0005

MR FORM 5

(Revised August 1985)
(Non-Federal)

Bond Number 8094-24-79
Permit Number INA/007/017
Bordon Creek #3 : #6

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

12-85

THE MINED LANDS RECLAMATION ACT

BOND
****

The undersigned BEAVER CREEK COAL COMPANY as principal, and FEDERAL INSURANCE COMPANY as surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining in the penal sum of THREE HUNDRED FORTY SIX THOUSAND AND NO/100 ---------- dollars ($346,000.00).

The principal estimated in the Mining and Reclamation Plan filed with the Division of Oil, Gas and Mining on the 22nd day of April, 19 83, that _____ acres of land will be disturbed by this mining operation in the State of Utah. A description of the disturbed land is attached hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily reclaimed the above-mentioned lands affected by mining in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect until the reclamation is completed as outlined in the approved Mining and Reclamation Plan.

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

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

The Division shall only accept the bond of a surety company if the bond is noncancellable by the surety at any time for any reason including, but not limited to nonpayment of premium or bankruptcy of the permittee during the period of liability.

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

BEAVER CREEK COAL COMPANY
Principal (Company)

By [signature] President
Company Officer - Position
1-3-86

Date: December 26, 1985

FEDERAL INSURANCE COMPANY
Surety (Company)

By [signature]
Surety Company Officer - Position
Norman D. Squires
447 East First South
Salt Lake City, Utah 84111

DATE: December 26, 1985

APPROVED AS TO FORM:

By [signature]
Assistant Attorney General

AFFIDAVIT OF QUALIFICATION

Norman D. Squires, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attnroey-in-Fact of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

(Signed) By Norman D. Squires
Surety Company Officer - Position
Norman D. Squires, Attorney-in-Fact

Subscribed and sworn to before me this 26th day of December, 1985.

Mary Cristando
Notary Public

My Commission Expires:

July 4, 1987.

POWER OF ATTORNEY

Know all Men by these Presents, That the **FEDERAL INSURANCE COMPANY,** 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, has constituted and appointed, and does hereby constitute and appoint Norman D. Squires, Richard G. Taylor and George L. Williams, Salt Lake City, Utah----------

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds of any of the following classes, to-wit:

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

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

Corporate Seal

FEDERAL INSURANCE COMPANY NEW JERSEY

Richard D. O'Connor
Assistant Secretary

FEDERAL INSURANCE COMPANY
By

George McClellan
Assistant Vice-President

STATE OF NEW JERSEY
County of Somerset } SS.

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

Notarial Seal

ALICE LEONARD NOTARY PUBLIC NEW JERSEY

Acknowledged and Sworn to before me on the date above written.

Notary Public

CERTIFICATION

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

STATE OF NEW JERSEY
County of Somerset } SS.

I, the undersigned, Assistant Secretary of the **FEDERAL INSURANCE COMPANY**, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 11, 1953 and most recently amended March 11, 1983 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

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

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice-Chairman or the President or a Vice-President or an Assistant Vice-President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed."

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

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

Given under my hand and the seal of said Company at Warren, N.J., this 26th day of December 19 85

Corporate Seal

FEDERAL INSURANCE COMPANY NEW JERSEY

Assistant Secretary

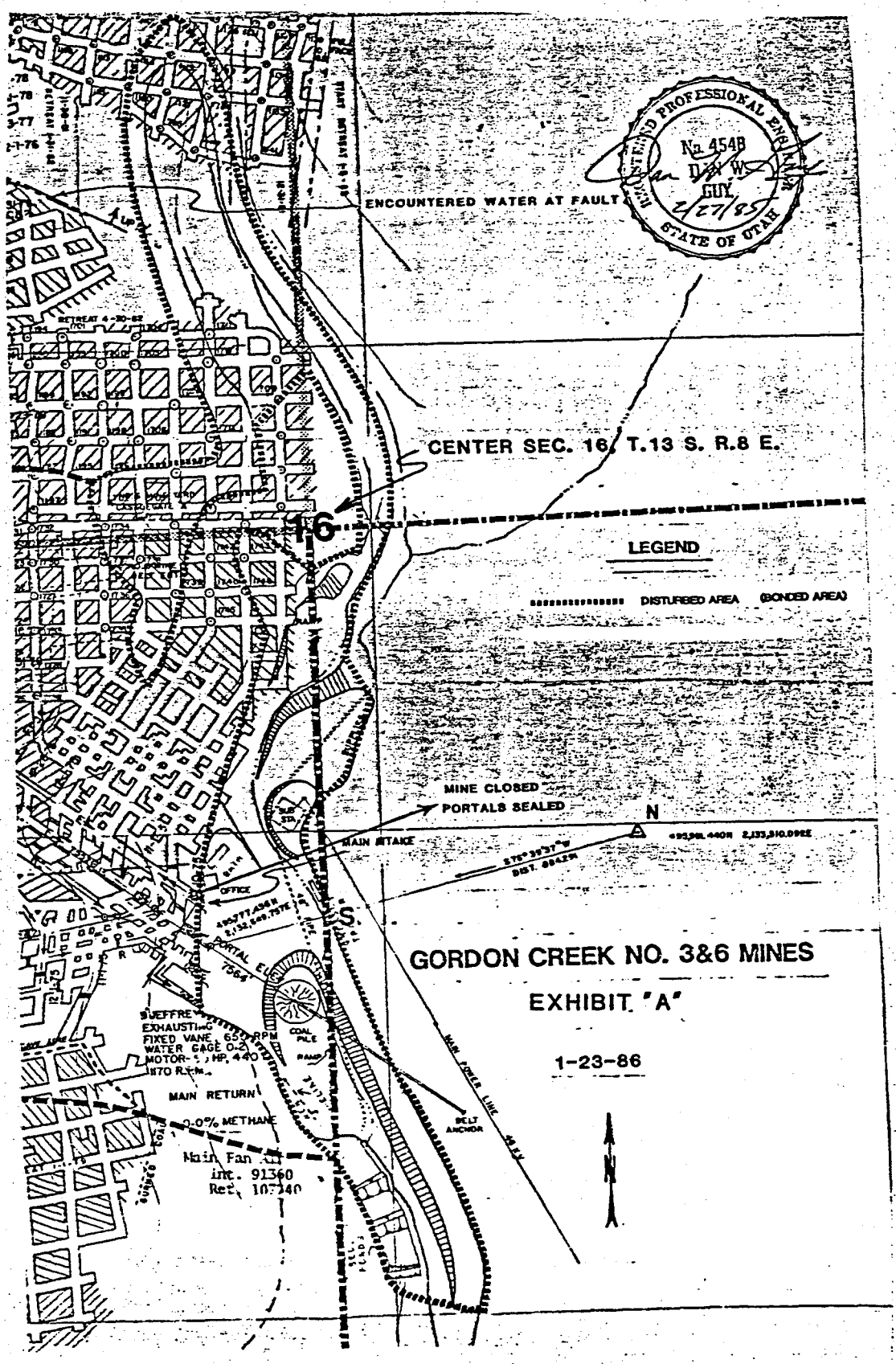
GORDON CREEK NO. 3/6 MINES
EXHIBIT "A"

Disturbed Area - 7.98 acres

Bonded Area - 28.0 Acres (Includes affected areas to be revegetated)

Located in the following described lands:

T. 13 S, R. 8 E., SLBM, Utah
Sec. 16: SE¼ NW¼ (10.36 acres)
Sec. 16: SW¼ NE¼ (1.40 acres)
Sec. 16: NE¼ SW¼ (11.20 acres)
Sec. 16: NW¼ SE¼ (2.80 acres)
Sec. 16: SW¼ SE¼ (2.24 acres)


ENCOUNTERED WATER AT FAULT
CENTER SEC. 16, T.13 S. R.8 E.
16
LEGEND
DISTURBED AREA (BONDED AREA)
MINE CLOSED
PORTALS SEALED
N
MAIN INTAKE
OFFICE
S
GORDON CREEK NO. 3&6 MINES
EXHIBIT "A"
1-23-86
COAL PILE
MAIN RETURN
0.0% METHANE
Main Fan
int. 91360
Ret. 107340
BELT ANCHOR
MAIN POWER LINE
STATE OF UTAH
No. 4548
2/27/85