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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)

July 6, 1995

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

Re: Permit Transfer from Mountain Coal Company to Savage Industries, Inc.,
Savage Coal Terminal (Previously C.V. Spur Coal Processing and Loadout
Facility), Savage Industries, Inc. ACT/007/022-94B, Folder #3, Carbon County,
Utah

Dear Mr. Jensen:

The permit transfer for the Savage Coal Terminal (previously the C.V. Spur Coal Processing and Loadout Facility) from Mountain Coal Company to Savage Industries, Inc. is approved. Please sign both copies of the permit and return one to the Division. The stipulation to the permit must be adequately addressed by August 21, 1995.

If you have any questions, please call me.

Very truly yours,

A handwritten signature in cursive script that reads "James W. Carter".

James W. Carter
Director

Enclosure

cc: Paige Beville, Mountain Coal Company
James Fulton, OSM-WRR (Denver)
Art Abbs, OSM-AFO (w/o enclosure)
Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich

Utah Division of Oil, Gas, and Mining
State Decision Document
Permit Transfer
From Mountain Coal Company
To Savage Industries Inc.
Savage Coal Terminal
(Previously C.V. Spur Coal Processing and Loadout Facility)
ACT/007/022

July 6, 1995

Contents

- * Administrative Overview
- * Location Map
- * Permit Transfer Chronology
- * Findings
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- * Affidavits of Publication
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Permit Transfer
Savage Coal Terminal
(Previously C.V. Spur Coal Processing and Loadout Facility)
ACT/007/022

Administrative Overview

BACKGROUND

C.V. Spur Coal Processing and Loadout Facility was purchased in 1977 from Utah Power and Light Company, which used the site for a coal loadout. Since, 1977, both coal loading and processing have occurred at the facility. A permanent program permit was issued on August 6, 1984, and subsequently renewed on August 6, 1989 and August 6, 1994.

The permit area is located approximately four miles south-southeast of Price, Utah, and approximately one mile from the Price River floodplain. The site is characterized by gently sloping terrain. Soils are fine textured and saline, supporting a salt desert vegetation community.

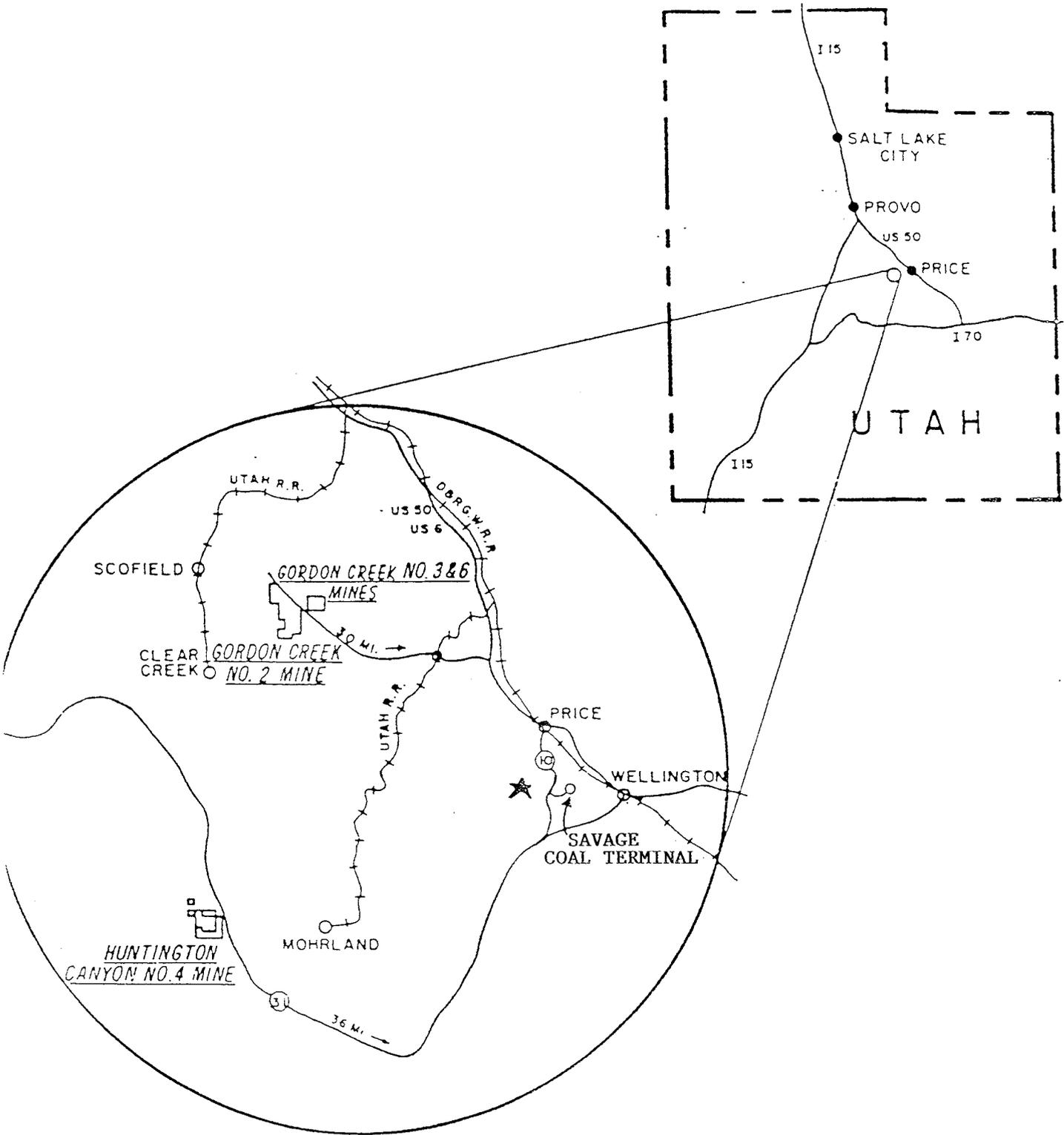
Approximately one million tons of coal per year is handled through C.V. Spur Coal Processing and Loadout Facility, although the facility is capable of cleaning 1.5 million tons and loadout two million tons per year.

The permit was transferred from Beaver Creek Coal Company to Mountain Coal Company on November 13, 1992. The applicant published the notice for this permit transfer application on May 17, 1994.

RECOMMENDATION

Approval of this permit transfer is recommended, based on the review and adequacy of the permit transfer application, the adequacy of the bond and liability insurance, and the AVS check. The permit transfer should be approved. The permit will expire on August 7, 1999.

SAVAGE INDUSTRIES, INC.



Permit Transfer
Savage Coal Terminal
(Previously C.V. Spur Coal Processing and Loadout Facility)
ACT/007/022

Chronology

- | | |
|--------------------|--|
| May 13, 1994 | Savage Industries Inc. submits the permit transfer application. |
| May 17, 1994 | The permit transfer application is published in the local newspaper. |
| June 20, 1994 | Division review from Paul Baker to Daron Haddock with deficiencies noted. |
| August 16, 1994 | Division position sent to James Jensen, Savage industries Inc., in regard to permit transfer and surety requirements. The position included the Attorney General opinion on the Reclamation Agreement. |
| September 2, 1994 | Division receives response to deficiencies except the Lease Agreement. |
| September 6, 1994 | The permit transfer application is published again. |
| September 20, 1994 | Letter from James Jensen submits a copy of the Lease Agreement with Option to Purchase between Mountain Coal Company and Savage Industries Inc. |
| September 30, 1994 | Letter from James Jensen requesting name change to Savage Coal Terminal when the permit transfer is approved and the request to change the signs upon approval of the permit transfer. |
| October 3, 1994 | Letter from James Jensen requests that the name of C.V. Spur Coal Processing and Loadout Facility be changed to Savage Coal Terminal simultaneous with the permit transfer. |
| November 1, 1994 | Savage Industries, Inc. responds to last remaining deficiencies. |

November 10, 1994	Daron Haddock and Tom Mitchell meet with James Jensen. Division has determined that Savage Industries Inc., has met all the requirements for permit transfer and upon posting of appropriate surety, the transfer will be granted.
November 15, 1994	Reclamation Agreement is sent to Savage Industries Inc. to complete.
February 17, 1995	Daron Haddock and Tom Mitchell meet with James Jensen to discuss bond adequacy.
June 9, 1995	Addition of Co-Principal, Savage Industries, Inc., Under Bond Number U-629894, agreement signed this date by Surety.
June 26, 1995	Bond and Reclamation Agreement submitted to the Division.
June 27, 1995	Savage Industries, Inc. notified that liability insurance has expired.
July 5, 1995	Certificate of Insurance submitted to the Division.
July 6, 1995	Permit transferred from Mountain Coal Company to Savage Industries, Inc. and name changed to Savage Coal Terminal.

Permit Transfer
Savage Coal Terminal
(Previously C.V. Spur Coal Processing and Loadout Facility)
ACT/007/022

Findings

- 1) All procedures for public participation required by the Act, and the approved Utah State Program have been complied with. (R645-300-120) Affidavit of publication for permit transfer publication dated May 17, 1994. No adverse comments received.
- 2) The permit application is accurate and complete and all requirement of the Act and the approved Utah State Program have been complied with (R645-300-133.100) See attached Findings for Permit Renewal, dated August 7, 1994 and August 7, 1989 and August 7, 1984.
- 3) The permit area is:
 - (a) Not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - (b) not included within an area designated unsuitable for underground coal mining operations (R645-300-133.200); and
 - (c) not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc.), 761.11 {f} (public buildings, etc.) and 761.11 {g} cemeteries).
- 4) The Division has made an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation operation on the hydrologic balance in the cumulative impact area and has determined that the proposed operation has been designed to prevent material damage to the hydrologic balance outside the permit area. The permit application has been designed to prevent damage to the hydrologic balance in the proposed permit area (R645-300-133.400 and UCA 40-10-11 {2} {c}). See attached CHIA for C.V. Spur Coal Processing Facility.

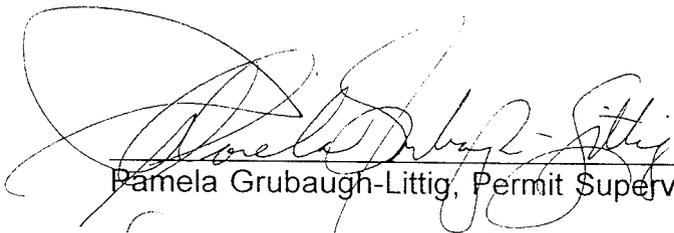
Permit Transfer
C.V. Spur Coal Processing and Loadout Facility
Page 2

- 5) The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species ACT of 1973 (16 U.S.C. 1531 et. seq.) (R645-300-133.500). See attached TA, UMC 817.97 dated August 7, 1989.
- 6) The Division's issuance of this permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800) and (R645-300-133.600). See attached letter dated May 26, 1989.
- 7) Savage Industries Inc. has demonstrated that reclamation as required by the State Program can be accomplished according to information given in the permit. See attached TA, UMC 786.19, dated August 7, 1989.
- 8) It has been demonstrated that any existing structures will comply with the applicable performance standards of R645-301 and R645-302. (R645-300-133.720) See attached TA, UMC 817.18, dated August 7, 1989.
- 9) Savage Industries Inc. has paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870. A 510 (c) report has been run on the Applicant violator System (AVS) which shows that: prior violation or applicable laws and regulation have been corrected; Savage Industries Inc., is not delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the successor does not control and has not controlled mining operation with a demonstrated pattern of wilful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provision of the Act (R645-300-132) {OSMRE Recommendation Report dated July 5, 1995 and memo to file dated July 5, 1995}
- 10) Savage Industries Inc. has satisfied the applicable requirement of R645-302, Special Categories and Areas of Mining, See attached TA, UMC 785.19 and UMC 828.00.

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

11) Savage Industries Inc. has provided evidence of having liability insurance. (R645-301-890) (Continental Casualty Co. Policy #GL002521823, policy effective 04/01/95 to 04/01/96)

12) Savage Industries Inc. has been added as co-principal with Mountain Coal Company to United Pacific reclamation performance bond (U-629894) in the amount of \$2,728,178.000 made payable to the Division of Oil, Gas, and Mining and the Office of Surface Mining Reclamation and Enforcement. (See Rider Agreement dated June 9, 1995)



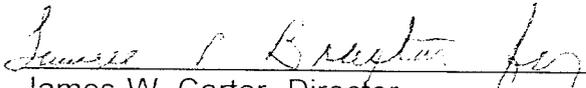
Pamela Grubaugh-Littig, Permit Supervisor



Daron Haddock, Permit Supervisor



Lowell P. Braxton, Associate Director, Mining



James W. Carter, Director

FEDERAL

PERMIT
ACT/007/022

July 6, 1995

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:

Savage Industries, Incorporated
5250 South 300 West
Salt Lake City, Utah 84107
(801) 263-9400

for the Savage Coal Terminal (previously the C.V. Spur Coal Processing and Loadout Facility). A Surety Bond is filed with the Division in the amount of \$2,728,178.00, 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 Savage Coal Terminal 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, and 5.42 acres in SW corner. NE1/4 SW1/4 except East 100 ft., SE1/4 SW1/4, except East 100 ft.

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

A 20' Right-of-Way across the SE1/4 NW1/4, NW1/4 NW1/4, and SW 1/4 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, NE1/4 NW1/4, and SE 1/4 NW1/4 for a water pipeline and pumphouse facility. (3.97 acres).

This legal description is for the permit area of the Savage Coal Terminal. The permittee is authorized to conduct underground coal mining and reclamation 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 becomes effective on July 6, 1995 and expires on August 7, 1999.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:
- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
 - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

- Sec. 7** **SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8** **ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:
- (a) Any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
 - (b) Immediate implementation of measures necessary to comply; and
 - (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
- Sec. 9** **DISPOSAL OF POLLUTANTS** -The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 10** **CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:
- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
 - (b) Utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 11** **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12** **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13** **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14** **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15** **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit 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** - In addition to the general obligations and/or requirements, 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

ACT/007/022
Permit
July 6, 1995
Page 5

subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: James P. Baughman Jr.

Date: 7-6-95

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

PERMITTEE

James T. Jensen
Authorized Representative of Permittee
July 6, 1995
Date

ACT/007/022
Permit
July 6, 1995
Page 6

ATTACHMENT 'A'

Within 45 days of approval of this permit transfer (August 21, 1995), Savage Industries, Inc. must submit seven (7) copies of the revised legal and financial section of the plan, which reflect the changes as a result of the transfer and new ownership. The approved plan still references Mountain Coal Company, Beaver Creek Coal Company, or C.V. Spur Coal Processing and Loadout Facility. Cover pages, including disclaimer statements, must be submitted for the plan which make it clear that Savage Industries, Inc. is the successor in interest of the site as Permittee and that Savage Coal Terminal is the former C.V. Spur Coal Processing and Loadout Facility.



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

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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)

July 5, 1995

TO: File

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

RE: Compliance Review for Section 510 (c) Findings, Permit Transfer to Savage Industries, Inc. from Mountain Coal Company, Savage Coal Terminal (Previously C.V. Spur Coal Processing and Loadout Facility), ACT/007/022-94B, Folders #3 and #5, Carbon County, Utah

As of the writing of this memo there is an "issue" recommendation from the Applicant Violator System for ACT/007/022. This issue represents an entity check for both Savage Industries, Inc. and Mountain Coal Company.

As of the writing of this memo, there are no violations or cessation orders which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of either Savage Industries, Inc. or Mountain Coal Company. Neither Savage Industries, Inc. nor Mountain Coal Company have a demonstrated pattern of wilful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

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

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
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SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/28/95

RCM_MNT(F7) PERMIT/APPL(F8)
 PRV_SCR(F3) EVOFT(F5) CHOICES(F10)

▪ avsdg

08 25

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

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▪ avsdg

08 25

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Applicant : 135986(SAVAGE INDUSTRIES INC.)		Seqno : 1

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
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State :	Permit No :	Appl No :	Seqno :
Applicant : 109235(MOUNTAIN COAL CO)			

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	05/01/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
 ■ avsdg

08 23

State :	Permit No :	Appl No :	Seqno :
Applicant : 109235(MOUNTAIN COAL CO)			

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	05/01/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
 ■ avsdg

08 23

State :	Permit No :	Appl No :	Seqno :
Applicant : 109235(MOUNTAIN COAL CO)			

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
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SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	05/01/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
■ avsdg

08 23

State :	Permit No :	Appl No :
Applicant : 135986(SAVAGE INDUSTRIES INC.)		Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/09/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
 ■ avsdg

08:24

State :	Permit No :	Appl No :
Applicant : 135986(SAVAGE INDUSTRIES INC.)		Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/09/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
 ■ avsdg

08:24

State :	Permit No :	Appl No :
Applicant : 135986(SAVAGE INDUSTRIES INC.)		Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
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SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/09/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
■ avsdg

08 24

Entity Evaluation Applicant Violator System 05-Jul-1995 10:25:55

State :	Permit No :	Appl No :	Seqno :
Applicant : 135986(SAVAGE INDUSTRIES INC.)			

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/09/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
■ avsdg

08 24

Entity Evaluation Applicant Violator System 05-Jul-1995 10:25:55

State :	Permit No :	Appl No :	Seqno :
Applicant : 135986(SAVAGE INDUSTRIES INC.)			

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION	: ISSUE	07/05/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	06/09/95

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

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

6th day of September, 1994

and that the last publication of such notice was in the issue of such newspaper dated the

.....day of....., 19.....

Kevin Ashby

Subscribed and sworn to before me this

.....6th.....day of...September....., 1994..

Linda Thayne
Notary Public

My Commission expires January 10, 1995

Residing at Price, Utah

Publication fee, \$ 46.80

**PROPOSED NEWSPAPER ADVERTISEMENT
PUBLIC NOTICE**

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

The applicant is:

Savage Industries Inc.
E250 South 300 West
Suite 200
Salt Lake City, Utah 84107

The original permittee is:

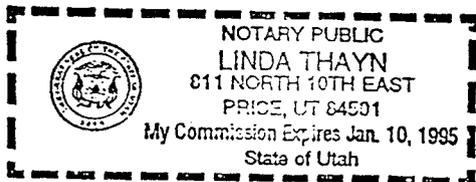
Mountain Coal Company
P.O. Box 591
Somerset, Colorado 81434

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

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

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

Published in the Sun Advocate September 6, 1994.

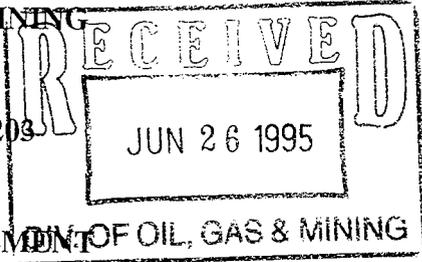


Revised October 1990
RECLAMATION AGREEMENT

Permit Number: ACT/007/022
Date Original Permit Issued: 8/6/94
Effective Date of Agreement: 7/6/95

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 84180-1209
(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
Salt Lake City, Utah 84101
(Phone) 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
Continental Casualty

"STATE": Utah Department of Natural Resources

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR" James Carter

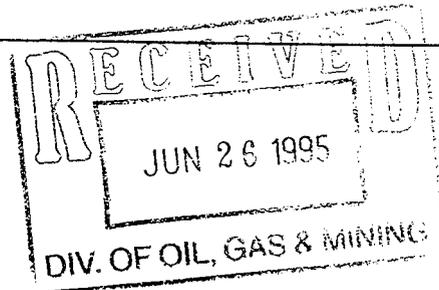
EXHIBITS:

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

SAVAGE INDUSTRIES INC.

Officers and Directors

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



Updated January 1991

RECLAMATION AGREEMENT

(C O A L)

CONTENTS:

Reclamation Agreement

Exhibit "A"
Surface Disturbance

Exhibit "B"
Bonding Agreement
Surety Bond
Collateral Bond

Exhibit "C"
Liability Insurance

Exhibit "D"
Stipulation to Revise Reclamation Agreement

Affidavits of Qualification

Power of Attorney

RECLAMATION AGREEMENT

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

WHEREAS, on NOVEMBER July 6, 19⁹⁴ 95, 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 6th day of July, 1995, 413

STATE OF UTAH:

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

PERMITTEE:

Company Officer - Position

James T. Jensen

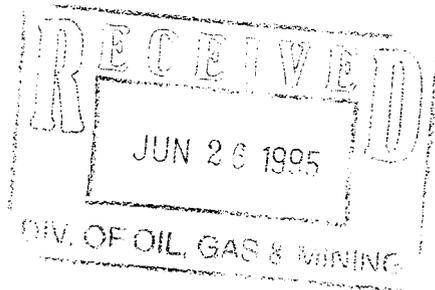
Company Officer - Position
JAMES T. JENSEN
EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL

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.

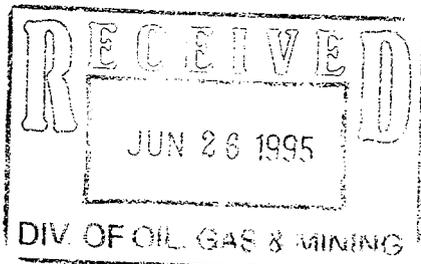
IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this
22nd day of NOVEMBER, 1994

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

ADDITION OF CO-PRINCIPAL, SAVAGE INDUSTRIES, INC.
UNDER BOND NUMBER U-629894 FOR PERMIT ACT/007/022

WHEREAS on April 22, 1987, United Pacific Insurance Company executed a bond whereby Beaver Creek Coal Company and United Pacific Insurance Company bound themselves jointly and severally unto the State of Utah, Division of Oil, Gas and Mining in the penal sum of \$550,000.00 to secure the reclamation obligation for Utah State Coal Mining Permit ACT/007/022. Attached hereto as Exhibit A and made a part hereof.

WHEREAS on August 4, 1987, Bond Number U-629894 was amended by a Rider which increased the bond amount of the bond from \$550,000.00 to \$2,017,669.00. Attached here to Exhibit B and made a part hereof.

WHEREAS on August 15, 1989 Bond Number U-629894 was amended by a Rider which increased the bond amount on the bond from the sum of \$2,017,669.00 to \$2,441,745.00. Attached as Exhibit C and made a part hereof.

WHEREAS on September 5, 1991, Bond Number U-629894 was amended by Rider to change the principal's name from Beaver Creek Coal Company to Mountain Coal Company and specific language was added:

In the event the cooperative agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the federal lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Attached hereto as Exhibit D and incorporated herein.

WHEREAS Bond Number U-629894 was amended by Rider on January 23, 1995, to provide that (1) the bond amount has been increased from \$2,441,745.00 to \$2,728,178.00; (2) Savage Industries was added as a co-principal to the bond; and

(3) specific language had been added:

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

Attached hereto as Exhibit E and made a part hereof.

WHEREAS pursuant to the Lease Agreement with Option to Purchase between Savage Industries, Inc. and Principal, Mountain Coal Company, Inc., Savage Industries, Inc., is seeking to acquire the permit presently held by Mountain Coal Company, Inc., and the Division of Oil, Gas and Mining requires that Savage Industries sign a Reclamation Agreement in its own name for the reclamation of the area covered by the Bond Number U-629894.

THEREFORE the Division of Oil, Gas and Mining requires the acknowledgment of United Pacific Insurance Company that Exhibits A through E constituting Bond U-629894 may be inserted as the Surety Bond for the performance of reclamation obligation by Savage Industries, Inc., under Permit ACT/007/022 upon the execution of the Reclamation Agreement and the transfer of Permit Act/007/022 to Savage Industries, Inc., from Mountain Coal Company, Inc.

DATED this 9th day of June, 1995.

UNITED PACIFIC INSURANCE CO.
Surety

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

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

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

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

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

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

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

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

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

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

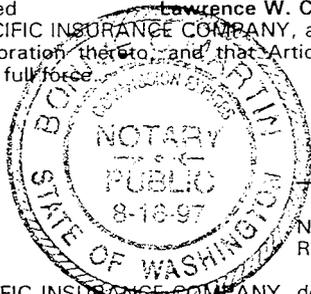
IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

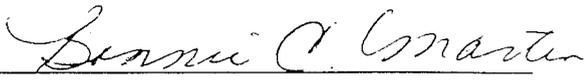
UNITED PACIFIC INSURANCE COMPANY


Vice President

STATE OF Washington }
COUNTY OF King }ss.

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




Notary Public in and for State of Washington
Residing at Sumner

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 9th day of June 19 93


Assistant Secretary

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

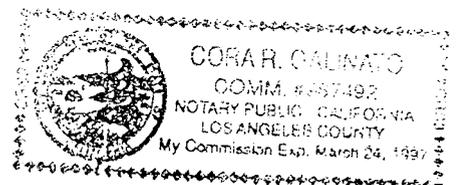
On June 9, 1995, before me, CORA R. GALINATO, NOTARY PUBLIC,

personally appeared CASSIE J. BERRISFORD

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

WITNESS my hand and official seal.

Signature *Cora R Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY
RIDER

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

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

- 1) The Bond Amount has been increased
From: Two Million Four Hundred Forty-One Thousand Seven Hundred Forty-Five and no/100 Dollars (\$2,441,745.00)
To: Two Millon Seven Hundred Twenty-Eight Thousand One Hundred Seventy-Eight and no/100 Dollars (\$2,728,178.00)
- 2) Savage Industries, Inc. added as Co-Principal.
- 3) Specific Language has been added:
"Surety acknowledges that the C.V. Spur Processing and Loadout Facility will be operated by Savage Industries, Inc. pursuant to a Lease Agreement with Option to Purchase between Savage Industries, Inc. and the Principal, Mountain Coal Company."

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

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

MOUNTAIN COAL COMPANY
Principal

By: Richard W. Pick
Nice President



UNITED PACIFIC INSURANCE COMPANY
Surety

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

SAVAGE INDUSTRIES, INC.
Principal

By: James T. Deaton
Ex V.P.

CALIFORNIA CIVIL CODE - CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
County of Los Angeles)

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

personally appeared CASSIE J. BERRISFORD

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

WITNESS my hand and official seal.

Signature *Cora R. Galinato* (Seal)



UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

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

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

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

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

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

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

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

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

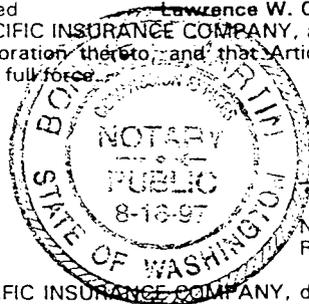
IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 8 day of October, 1993

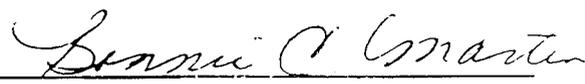
UNITED PACIFIC INSURANCE COMPANY


Vice President

STATE OF Washington }
COUNTY OF King } ss.

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




Notary Public in and for State of Washington
Residing at Sumner

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

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


Assistant Secretary

CERTIFICATE

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

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

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

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

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



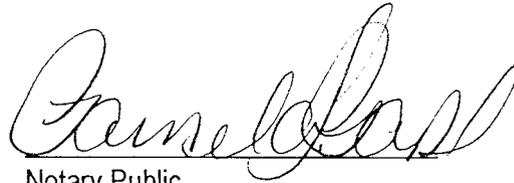
Thomas F. Linn
Assistant Secretary

[SEAL]

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

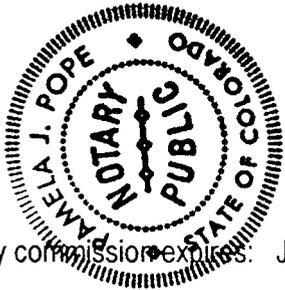
I hereby certify that on this day before me, an officer duly authorized in the State, City and County aforesaid, to take acknowledgments, personally appeared **Thomas F. Linn**, known to me to be the Assistant Secretary of Mountain Coal Company, a Delaware corporation, and to me known to be the person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

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



Notary Public

Address: Denver, Colorado

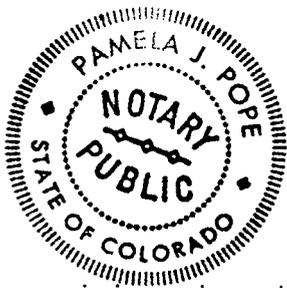


My commission expires: June 21, 1995

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

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

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



Pamela J. Pope

Notary Public

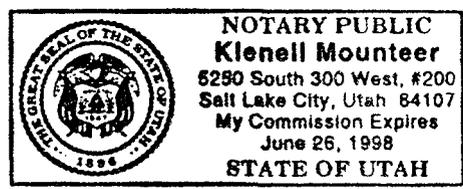
Address: Denver, Colorado

My commission expires: June 21, 1995

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

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

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



Klenell Munteer

Notary Public

Address: Salt Lake City, Utah

My commission expires: June 26, 1998

Page ____ of ____

EXHIBIT "C"
LIABILITY INSURANCE

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

3/31/95

ICER
JOHNSON & HIGGINS

60 EAST SOUTH TEMPLE, #1600
SALT LAKE CITY, UTAH 84111

KATHRYN PEHRSON
(801) 539-7476

INSURED

THE SAVAGE COMPANIES
ATT DEAN REES
5250 SOUTH 300 WEST #200
MURRAY, UT 84107

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER **A** CONTINENTAL CASUALTY CO.

COMPANY LETTER **B**

COMPANY LETTER **C**

COMPANY LETTER **D**

COMPANY LETTER **E**

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.	6L002521823	4/01/95	4/01/96	GENERAL AGGREGATE \$ 1,000,000 PRODUCTS-COMP/OP AGG. \$ 2,000,000 PERSONAL & ADV. INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 1,000,000 MED.EXPENSE(Any one person) \$ 5,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$ DISEASE-POLICY LIMIT \$ DISEASE-EACH EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / SPECIAL ITEMS (LIMITS MAY HAVE BEEN REDUCED BY PAID CLAIMS AND MAY HAVE DEDUCTIBLES OR RETENTIONS) SUBJECT TO COMPANY TERMS, CONDITIONS & EXCLUSIONS.

XCUI Coverages are included in Form.

CERTIFICATE HOLDER

State of UT, Division of Oil,
Gas & Mining, UT Dept. of
Natural Resources 3 Traid Ctr.
355 W. North Temple
Salt Lake City UT 84180-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL EXTEND TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL BE NO VALIDATION OF LIABILITY OR ANY LOSS FROM THE COMPANY'S AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[Signature]

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Revised October 1990

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

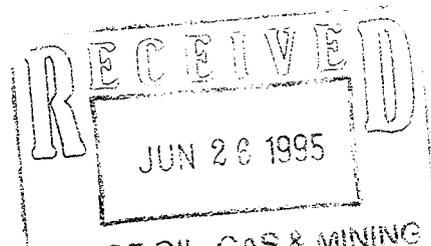
Permit Number: _____

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.

Firewood file
ACT/007/022
Copy #3

FEDERAL

PERMIT
ACT/007/022

July 6, 1995

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:

Savage Industries, Incorporated
5250 South 300 West
Salt Lake City, Utah 84107
(801) 263-9400

for the Savage Coal Terminal (previously the C.V. Spur Coal Processing and Loadout Facility). A Surety Bond is filed with the Division in the amount of \$2,728,178.00, 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 Savage Coal Terminal 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, and 5.42 acres in SW corner. NE1/4 SW1/4 except East 100 ft., SE1/4 SW1/4, except East 100 ft.

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

A 20' Right-of-Way across the SE1/4 NW1/4, NW1/4 NW1/4, and SW 1/4 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, NE1/4 NW1/4, and SE 1/4 NW1/4 for a water pipeline and pumphouse facility. (3.97 acres).

This legal description is for the permit area of the Savage Coal Terminal. The permittee is authorized to conduct underground coal mining and reclamation 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 becomes effective on July 6, 1995 and expires on August 7, 1999.
- Sec. 5** **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.
- Sec. 6** **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:
- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
 - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

Sec. 7 **SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

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

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

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

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

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

- Sec. 11** **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12** **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13** **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14** **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15** **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit 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** - In addition to the general obligations and/or requirements, 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

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subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: James P. Beckler for J.

Date: 7-6-95

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

PERMITTEE

James T. Jensen
Authorized Representative of Permittee

July 6, 1995
Date

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ATTACHMENT 'A'

Within 45 days of approval of this permit transfer (August 21, 1995), Savage Industries, Inc. must submit seven (7) copies of the revised legal and financial section of the plan, which reflect the changes as a result of the transfer and new ownership. The approved plan still references Mountain Coal Company, Beaver Creek Coal Company, or C.V. Spur Coal Processing and Loadout Facility. Cover pages, including disclaimer statements, must be submitted for the plan which make it clear that Savage Industries, Inc. is the successor in interest of the site as Permittee and that Savage Coal Terminal is the former C.V. Spur Coal Processing and Loadout Facility.

Savage Industries Inc.
C.V. Spur Processing Facility

2.0 Table of Contents (Continued)

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2.11	Newspaper Advertisement.....	2-10
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APPENDICES

Appendix 2-1	Coal Mining Permits- Approved & Pending
Appendix 2-2	Compliance History
Appendix 2-3	Certificate of Liability Insurance
Appendix 2-4	Reclamation Performance Bond
Appendix 2-5	Other Licenses and Permits
Appendix 2-6	Public Notice for Permit Transfer
Appendix 2-7	Certification Statement

*Superseded 1/25/00
AM00A*

