



Legal
555 Seventeenth Street
Denver, Colorado 80202
Telephone 303 293 4230
Facsimile 303 293 4098

Scot W. Anderson
Senior Attorney

June 15, 1995

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

Re: CV Spur Bond

Dear Jim:

I have enclosed the original of the document requested by the State of Utah entitled "Addition of Co-Principal, Savage Industries, Inc. Under Bond Number U-629894 for Permit ACT/0071/022." Please provide this document to the State. I will retain a photocopy for our files.

This step should bring to a close the bonding of the CV Spur. Thank you for your patience.

Sincerely,

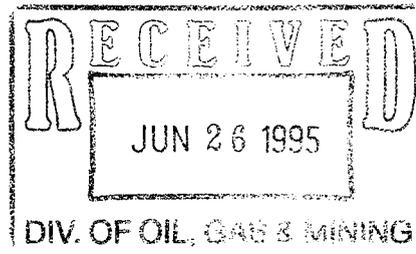
A handwritten signature in black ink, appearing to read "Scot W. Anderson", written in a cursive style.

Scot W. Anderson

SWA:klp

Enclosure

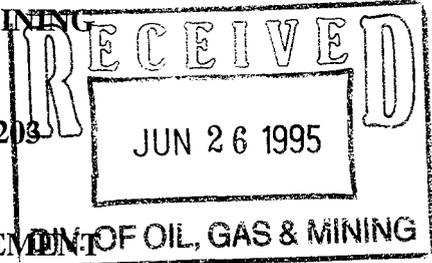
cc: D. M. Arnolds (w/o Enclosure)
J. E. Fisher (w/o Enclosure)



Revised October 1990
RECLAMATION AGREEMENT

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

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



COAL RECLAMATION AGREEMENT
--ooOOoo--

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

"PERMIT": (Mine Permit No.) ACT/007/022 (County) CARBON
"MINE": (Name of Mine) SAVAGE COAL TERMINAL
"PERMITTEE": (Company or Name) SAVAGE INDUSTRIES INC.
(Address) 5250 South 300 West, Suite 200
Salt Lake City, Utah 84107
"PERMITTEE'S REGISTERED AGENT": (Name) C.T. CORPORATION SYSTEMS
(Address) 50 West Broadway
(Phone) Salt Lake City, Utah 84101
1-800-411-9820
"COMPANY OFFICERS": SEE ATTACHED LIST
"BOND TYPE": (Form of Bond) _____
"BOND": (Bond Amount-Dollars) _____
(Escalated Year-Dollars) _____
"INSTITUTION": (Bank or Agency) _____
POLICY OR ACCOUNT NUMBER _____
"LIABILITY INSURANCE": (Exp.) 4/01/95
(Insurance Company) ACCEPTANCE INSURANCE COMPANY
"STATE": Utah Department of Natural Resources
"DIVISION": Division of Oil, Gas and Mining
"DIVISION DIRECTOR" James Carter

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

Updated January 1991

RECLAMATION AGREEMENT

(C O A L)

CONTENTS:

Reclamation Agreement

Exhibit "A"
Surface Disturbance

Exhibit "B"
Bonding Agreement
Surety Bond
Collateral Bond

Exhibit "C"
Liability Insurance

Exhibit "D"
Stipulation to Revise Reclamation Agreement

Affidavits of Qualification

Power of Attorney

RECL.AGR

RECLAMATION AGREEMENT

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

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

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

WHEREAS, the Permittee is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws & regulations relating to the reclamation of the Property; **and**

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

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

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

RECLAMATION AGREEMENT

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

RECLAMATION AGREEMENT

14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.

SO AGREED this 22nd day of NOVEMBER, 1994

STATE OF UTAH:

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

PERMITTEE:

Company Officer - Position



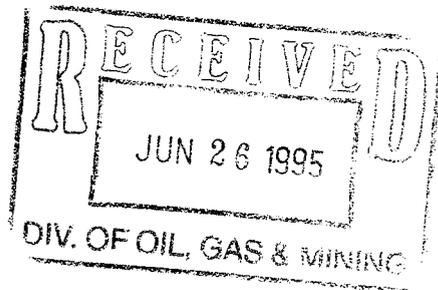
Company Officer - Position
JAMES T. JENSEN
EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the Principal is a corporation, the Agreement shall be executed by its duly authorized officer.

Page 4 of ____

RECLAMATION AGREEMENT

EXHIBIT "A"
SURFACE DISTURBANCE
LEGAL DESCRIPTION



Revised October 1990
Exhibit "A" - SURFACE DISTURBANCE

Permit Number: _____
Effective Date: _____

SURFACE DISTURBANCE
--ooOOoo--

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

Total acres of **SURFACE DISTURBANCE**: 122.28

Legal Description of **SURFACE DISTURBANCE**:

SEE ATTACHED LEGAL DESCRIPTION

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

Savage Industries Inc.

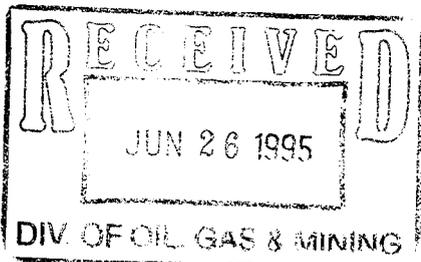
IN WITNESS WHEREOF ~~the SURETY~~ has hereunto set its signature and seal this
22nd day of NOVEMBER, 1994.

Savage Industries Inc.

SURETY

By: James T. Jensen

Title: Executive Vice President



LEGAL DESCRIPTION OF SURFACE DISTURBANCE

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

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

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Collateral Bond

CERTIFICATE

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

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

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

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

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

[SEAL]

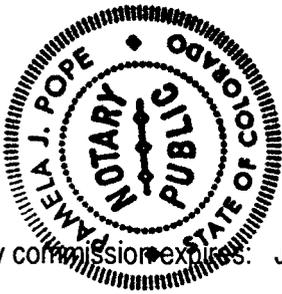


Thomas F. Linn
Assistant Secretary

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

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

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



Pamela J. Pope

Notary Public

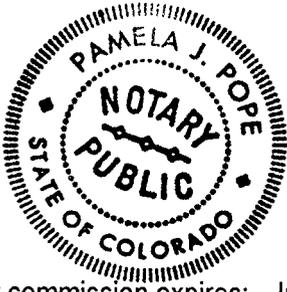
Address: Denver, Colorado

My commission expires: June 21, 1995

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

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

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



Pamela J. Pope

Notary Public

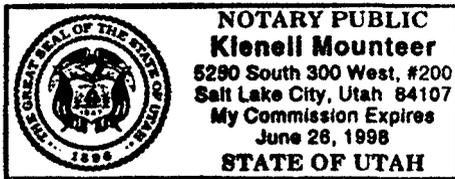
Address: Denver, Colorado

My commission expires: June 21, 1995

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

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

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



Klenell Munteer

Notary Public

Address: Salt Lake City, Utah

My commission expires: June 26, 1998

Page ____ of ____

EXHIBIT "B"

SURETY BOND
(NON-FEDERAL COAL)

EXHIBIT "C"
LIABILITY INSURANCE

Revised October 1990

CERTIFICATE OF LIABILITY INSURANCE

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

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

UNDERWRITING AGENT:

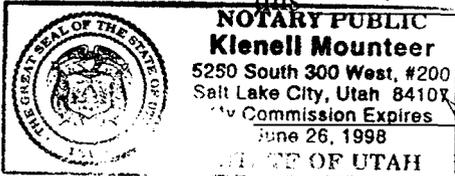
<u>KIM A. EVANS</u>	<u>(801) 539-7400</u>
(Agent's Name)	(Phone)
<u>JOHNSON & HIGGINS</u>	
(Company Name)	
<u>60 EAST SOUTH TEMPLE, #1600</u>	<u>SALT LAKE CITY, UTAH 84111</u>
(Mailing Address)	(City, State, Zip Code)

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

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

Signed and sworn before me by KIM A. EVANS

this 17th day of NOVEMBER, 19 94.



Klenell Mounter
 (Signature)

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

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Revised October 1990

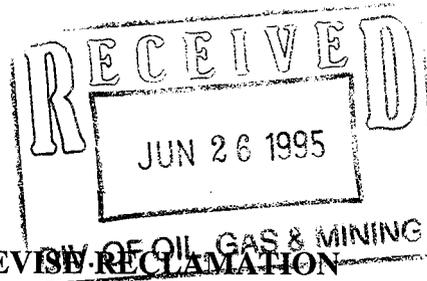
Exhibit "D" - **STIPULATION TO REVISE RECLAMATION AGREEMENT**

Permit Number: _____

Effective Date: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

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



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

_____ Replace the **RECLAMATION AGREEMENT** in its entirety.

_____ Replace Exhibit "A" - **SURFACE DISTURBANCE**.

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

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

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

The **SURFACE DISTURBANCE** is revised from _____ acres to _____ acres.

The **EXPIRATION DATE** is revised from _____ to _____.

The **LIABILITY INSURANCE** carrier is changed from _____ to _____.

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

Revised October 1990

Exhibit "D" - **STIPULATION TO REVISE RECLAMATION AGREEMENT**

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

PERMITTEE

By: _____

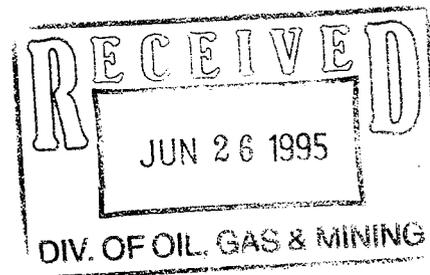
Title: _____

ACCEPTED BY THE STATE OF UTAH:

Director, Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

AFFIDAVITS OF QUALIFICATION



Last Revised, July 1989

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

I, Dianne R. Nielson, being first duly sworn under oath, deposes and says that she is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that she is duly authorized to execute and deliver the foregoing obligations; and that said **DIRECTOR** is authorized to execute the same by authority of law on behalf of the State of Utah.

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

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

Notary Public

My Commission Expires:
_____, 19 _____.

Attest:

STATE OF _____)
COUNTY OF _____) ss:

Last Revised, July 1989

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

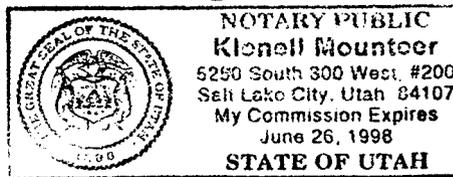
I, JAMES T. JENSEN, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) EXECUTIVE VICE PRESIDENT of SAVAGE INDUSTRIES INC.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the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

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

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

Kionell Moutoer
Notary Public

My Commission Expires:
June 26, 1998, 19 .



Attest:

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

Last Revised, July 1989

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

--ooOOoo--

I, KIM A. EVANS, being first duly sworn under oath, deposes and says that he/she is the (~~officer~~ ~~or~~ agent) AGENT of ACCEPTANCE INSURANCE COMPANY; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **INSTITUTION** (Bank or Agency) is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

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

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

Kleen Moutter
Notary Public

My Commission Expires:

JUNE 26, 1998.



Attest:

STATE OF Utah)
COUNTY OF Salt Lake) ss:

POWER OF ATTORNEY

Last Revised, July 1989

POWER OF ATTORNEY

--ooOOoo--

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

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

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

Secretary

President

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

Notary Public

My Commission Expires:
_____, 19 _____.

Attest:

STATE OF _____)
COUNTY OF _____) ss: