

0001

Document Information Form

Mine Number: 4/007/022

File Name: Internal

To: DOGM

From:

Person N/A

Company N/A

Date Sent: N/A

Explanation:

EXHIBIT "B"

cc:

File in: C:\007/022, 1997, Internal

Refer to:

- Confidential
- Shelf
- Expandable

Date _____ For additional information

0001

ACT 007/022 #4

BOND NO. 158987108

Permit Number: ACT/007/022

EXHIBIT "B"
SURETY BOND
(NON-FEDERAL COAL)

THIS SURETY BOND entered into by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION) in the penal sum of:

(\$2,525,000.00) (Surety Bond Amount)

for the timely performance of reclamation responsibilities of the permit area as described in Exhibit "A" of the Reclamation Agreement.

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

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

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

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

Terms for release or adjustment of this BOND the DIVISION and the PERMITTEE in the RECLAMATION by reference herein, to which this SURETY AGREE "B".

File in:

- Confidential
- Shelf
- Expandable

Refer to Record No 0001 Date N/A
In C 007/022, 1977, Internal

For additional information

0001

ACT 007/022 #4

BOND NO. 158987108

Permit Number: ACT/007/022

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(\$2,525,000.00) (Surety Bond Amount)

for the timely performance of reclamation responsibilities of the permit area as described in Exhibit "A" of the Reclamation Agreement.

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

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

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

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

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

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 9TH day of DECEMBER, 1997.

SAVAGE INDUSTRIES INC.

PERMITTEE

By: James T. Jensen
Title: Ex. V.P.

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this 9TH day of DECEMBER, 1997.

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

SURETY

By: Tina Davis
Title: TINA DAVIS, ATTORNEY-IN-FACT

ACCEPTED BY THE STATE OF UTAH
this 12th day of December, 1997.

Lowell P. Braxton
Lowell P. Braxton, Acting Director
Division of Oil, Gas and Mining

NOTE:

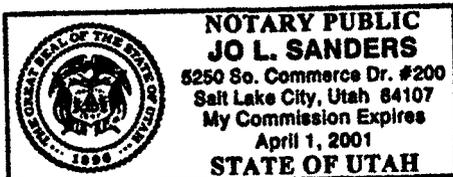
An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by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

AFFIDAVIT OF QUALIFICATION
PERMITTEE
--oo00oo--

I, JAMES T. JENSEN being first duly sworn under oath, deposes and says that he/she is the EX. V.P. of SAVAGE INDUSTRIES INC. the PERMITTEE; and that he 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.

James T. Jensen

Subscribed and sworn to before me this 9TH day of DECEMBER, 19 97.



Jo L. Sanders
Notary Public

My Commission Expires: _____

Attest:

STATE OF UTAH)

COUNTY OF SALT LAKE)ss:

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That CONTINENTAL CASUALTY COMPANY, an Illinois corporation, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, a Connecticut corporation, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, a Pennsylvania corporation (herein collectively called "the CNA Surety Companies"), are duly organized and existing corporations having their principal offices in the City of Chicago, and State of Illinois, and that they do by virtue of the signature and seals herein affixed hereby make, constitute and appoint Earl D. Brown, Karen Hone, Doris Martin, Jace Pearson, Tina Davis, Vicki Sorensen, Individually

of Salt Lake City, Utah

their true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on their behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of their corporations and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Laws and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Boards of Directors of the corporations.

In Witness Whereof, the CNA Sureties Companies have caused these presents to be signed by their Group Vice President and their corporate seals to be hereto affixed on this 2nd day of July, 1997.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

M.C. Vonnahme

Group Vice President

State of Illinois, County of Cook, ss:

On this 2nd day of July, 1997, before me personally came

M. C. Vonnahme, to me known, who, being by me duly sworn, did depose and say: that he resides in the Village of Darien, State of Illinois; that he is a Group Vice President of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA described in and which executed the above instrument; that he knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed pursuant to authority given by the Boards of Directors of said corporations and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



My Commission Expires June 5, 2000

Eileen T. Pachuta

Notary Public

CERTIFICATE

I, Robert E. Ayo, Assistant Secretary of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of each corporation printed on the reverse hereof are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seals of the said corporations this 9TH day of DECEMBER, 1997.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

Robert E. Ayo

Assistant Secretary