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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)

November 16, 1993

Mr. Rick Olsen, President
Soldier Creek Coal Company
P. O. Box 1029
Wellington, Utah 84542

Re: Five-Year Permit Renewal, Soldier Creek Coal Company, Banning Siding Loadout,
ACT/007/034, Folder #3, Carbon County, Utah

Dear Mr. Olsen:

Enclosed is a renewed permanent program mining permit for the Banning Siding Loadout. The permit is effective October 25, 1993 and the expiration date is October 24, 1998, five years from the expiration date of the original permit. Also, enclosed is a copy of a Division Order requiring correction of certain deficiencies in your renewal application. The State's Decision Document for the permit renewal is also included.

Please note that two (2) copies of the permit are included. Please read the permit to be sure you understand the requirements of the permit and conditions, then have both copies signed and return one to the Division.

Thank you for your cooperation during the permitting process.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James W. Carter', written over a large, circular flourish.

James W. Carter
Director

Enclosures

cc: D. Dawes, OSM
R. Hagen, OSM
L. Braxton, DOGM
B-Team



**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL**

Soldier Creek Coal Company
Banning Siding Loadout
ACT/007/034
Carbon County, Utah

October 25, 1993

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- * Location Map
- * Permitting Chronology
- * Mine Plan Information Form
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- * List of Outstanding Technical Deficiencies
- * Letters of Concurrence and Consultation:
 - U. S. Fish and Wildlife Service, September 9, 1993
 - Governor's Office of Planning and Budget, September 20, 1993
 - AVS Clearinghouse Recommendation, August 31, 1993
- * Renewed Permit with Division Order

ADMINISTRATIVE OVERVIEW

Soldier Creek Coal Company
Banning Siding Loadout
Five Year Permit Renewal
ACT/007/034
Carbon County, Utah

October 25, 1993

BACKGROUND

Soldier Creek Coal Company (SCCC) has made application to the Division of Oil Gas and Mining for a five year permit Renewal for the Banning Siding Loadout. This renewal encompasses the same permit area and disturbance as presently approved under the 1988 permit and application package as amended. No new facilities or disturbance is contemplated in this renewal

The Operation and Reclamation Plan (ORP) for the Banning Siding Loadout was originally approved by the Division of Oil, Gas and Mining (DOGM) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on October 24, 1988. The approved permit area consisted of approximately 36 acres and is located on federal, state and private land. In 1989 Soldier Creek added .83 acres to the permit area as an incidental boundary change.

The total area of surface disturbance at the site is approximately 27.97 acres. The loadout has been operated since 1976 by Savage Coal Service corporation, based upon approval received from the BLM. Coal is transported to the site from the Soldier Canyon Mine, approximately 19 miles away. Coal transported to the loadout is crushed and sized. A stacking conveyor discharges the coal over a reclaim tunnel which feeds a surge bin above the rail-loading track. The train loading system has a capacity of 3,000 tons per hour.

At this time Soldier Creek Coal Company proposes to renew the permit for an additional 5 year term. An updated Operation and Reclamation Plan which incorporates the new R645 regulations is being prepared, a draft copy of which has already been supplied to the Division for review.

ANALYSIS

No additional permit area or new surface disturbance is being approved with this permit renewal. No significant changes have occurred since the approval of the Incidental Boundary Change in 1989. Therefore, it is DOGM's opinion that the mining and reclamation practices

and procedures which were approved in the October 24, 1988 five-year permit are acceptable during the next 5 year renewal period. The applicant has provided bond in the amount of \$211,000 which adequately covers current disturbance.

RECOMMENDATION

SCCC has demonstrated that operation of the Banning Siding Loadout can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. Approval for permit renewal is recommended based on the continuation of the bond, a review of the current permit including all conditions, amendments and revisions approved to date; and conformance with criteria for approval of permit renewal applications (R645-303-230 thru 235) (see attached Permit Renewal Findings document). All issues raised during the review process which are pertinent to the term of the renewal have been resolved or will be attached as conditions to permit approval.

PERMITTING CHRONOLOGY

Soldier Creek Coal Company
Banning Siding Loadout
Permit Renewal
ACT/007/034
Carbon County, Utah

October 25, 1993

- June 21, 1993 Soldier Creek Coal Company (SCCC) submits application for permit renewal.
- August 12, 1993 Division of Oil, Gas & Mining (DOG M) determines the application for the Permit Renewal to be complete and notifies SC3 to publish.
- August 12, 1993 DOGM submits notice of application for permit renewal to other agencies.
- September 28, 1993 DOGM notifies SCCC of deficiencies in the plan which will need to be addressed.
- October 25, 1993 DOGM issues Decision Document and renewed state permit with Division Order requiring correction of outstanding technical deficiencies.

MINE PLAN INFORMATION

Mine Name: Banning Siding Loadout State ID: ACT/007/034

Operator: Soldier Creek Coal Company County: Carbon

Controlled By: Coastal States Energy Company Contact Person(s): J. Thomas Paluso
 Telephone: (801) 637-6360 Position: Chief Engineer

New/Existing: Both Mining Method: Room and Pillar

Federal Right-of-Way No(s): U-33855; U-49763

Legal Description(s): U-33855: T.15S., R.12E., Secs. 15 and 22, portions associated with described tramroad; U-49763: T.15S., R.12E., Sec.15: W1/2 SW1/4, portions within described facility.

State Lease No(s): 435
 Legal Description(s): State Special Use Lease No. 435: T.15S., R.12E., Sec.16: E1/2 E1/2 NE1/4 SE1/4

Other Leases (identify): Denver and Rio Grande Western RR Lease Agreement 16663 Privately held deed

Description(s): 16663: T.15 S, R12E., Secs. 15 and 22 Portions associated with railroad spur Soldier Creek Coal Company Deed: T.15S., R.12E., Sec.16: SE 1/4 SE 1/4

Ownership Data:

<u>Surface Resources (acres):</u>	<u>Existing Permit Area</u>	<u>Proposed Permit Area</u>	<u>Total Life Of Mine Area</u>
Federal	<u>24</u>	<u> </u>	<u>24</u>
State	<u>10</u>	<u> </u>	<u>10</u>
Private	<u>2</u>	<u> </u>	<u>2</u>
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>36</u>	<u> </u>	<u>36</u>

Coal Ownership (acres):

Federal	<u>NA</u>	<u> </u>	<u> </u>
State	<u> </u>	<u> </u>	<u> </u>
Private	<u> </u>	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u> </u>	<u> </u>	<u> </u>

Page 2
 Mine Plan Information

<u>Coal Resource Data</u>	<u>Total Reserves (Tons)</u>	<u>Total Recoverable Reserves (Tons)</u>
Federal	<u>NA</u>	<u> </u>
State	<u> </u>	<u> </u>
Private	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>
TOTAL (Life of Mine)	<u> </u>	<u> </u>
Total Percent Recoverable	<u> </u>	<u> </u>

<u>Recoverable Reserve Data</u>	<u>Name</u>	<u>Thickness</u>	<u>(Map)</u>	<u>Depth</u>
Seam	<u>NA</u>	<u> </u>	<u> </u>	<u> </u>
Seam	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Seam	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Seam	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Seam	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Seam	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Mine Life: 1976-2016
 Average Annual Production to be processed: 1,300,000 Tons Percent Recovery: NA
 Date Projected Annual Rate Reached: 1990-2005
 Date Production Begins: 1976 Date Production Ends: 2016

Reserves Recoverable By: (1) Surface Mining: NA
 (2) Underground Mining: NA

Reserves Lost Through Management Decisions: NA
 Coal Market: Unknown

PERMIT RENEWAL FINDINGS

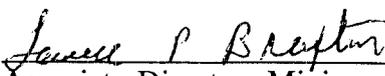
Soldier Creek Coal Company
Banning Siding Loadout
ACT/007/034
Carbon County, Utah

October 25, 1993

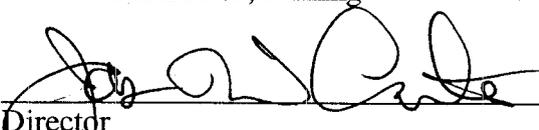
1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being satisfactorily met (R645-303-233.110).
3. The present underground coal mining activities are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect for the additional permit period. No additional surface disturbances are approved with this renewal (R645-303-233.150).
7. The operator has submitted all updated information as required by the Division at this time with the following exceptions (R645-303-233.160).
 - A) A Technical Review of the application for permit renewal has been conducted and remaining technical deficiencies are to be corrected. Correction of the deficiencies is required by Division Order.
 - B) Public Notice requirements for permit renewal have not been completed. This is the subject of Notice of Violation N93-28-1-1 and is also required to be corrected by Division Order.



Permit Supervisor



Associate Director, Mining



Director
Division of Oil, Gas & Mining

List of Outstanding Technical Deficiencies
as identified in September 27, 1993 Technical Review

SOLDIER CREEK COAL COMPANY
BANNING SIDING LOADOUT
ACT/007/034
PERMIT RENEWAL

R645-301-321 Vegetation Information

1. The plan should contain either a copy of or reference to the letter from the Soil Conservation Service contained in the 1992 annual report showing the current productivity and condition of the Banning reference area.

R645-301-322 Wildlife and Threatened and Endangered Species

1. Table 3-1 needs to be either updated or eliminated from the plan. The plan needs to include a discussion of any listed or candidate threatened or endangered species that could be affected by the operation.

R645-301-341 Reclamation Plan

1. The plan needs to clarify what seeding rate will be used for drill seeding.
2. The plan needs to specify, the type and rate of mulch to be used.
3. The plan needs to contain standards for success for diversity, seasonality, and effectiveness in controlling erosion.
4. The plan needs to include provisions to sample revegetated areas for woody species density in the fourth and eighth years of the bond liability period.
5. The plan for replanting the test plots contained in Appendix 3-3 needs to be referenced in the text of the plan and in the list of appendices.

R645-301-342 Fish and Wildlife Plan

1. Retention of the pond is encouraged as a wildlife habitat enhancement feature, but the plan needs to address the requirements of R645-301-

**Technical Deficiencies
Banning Siding Renewal
ACT/007/034**

733.220. Also, the conflict in the plan concerning whether or not the pond will be retained needs to be resolved.

R645-301-411 Land Use Environmental Description

1. The plan needs to include a map showing the uses of the land existing at the time of the filing of the application.

R645-301-412 Land Use Reclamation Plan

1. The plan needs to contain comments concerning the postmining land uses from legal or equitable owners of the permit area and Utah or local government agencies which would have to initiate, implement, approve or authorize the proposed use of the land following reclamation.

R645-301-420 Air Quality

1. The plan needs to contain the air quality monitoring plan and the fugitive dust control plan.

R645-301-625 Additional Information Required by the Division

1. The commitment, to install ground water monitoring wells if coal analyses indicate they are needed, has been omitted and must be reinstated in the plan.

R645-301-700 Hydrology

- 1) The location of the intermittent stream to the permitted area should be clarified. If the area is not on an intermittent stream then that should be noted. If it is, then the sections in which it is referred to it as an ephemeral stream should be changed and all additional information required for an intermittent stream should be added to the plan. By the definition given in the regulations Grassy Trail Creek is an intermittent stream because it drains an area of at least one square mile.
- 2) Climatological data should be added to Appendix 7-3.
- 3) Ground-water data is found in Appendix 7-1 rather than Appendix 7-5 as presently stated. The reference should be corrected to reflect this.

**Technical Deficiencies
Banning Siding Renewal
ACT/007/034**

- 4) Whether the pond will be retained or not must be clarified and consistent throughout the plan. If the pond is to be retained, evidence must be provided to prove that there will be enough water available after reclamation, that the pond will be useful to livestock and wildlife.**
- 5) If referenced in the text of the plan, Exhibits 7-1, 7-2, and 7-3 should be included in the plan.**
- 6) References to Appendix II, Appendix III and Figure 5.2.2 in section R645-301-732.200 need to be corrected. The newly formatted plan must contain updated references.**
- 7) A complete and readable copy of Figure 7-3 must be included in the plan.**
- 8) It should be clarified whether or not the new pond is completed and if the old pond is still in use. Information about retaining the old pond should be removed from the MRP.**
- 9) All references to regulations should be to the current R645 Coal Mining Rules.**
- 10) The current UPDES Permit should be put in the MRP. The expired UPDES Permit can be removed.**

OUTSTECH.BAN

DATE: 31 AUG 93

APPLICANT VIOLATOR SYSTEM
APPLICATION EVALUATION REPORT

TIME: 11:16:17

STATE: UT

APPNO: PRO007034

SEQNO: 0

PAGE: 1

APPLICANT'S ENTITY ID: 089070

APPLICANT'S NAME : SOLDIER CREEK COAL CO

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

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* SYSTEM RECOMMENDATION          :          ISSUE          *
* PREVIOUS SYSTEM RECOMMENDATION:          *
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F2/PROCEED F3/QUIT F4/MAIN F6/REPORT F9/VIEW VIOL F10/VIEW OFT

DATE: 31 AUG 93

APPLICANT VIOLATOR SYSTEM
APPLICATION EVALUATION REPORT

TIME: 11:17:54

STATE: UT

APPNO: ACT007018

SEQNO: 0

PAGE: 1

APPLICANT'S ENTITY ID: 089070

APPLICANT'S NAME : SOLDIER CREEK COAL CO

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

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* SYSTEM RECOMMENDATION          :          ISSUE          *
* PREVIOUS SYSTEM RECOMMENDATION:          ISSUE(930816)   *
* OSMRE RECOMMENDATION          :          ISSUE(930817)   *
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F2/PROCEED F3/QUIT F4/MAIN F6/REPORT F9/VIEW VIOL F10/VIEW OFT

Permit Number: ACT/007/034
Date Original Permitted: _____
Effective Date of Agreement: _____

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

DRAFT

COAL RECLAMATION AGREEMENT

--ooOOoo--

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

"PERMIT": (Mine Permit No.) ACT/007/034 (County) Carbon

"MINE": (Name of Mine) Banning Rail Loadout Facility

"OPERATOR": Soldier Creek Coal Company

"PERMITTEE": (Company or Name) Soldier Creek Coal Company
(Address) P. O. Box 1029
Wellington, Utah 84542

"PERMITTEE'S REGISTERED AGENT": (Name) C. T. Corporation Systems
(Address) 811 Dallas Avenue
(Phone) Houston, Texas 77002

"COMPANY OFFICERS": See the Banning Rail Loadout Facility Mining & Reclamation Plan, Chapter 1

"BOND TYPE": (Form of Bond) Surety

"BOND": (Bond Amount-Dollars) \$211,000
(Escalated Year-Dollars) term 1993-1998

"INSTITUTION": (Bank or Agency) United Pacific Insurance Company

"POLICY OR ACCOUNT NUMBER": U1712871-8 (Bond) MCD00145 (Insurance)

"LIABILITY INSURANCE": (Exp.) December 31, 1993
(Insurance Company) Flat Top Insurance

"STATE": Utah (Department of Natural Resources)

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR": James W. Carter

EXHIBITS:

		Revision Dates	
"PERMIT AREA"	Exhibit "A"	<u>Oct. '93</u>	_____
"BONDING AGREEMENT"	Exhibit "B"	<u>Oct. '93</u>	_____
"LIABILITY INSURANCE"	Exhibit "C"	<u>Oct. '93</u>	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	<u>Oct. '93</u>	_____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT, hereinafter "AGREEMENT", is entered into by the Permittee.

WHEREAS, on February 6, 1992 (Date of Permit Approval), the Division of Oil, Gas and Mining approved the Permit Application Package, hereinafter "PAP", submitted by Soldier Creek Coal Company, hereinafter "PERMITTEE"; and

WHEREAS, the PAP, as amended or revised in conjunction with the Act and the Rules, constitutes the approved plan for reclamation of the Surface Disturbance; and

WHEREAS, in the conduct of reclamation operations within the Permit Area described in the PAP, the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file and maintain 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 within the Permit Area.

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 Permit Area including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations within the Permit Area. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Permit Area".
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.

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.
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 _____ day of _____, 19 ____

STATE OF UTAH:

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

PERMITTEE:

Company Officer - Position
Reid W. Olsen, Vice President & General Manager

Company Officer - Position
Vernal J. Mortensen
Executive Vice President

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.

EXHIBIT "A"
PERMIT AREA
LEGAL DESCRIPTION

EXHIBIT "A"

PERMIT AREA

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

Total acres within the approved PERMIT AREA: 36

Total acres of proposed DISTURBED AREAS within the Permit Area: 22.97

Map(s) showing the approved PERMIT AREA are attached and provided as:

Exhibit 2.1-1 D-219

Map(s) showing the proposed DISTURBED AREAS within the approved Permit Area are attached and provided as:

Exhibit 5.2-1 D-224

Legal Description of PERMIT AREA:

T.15S., R.12E. SL Meridian, Utah, Sec. 15: portions of W-1/2; Sec. 16: portions of E-1/2SE-1/4; Sec. 21: portions of E-1/2NE-1/4; Sec. 22: portions of W-1/2 NW-1/4 as shown on Exhibit 2.1-1 in the Banning Rail Loadout Mining and Reclamation Plan.

NOTE: In the event that more than one bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each bond is provided.

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Collateral Bond

E X H I B I T " B "

**SURETY BOND
(FEDERAL COAL)**

THIS SURETY BOND entered into and 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), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of \$ 211,000 (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this 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, SMCRA, 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 and OSM from any and all expenses which the DIVISION and OSM 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 and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. 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.

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 ____ day of _____, 19____.

PERMITTEE

By: _____
Title: _____

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this ____ day of _____, 19____.

SURETY

By: _____
Title: _____

ACCEPTED BY THE STATE OF UTAH
this ____ day of _____, 19____.

James W. Carter, 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.

EXHIBIT "C"
LIABILITY INSURANCE

Permit Number: _____

EXHIBIT "B"

**SURETY BOND
(FEDERAL COAL)**

THIS SURETY BOND entered into and 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), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of Two Hundred Eleven Thousand and NO/100 \$ 211,000.00----- (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this 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, SMCRA, 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 and OSM from any and all expenses which the DIVISION and OSM 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 and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. 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.

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 15th day of September, 19 93.

Soldier Creek Coal Company

PERMITTEE

By: Donald J. Appleman
Title: Vice President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this 15th day of September, 19 93.

Utah Countersignature Agent:

By: Stirling Broadhead
Stirling Broadhead

United Pacific Insurance Company

SURETY

By: Michelle M. Ulery
Title: Michelle M. Ulery, Attorney-in-fact

ACCEPTED BY THE STATE OF UTAH
this _____ day of _____, 19 ____.

James W. Carter, 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.

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 William N. Burke, Dan W. Burton, Mary C. Jones, Michelle M. Ulery, Karen D. Grammer., individually, of Houston, Texas, 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 5 day of April, 1993

UNITED PACIFIC INSURANCE COMPANY



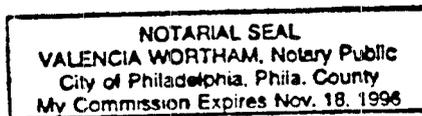
Charles B. Schmalz

Vice President

STATE OF Pennsylvania
COUNTY OF Philadelphia

} ss.

On this 5 day of April, 1993 personally appeared Charles B. Schmalz 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.



Valencia Wortham

Notary Public in and for State of Pennsylvania
Residing at Philadelphia

Anita Zippert, 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 15th day of September 19 93



Anita Zippert
Secretary

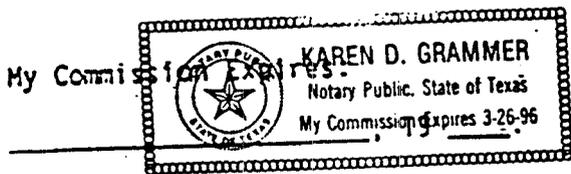
AFFIDAVIT OF QUALIFICATION
SURETY COMPANY
--oOoOo--

I, Michelle M. Ulery, being first duly sworn under oath, deposes and says that ~~he~~/she is the (~~owner~~) Attorney-in-Fact of United Pacific Insurance Company; and that ~~he~~/she is duly authorized to execute and deliver the foregoing obligations; and 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 herein.

(Signed) Michelle M. Ulery
Surety Company Officer - Position

Subscribed and sworn to before me this 15th day of September, 1993

Karen D. Grammer
Notary Public



Attest:

STATE OF _____)
COUNTY OF _____)

ss:

CERTIFICATE OF LIABILITY INSURANCE

**Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--ooOOoo--**

THIS IS TO CERTIFY THAT:

Flat Top Insurance

(Name of Insurance Company)

P. O. Box 1439, Bluefield, WV 24701

(Home Office Address of Insurance Company)

HAS ISSUED TO:

The Coastal Corporation's Soldier Creek Coal Company

(Name of Permittee)

Banning Rail Loadout Facility

(Mine Name)

ACT/007/034

(Permit Number)

CERTIFICATE OF INSURANCE:

MCD 001405 and MCP 001406

(Policy Number)

12-31-92

(Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R645-301-890 Terms and Conditions for Liability Insurance:

- A. The DIVISION shall require the PERMITTEE to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.

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

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

UNDERWRITING AGENT:

_____	_____
(Agent's Name)	(Phone)

(Company Name)	
_____	_____
(Mailing Address)	(City, State, Zip Code)

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

(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn before me by _____

this ____ day of _____, 19____.

(Signature)

My Commission Expires:_____

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

9-7-93

PRODUCER

Flat Top Insurance
P. O. Box 1439
Bluefield, WV 24701

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** Fidelity & Casualty Co. of New York
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

INSURED

The Coastal Corporation, Etal.
c/o Energy Insurance Int'l.
P. O. Box 36429
Houston, TX 77236-6429

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
	GENERAL LIABILITY				
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	MCD001405	12/31/92	12/31/93	GENERAL AGGREGATE \$2,000,000
	<input checked="" type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR.				PRODUCTS-COMP/OP AGG. \$2,000,000
	<input checked="" type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				PERSONAL & ADV. INJURY \$2,000,000
	<input checked="" type="checkbox"/> XCU				EACH OCCURRENCE \$2,000,000
	AUTOMOBILE LIABILITY				
	<input type="checkbox"/> ANY AUTO				COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per person) \$
	<input type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> NON-OWNED AUTOS				
	<input type="checkbox"/> GARAGE LIABILITY				
	EXCESS LIABILITY				
	<input type="checkbox"/> UMBRELLA FORM				EACH OCCURRENCE \$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				AGGREGATE \$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS
					EACH ACCIDENT \$
					DISEASE-POLICY LIMIT \$
					DISEASE-EACH EMPLOYEE \$
A	OTHER Pollution	MCP001406	12/31/92	12/31/93	\$500,000 Ea. Incident \$500,000 Aggregate \$5,000 Deductible

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Soldier Creek Coal Company is included as a Named Insured under the referenced policies as respects Permits No. ACT/007/034 and ACT/007/018

CERTIFICATE HOLDER

State of Utah
Div. of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84108-1203

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 90 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

FOR *Adney O. Mesh* **AGENCY**

THE COASTAL CORPORATION

NAMED INSUREDS

- A. ANR Coal Company
ANR Western Coal Development Company
Birmingham Coal Company
Brooks Run Coal Company
Cat Run Coal Company
Coastal Coal Sales, Inc. (formerly Coastal Coal
International, Inc.)
Enterprise Coal Company (formerly Apache Mining Co.)
Greenbrier Coal Co.
Kingwood Coal Company
Skyline Coal Company
Southern Utah Fuel Company
Unique Mining Systems, Inc.
Utah Fuel Company
Virginia City Coal Company
Virginia Iron, Coal and Coke Company

and/or subsidiary, associated and affiliated companies or owned or controlled companies as were or are now or may hereinafter constituted, and

- B. The Coastal Corporation, Coastal Natural Gas Company, Coastal States Energy Company and American Natural Resources Company but only in their capacity as parent and/or holding company to those entities scheduled in (A) above and, only as respects liabilities arising out of operations carried out by or for those entities scheduled in (A) above.

For the purpose of receiving and giving notice and payment or return of premium The Coastal Corporation shall be deemed the only named insured and shall act as the agent of any and all other named insureds.

Prepared by:

Flat Top Insurance Agency
P. O. Box 1439
Bluefield, WV 24701

12-30-92

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: ACT/007/034
Effective Date: September 15, 1993

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)

Replacement of bond and insurance required with change in ownership of Sage Point Coal Company (and its Soldier Creek Coal Company) from Sun Company, Inc. to Coastal States Energy Company

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" - PERMIT AREA.

Replace Exhibit "B" - BONDING AGREEMENT.

Replace Exhibit "C" - LIABILITY INSURANCE.

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

The BONDING Type is changed 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 (\$ _____).

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
this ____ day of _____, 19____.

Director, Division of Oil, Gas and Mining

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

**AFFIDAVITS
OF
QUALIFICATION**

POWER OF ATTORNEY

