

0030

Document Information Form

Mine Number: C/007/0038

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Company N/A

Date Sent: N/A

Explanation:

Coal Reclamation Agreement

cc:

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C/ 007 , 0038 , Incoming

- Refer to:
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Date _____ For additional information

COAL RECLAMATION AGREEMENT

(Federal)

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file
Copy # 4 - Pam
ACT/007/038*

File in:

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For additional information

RECLAMATION AGREEMENT

Permit Number: ACT/007/038
 Date Original Permit Issued: _____
 Effective Date of Agreement: _____

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

COAL RECLAMATION AGREEMENT

--oo00oo--

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

"PERMIT": (Mine Permit No.) ACT/007/038 (County) Carbon

"MINE": (Name of Mine) Willow Creek Mine

"PERMITTEE": (Company or Name) Cyprus Plateau Mining Corporation
 (Address) P. O. Drawer PMC
Price, Utah 84501

"PERMITTEE'S REGISTERED AGENT": (Name) CT Corporation System
 (Address) 50 West Broadway
 (Phone) Salt Lake City, Utah 84101

"COMPANY OFFICERS": See Attachment 1

"BOND TYPE": (Form of Bond) _____

"BOND": (Bond Amount-Dollars) _____
 (Escalated Year-Dollars) \$11,949,205.00 Escalated to 2001 dollars

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

"POLICY OR ACCOUNT NUMBER": U2644-518

"LIABILITY INSURANCE": (Exp.) 7/1/95-96
 (Insurance Company) Natural Union Fire Insurance Company

"STATE": Utah Department of Natural Resources

"DIVISION": Division of Oil, Gas and Mining

"REGULATION AND RULES" The regulations promulgated by the State of Utah
Division of Oil, Gas and Mining regulation and rules
pertaining to Coal Mining and Reclamation Activities

"OSM" United States Department of the Interior and
cooperative agreement codified at 30 CFR 944.30

"SMCRA" The Surface Mining Control and Reclamation Act of
1977, 30 U.S.C. §§ 1201, et seq.

EXHIBITS:

"SURFACE DISTURBANCE"
 "BONDING AGREEMENT"
 "LIABILITY INSURANCE"

Revision Dates

Exhibit "A" _____
 Exhibit "B" _____
 Exhibit "C" _____

RECLAMATION AGREEMENT

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

WHEREAS, on _____ April _____, 19 96 _____, the Division approved the Permit Application Package, hereinafter ("PAP") submitted by Cyprus Plateau Mining Co., hereinafter "Permittee"; and
Corporation

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 this Agreement, the PAP, the Act, and the State of Utah Division of Oil, Gas and mining Regulations and Rules pertaining to Coal Mining and Reclamation Activities, hereinafter ("Regulations and 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 permittee a mining and reclamation permit upon acceptance and approval of the bond.

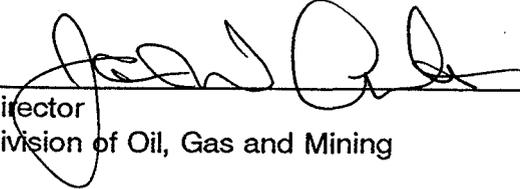
NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, its implementing Rules, the Act and the Regulations and Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the PAP, the Act and the Regulations and Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the costs of actual reclamation exceeds the bond amount.
3. The Permittee has provided 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 and OSM in the form and amount acceptable to the Division and OSM ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this agreement, the PAP, the Act and the Regulations and Rules. Their 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 and attached as Exhibit "C". The Division shall be listed as an additional insured on this 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 in accordance with applicable law.

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. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of the United States and OSM.
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 this Agreement the approved PAP, the Act, and the Regulations and Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
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 Regulations and Rules, but no bond shall be released until the Division and OSM has approved and accepted the replacement bond.
10. 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 or OSM to enforce this agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations and Rules, or the PAP may, at the discretion of the Division, result in enforcement actions by the Division which include but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and forfeiture of the bond.
12. 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 Regulations and Rules: Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded as directed by the permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the applicable of any provision of this Agreement, to any circumstances is held invalid, the application of such provision of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.
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 thereto.

SO AGREED this 18th day of April, 1996.

STATE OF UTAH:



Director
Division of Oil, Gas and Mining

PERMITTEE:



Company Officer - Position
Vice President & General Manager

Company Officer - Position

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.

CYPRUS PLATEAU MINING CORPORATION
(formerly Plateau Mining Company; name changed effective June 8, 1987)

Mailing Address: P.O. Box Drawer PMC
Price, Utah 84501

Telephone: 801/637-2875

Incorporation:
State Delaware, The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801
Date August 26, 1982
Existence Perpetual

Qualified to Do Business In: Delaware, Colorado, Utah

Ownership - Percentage: Cyprus Western Coal Company - 100%; June 5, 1990
9100 East Mineral Circle, Englewood, Colorado 80112-3299

IRS Identification Number: 95-3761213

OFFICERS:

<u>Title</u>	<u>Name</u>	<u>Social Security #</u>	<u>Date Assumed Office</u>
President	Randall J. Scott	[REDACTED]	January 3, 1995
Senior Vice President	Gerald J. Malys	[REDACTED]	August 1, 1989
Senior Vice President, General Counsel, and Secretary	Philip C. Wolf	[REDACTED]	November 13, 1993
Senior Vice President, Sales and Marketing	Nicholas P. Moros	[REDACTED]	December 20, 1993
Vice President and General Manager	Allen P. Childs	[REDACTED]	March 11, 1996
Vice President and Treasurer	Francis J. Kane	[REDACTED]	January 11, 1994
Vice President and Controller	Frank J. Wood	[REDACTED]	December 20, 1993
Vice President, Sales and Marketing	George E. Vajda	[REDACTED]	December 20, 1993
Assistant Treasurer	Farokh S. Hakimi	[REDACTED]	July 31, 1987
Director of Tax	J. David Flemming	[REDACTED]	April 6, 1992
Assistant Secretary	Sharon J. Fetherhuff	[REDACTED]	July 31, 1995
Assistant Secretary	Greg A. Walker	[REDACTED]	December 20, 1993
Assistant Secretary	Morris W. Kegley	[REDACTED]	December 20, 1993
Assistant Secretary	Dale E. Huffman	[REDACTED]	February 1, 1994
Assistant Secretary	Susan E. Chetlin	[REDACTED]	April 3, 1995
DIRECTORS:	Garold R. Spindler	[REDACTED]	January 3, 1995
	Gerald J. Malys	[REDACTED]	August 1, 1989
	Philip C. Wolf	[REDACTED]	December 31, 1993

CYPRUS PLATEAU MINING CORPORATION
 (formerly Plateau Mining Company; name changed effective June 8, 1987)

Resignations (since November 1993):

<u>Title</u>	<u>Name</u>	<u>Social Security No.</u>	<u>Date Resigned</u>
President	Donald P. Brown	[REDACTED]	December 20, 1993
Senior Vice President, General Counsel, and Secretary	Kevin Loughrey	[REDACTED]	November 13, 1993
Senior Vice President, Operations	Donald E. Hudson	[REDACTED]	December 20, 1993
Senior Vice President, Sales and Marketing	George E. Vajda	[REDACTED]	December 20, 1993
Vice President, Business Development, and Controller	Joseph Caffarelli, Jr.	[REDACTED]	December 20, 1993
Vice President, Materials, Maintenance & Technical Resources	W. Mark Hart	[REDACTED]	December 20, 1993
Vice President, Associate General Counsel, Assistant Secretary and Director	Deborah J. Friedman	[REDACTED]	December 31, 1993
Vice President and Treasurer	Dennis C. Haugh	[REDACTED]	December 31, 1993
President	J. Mark Cook	[REDACTED]	January 3, 1995
Assistant Secretary	Michael R. Peelish	[REDACTED]	January 3, 1995
Director	Donald P. Brown	[REDACTED]	December 30, 1994
Vice President, Labor, Safety and and Government Relations	Chris L. Crowl	[REDACTED]	July 31, 1995
Assistant Secretary	Kathleen J. Gormley	[REDACTED]	July 31, 1995
Vice President and General Manager	Keith H. Sieber	[REDACTED]	February 15, 1996

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: 14670

Total acres of DISTURBED AREAS within the Permit Area: 132.9

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

Attachment 2 - Permit Map No. 1

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

Attachment 3 - Permit Map No. 18

Legal Description of Bonded Area:

See Attachment 4

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.

Attachment 4

Legal Description of Bonded Area:

Township 12 South, Range 9 East, Salt Lake Base and Meridian:

- Section 22: Portion in South $\frac{1}{2}$
- Section 25: All
- Section 26: Portion East of Price River
- Section 27: Portion in North $\frac{1}{2}$
- Section 28; Portions in South $\frac{1}{2}$, and Northeast $\frac{1}{4}$
- Section 35: Portions East of Price River and in Southeast $\frac{1}{4}$
- Section 36: Portion East of Price River

Township 13 South, Range 9 East, Salt Lake Base and Meridian:

- Section 1: Portion in North $\frac{1}{2}$

Township 12 south, Range 10 East, Salt Lake Base and Meridian:

- Section 26: All except SW $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 27: All
- Section 28: All
- Section 29: All
- Section 30: All
- Section 31: All
- Section 32: All
- Section 33: All
- Section 34: All except NE $\frac{1}{4}$ NE $\frac{1}{4}$
- Section 35: All except N $\frac{1}{2}$ NW $\frac{1}{4}$

Township 13 south, Range 10 East, Salt Lake Base and Meridian:

- Section 2: All
- Section 3: All
- Section 4: All
- Section 5: All
- Section 6: All except SW $\frac{1}{4}$
- Section 7: East $\frac{1}{2}$
- Section 8: All except NW $\frac{1}{4}$ NW $\frac{1}{4}$
- Section 9: All except SW $\frac{1}{4}$ NE $\frac{1}{4}$
- Section 10: All except SW $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 11: All
- Section 17: NE $\frac{1}{4}$, and N $\frac{1}{2}$ NW $\frac{1}{4}$
- Section 18: N $\frac{1}{2}$ NE $\frac{1}{4}$

**Exhibit "B" - BONDING AGREEMENT
SURETY BOND**Prior Permit Number: ACT/007/038**SURETY BOND
(FEDERAL COAL)**

-oo00oo-

THIS SURETY BOND entered into and by and between the undersigned **PERMITTEE/PRINCIPAL**, and **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 (**DIVISION**), and and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement ("**OSM**") in the penal sum of (\$ 11,949,205.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement. Surety Company has performed due diligence to its satisfaction of the basis for the Surety Bond amount, including without limitation inspection of the Area described in Exhibit "A".

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE's/PRINCIPAL's** reclamation obligation have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Act, SMCRA, the applicable regulations and rules, the approved permit and the PAP as approved by 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 may sustain as a result of the **PERMITTEE's /PRINCIPAL's** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL** and to the **DIVISION** and **OSM** 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.

Upon incapacity of the surety by reason of bankruptcy, or suspension or revocation of license, the Permittee shall be deemed to be without bond coverage in violation of state and federal law and subject to enforcement in accordance with SMCRA, the Act, and the applicable regulations and rules.

The terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, (effective date of 4-11, 19 96) incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **BOND** shall be payable only to the **OSM** to the extent that lands covered by the Federal Lands Program are involved.

**Exhibit "B" - BONDING AGREEMENT
SURETY BOND**

IN WITNESS WHEREOF, The PERMITTEE/PRINCIPAL has hereunto set its signature and seal
this 12th day of April, 1996.

Cyprus Plateau Mining Corporation
PERMITTEE/PRINCIPAL

By: *[Signature]*

Title: Vice President & General Manager

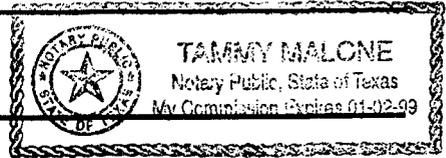
State of Texas)

County of Harris)ss:

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this 11th
day of April, 1996.

Subscribed and sworn to before me this 11th day of April, 1996.

Tammy Malone
Print Name
[Signature]
Notary Public



My Commission Expires: January 2, 19 99.

United Pacific Insurance Company
SURETY

By: *[Signature]*
Title: Wendy W. Stuckey, Attorney-in-Fact

State of Texas)

County of Harris)ss:

ACCEPTED BY THE STATE OF UTAH:

Director - Division of Oil, Gas and Mining

**ACCEPTED BY OFFICE OF SURFACE
MINING RECLAMATION AND
ENFORCEMENT:**

By: _____
Title: Bonding Approving Officer
Chief, Federal Programs Division
Western Support Center

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 the Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

Certificate of Liability Insurance
Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
-oo00o-

THIS IS TO CERTIFY THAT:

National Union Fire Insurance Company
(Name of Insurance Company)
675 Bering Drive, Houston, TX 77057
(Home Office Address of Insurance Company)

HAS ISSUED TO:

Cyprus Amax Minerals Company including Willow Creek Mine
(Name of Permittee)

Willow Creek Mine
(Mine Name)

ACT/007/038
(Permit No.)

CERTIFICATE OF INSURANCE

GL1212703
(Policy Number)

7/1/95 - 96
(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 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 a breach of the RECLAMATION AGREEMENT and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

Steve McKinnon
(Agent's Name)

713-783-6640
(Phone)

Aon Natural Resources Worldwide
(Company Name)

2000 Bering #900 Houston, TX 77057
(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.)

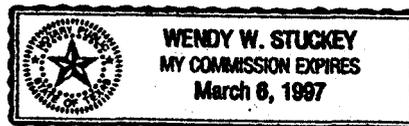
* Steve McKinnon
(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn to before me by Steve McKinnon

this 11th day of April, 1996.

Wendy W. Stuckey
(Signature)

My Commission Expires: 3-6-97
(Date)

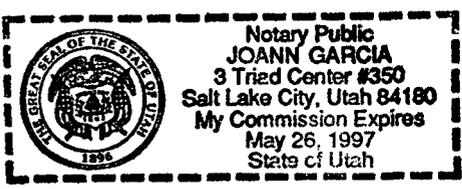


**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--oo00oo--**

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

(Signed) *[Signature]*
James W. Carter, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 18th day of April, 19 96.



[Signature]
Notary Public

My Commission Expires:
5/26, 19 96.

Attest:
STATE OF Utah)
COUNTY OF SLC)

ss:

POWER OF ATTORNEY

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint William N. Burke, Dan W. Burton, Mary C. Jones, Wendy W. Stuckey, Sharon J. Sweeney, Karen D. Grammer., of Houston, Texas their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies 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 Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

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 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 Executive and Finance Committees of the Boards of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"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 or 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 Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this October 25, 1994.

RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

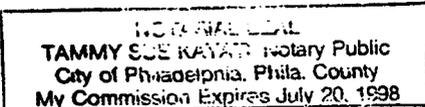
Charles B. Schmalz



STATE OF Pennsylvania }
COUNTY OF Philadelphia } ss.

On this, October 25, 1994, before me, Tammy Sue Kayati, personally appeared Charles B. Schmalz, who acknowledged himself to be the Executive Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Tammy Sue Kayati
Notary Public in and for the State of Pennsylvania
Residing at Philadelphia

I, Anita Zippert, Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 11th day of April 19 96.

Anita Zippert
Secretary

