and dated by the permittee.

**Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

**Sec. 2 PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the C.V. Spur Coal Processing and Loadout Facility situated in the state of Utah, Carbon County, and located in:

Township 15 South, Range 10 East, Section 11, SLB & M

W1/2 SW1/4 except 0.24 acres in the northwest corner, NE1/4 SW1/4 except East 100 ft., SE1/4 SW1/4, except East 100 ft. and 5.42 acres in SW corner.

Township 15 South, Range 10 East, Section 11, SLB & M

A 20' Right-of-Way across the SE1/4 NW1/4 and NW1/4 NW1/4 for a water pipeline. (1.21 acres).

Township 15 South Range 10 East, Section 2, SLB&M

A 20' Right-of-Way across the SW1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 and NE1/4 NW1/4 for a water pipeline and pumphouse facility. (3.97 acres).

This legal description is for the permit area of the C.V. Spur Coal Processing and Loadout Facility. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

**Sec. 3**      **COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

**Sec. 4**      **PERMIT TERM** - This permit expires on August 7, 1994..

**Sec. 5**      **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.

**Sec. 6**      **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:

(a)      have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;

(b)      be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

**Sec. 7**      **SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and

approved for the term of the permit and which are subject to the performance bond.

**Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) Any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

**Sec. 9 DISPOSAL OF POLLUTANTS** -The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

**Sec. 10 CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

**Sec. 11 EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

- Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas with the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If, during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 18 SPECIAL CONDITIONS** - There are special conditions associated with this permitting action, as described in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

**ACT/007/022**  
**Permit**  
**April 18, 1994**  
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**THE STATE OF UTAH**

By: \_\_\_\_\_

Date: \_\_\_\_\_

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

**PERMITTEE**

\_\_\_\_\_  
Authorized Representative of  
the Permittee

\_\_\_\_\_  
Date

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**ATTACHMENT A**

**Special Conditions**

REVISED SIGNATURE PAGE - Permittee: Eugene DiClaudio  
Division: James Carter.

Permit expiration date remains as currently listed: August 7, 1994.

STIPULATION NO. 1 - Permittee will submit all sediment control information required under Utah Coal Mining Rules, paragraph R645-301-742.240 or R645-301-742.231 by June 1, 1994 for the Price River Pipeline. Currently, the existing permit does not have any stipulation or conditions as an attachment to the permit.

- 235. Notice of Decision. The Division will send copies of its decision to the applicant, to each person who filed comments or objections on the renewal, to each party to any informal conference held on the permit renewal, and to the Office.
- 236. Administrative and Judicial Review. Any person having an interest which is or may be adversely affected by the decision of the Division will have the right to administrative and judicial review set forth in R645-300-200.

R645-303-300. Transfer, Assignment, or Sale of Permit Rights.

- 310. General Information. No transfer, assignment, or sale of rights granted by a permit will be made without the prior written approval of the Division.
- 320. Application Requirements. An applicant for approval of the transfer, assignment, or sale of permit rights will:
  - 321. Provide the Division with an application for approval of the proposed transfer, assignment, or sale including:
    - 321.100. The name and address of the existing permittee and permit number or other identifier;
    - 321.200. A brief description of the proposed action requiring approval; and
    - 321.300. The legal, financial, compliance, and related information required by R645-301-100 for the applicant for approval of the transfer, assignment, or sale of permit rights;
  - 322. Advertise the filing of the application in a newspaper of general circulation in the locality of the operations involved, indicating the name and address of the applicant, the permittee, the permit number or other identifier, the geographic location of the permit, and the address to which written comments may be sent; and
  - 323. Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.
  - 330. Public Participation. Any person having an interest which is or may be adversely affected by a decision on the transfer, assignment, or sale of permit rights, including an official of any federal, state, or local government agency, may submit written comments on the application to the Division, within 30 days of the advertisement publication described under R645-303-322.
  - 340. Criteria for Approval. The Division may allow a permittee to transfer, assign, or sell permit rights to a successor, if it finds in writing that the successor:
    - 341. Is eligible to receive a permit in accordance with R645-300-132 and R645-300-133;
    - 342. Has submitted a performance bond or other guarantee, or obtained the bond coverage of the original permittee, as required by R645-301-800; and
    - 343. Meets any other requirements specified by the Division.
  - 350. Notification.
  - 351. The Division will notify the permittee, the successor, commentators, and the Office of its findings.

- 352. The successor will immediately provide notice to the Division of the consummation of the transfer, assignment, or sale of permit rights.
- 360. Continued Operation Under Existing Permit. The successor in interest will assume the liability and reclamation responsibilities of the existing permit and will conduct the coal mining and reclamation operations in full compliance with the State Program and the terms and conditions of the existing permit, unless the applicant has obtained a new or revised permit as provided in the R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303.

KEY: reclamation, coal mines  
1990

40-10-1 et seq.

4/29

Jim/Lowell -

These are the regulations re: bonding and bonding for a permit transfer. They are vague. With the Oak Valley Canyon said no. Scott Anderson has called and asked. I said no, on the basis that there may be problems high Mountain Coal holding the bond: Savage being the permittee. He may call you. (scott) PSM

BOND PROBLEMS BUT NOT PERMITTED

## R645. Natural Resources; Oil, Gas and Mining; Coal.

## R645-301. Coal Mine Permitting: Permit Application Requirements.

*R645-301-800. Bonding and Insurance.**810. Bonding Definitions and Division Responsibilities**820. Requirement to File a Bond**830. Determination of Bond Amount**840. General Terms and Conditions of the Bond**850. Bonding Requirements for UNDERGROUND COAL MINING AND RECLAMATION ACTIVITIES and Associated Long-Term Coal-Related Surface Facilities and Structures**860. Forms of Bonds**870. Replacement of Bonds**880. Requirement to Release Performance Bonds**890. Terms and Conditions for Liability Insurance*

## R645-301-800. Bonding and Insurance.

The rules in R645-301-800 set forth the minimum requirements for filing and maintaining bonds and insurance for coal mining and reclamation operations under the State Program.

**810. Bonding Definitions and Division Responsibilities.**

811. Terms used in R645-301-800 may be found defined in R645-100-200.

**812. Division Responsibilities -- Bonding.**

812.100. The Division will prescribe and furnish forms for filing performance bonds.

812.200. The Division will prescribe by regulation terms and conditions for performance bonds and insurance.

812.300. The Division will determine the amount of the bond for each area to be bonded, in accordance with R645-301-830. The Division will also adjust the amount as acreage in the permit area is revised, or when other relevant conditions change according to the requirements of R645-301-830.400.

812.400. The Division may accept a self-bond if the permittee meets the requirements of R645-301-860.300 and any additional requirements in the State or Federal program.

812.500. The Division will release liability under a bond or bonds in accordance with R645-301-880 through R645-301-880.800.

812.600. If the conditions specified in R645-301-880.900 occur, the Division will take appropriate action to cause all or part of a bond to be forfeited in accordance with procedures of that Section.

812.700. The Division will require in the permit that adequate bond coverage be in effect at all times. Except as provided in R645-301-840.520, operating without a bond is a violation of a condition upon which the permit is issued.

**820. Requirement to File a Bond.**

820.100. After a permit application under R645-301 has been approved, but before a permit is issued, the applicant will file with the Division, on a form prescribed and furnished by the Division, a bond or bonds for performance made payable to the Division and conditioned upon the faithful

performance of all the requirements of the State Program, the permit and the reclamation plan.

820.110. Areas to be covered by the Performance Bond are:

820.111. The bond or bonds will cover the entire permit area, or an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit.

820.112. As coal mining and reclamation operations on succeeding increments are initiated and conducted within the permit area, the permittee will file with the Division an additional bond or bonds to cover such increments in accordance with R645-830.400.

820.113. The operator will identify the initial and successive areas or increments for bonding on the permit application map submitted for approval as provided in the application, and will specify the bond amount to be provided for each area or increment.

820.114. Independent increments will be of sufficient size and configuration to provide for efficient reclamation operations should reclamation by the Division become necessary pursuant to R645-301-880.900.

820.120. An operator will not disturb any surface areas, succeeding increments, or extend any underground shafts, tunnels, or operations prior to acceptance by the Division of the required performance bond.

820.130. The applicant will file, with the approval of the Division, a bond or bonds under one of the following schemes to cover the bond amounts for the permit area as determined in accordance with R645-301-830:

820.131. A performance bond or bonds for the entire permit area;

820.132. A cumulative bond schedule and the performance bond required for full reclamation of the initial area to be disturbed; or

820.133. An incremental-bond schedule and the performance bond required for the first increment in the schedule.

820.200. Form of the Performance Bond.

820.210. The Division will prescribe the form of the performance bond.

820.220. The Division may allow for:

820.221. A surety bond;

820.222. A collateral bond;

820.223. A self-bond; or

820.224. A combination of any of these bonding methods.

820.300. Period of Liability.

820.310. Performance bond liability will be for the duration of the coal mining and reclamation operations and for a period which is coincident with the operator's period of extended responsibility for successful revegetation provided in R645-301-356 or until achievement of the reclamation



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)

March 6, 1994

TO: James W. Carter, Director

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

RE: Legal Assistance Requested, Reclamation Agreement and Title V Bonding Documents

The Reclamation Agreement and Bonding Documents should be reviewed by legal. These documents were developed about eight years ago and should be reviewed for current legal adequacy.

Your consideration of this request is appreciated.

cc: Lowell Braxton