

*orig mine file  
cc L Brafton  
P Grudubach letter  
J Helfrich*

LAW OFFICES OF  
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September 30, 1992

RECEIVED

SEP 30 1992

DIVISION OF  
OIL GAS & MINING

Dr. Dianne R. Nielson, Director  
Utah Division of Oil, Gas & Mining  
3 Triad Center, Suite 350  
355 West North Temple  
Salt Lake City, UT 84180-1203

Re: Trail Mountain Mine ACT/015/009 #2

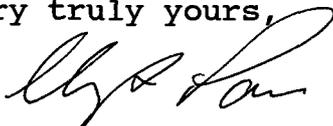
Dear Dr. Nielson:

This is to advise you that Mountain Coal Company has sold the Trail Mountain Mine in Emery County, Utah, to Pacificorp at a closing held on this date. Enclosed is a Designation of Operator by which Pacificorp is designated by Mountain Coal Company to Conduct operations at the Trail Mountain Mine under the above-referenced permit pending approval of an assignment of the permit to Pacificorp.

It is our understanding that a replacement bond in the amount of \$660,811.00 has been provided to you by Pacificorp and that a 510(c) review has been completed in connection with the anticipated transfer of the Permit to Pacificorp.

Please feel free to call if there are questions.

Very truly yours,



Clayton J. Parr

CJP/wc  
Enclosure

cc: Dan Guy, Mountain Coal Company  
Blake Webster, Pacificorp

## DESIGNATION OF OPERATOR

This Designation of Operator (this "Agreement") is made this 30th day of September, 1992, from MOUNTAIN COAL COMPANY, 555 17th Street, Denver, Colorado 80202 ("Mountain Coal") to PACIFICORP, One Utah Center, 201 South Main Street, Suite 2100, Salt Lake City, Utah 84140-0021 ("Pacificorp").

### Recitals

A. Mountain Coal is the permittee for the Trail Mountain Mine under Permit Nos. ACT/015/009 and ACT/015/009-1 (the "Permits") issued by the Division of Oil, Gas and Mining of the State of Utah.

B. Mountain Coal and Pacificorp, as buyer, have entered into that certain Asset Purchase and Sale Agreement dated September 30, 1992 (the "Purchase Agreement"), relating to the sale and purchase of the Trail Mountain Mine.

C. Pursuant to the Purchase Agreement, Mountain Coal has assigned to Pacificorp all of its rights under the Permits, and Pacificorp has applied to the Division of Oil, Gas and Mining for approval of such assignment.

D. During the interim period pending approval of the assignment, it is desirable for Mountain Coal to designate Pacificorp as operator of the Trail Mountain Mine under and pursuant to the Permits.

### Agreement

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, and subject to all terms and conditions of the Purchase Agreement, the parties agree as follows:

1. Designation. Mountain coal hereby designates Pacificorp as operator of the Trail Mountain Mine under and pursuant to the Permits.

2. Conduct of Operations. Pacificorp agrees to conduct all operations at the Trail Mountain Mine in compliance with the terms and conditions of the Permits. Pacificorp shall not request modification or revision of the Permits during the term of this Agreement without the prior written consent of Mountain Coal.

3. Bond. Prior to commencing any activity under the Permits, Pacificorp agrees to obtain and file with the Division of Oil, Gas and Mining a reclamation bond in the form and the amount

specified in the Permits and required by state and federal laws and regulations.

4. Term. This Agreement shall terminate upon the receipt by Pacificorp of the approval of the Division of Oil, Gas and Mining for transfer of the Permits. Pacificorp agrees to diligently prosecute at its sole expense the request for and approval of the Permits.

5. Indemnification. Pacificorp shall indemnify, defend and hold harmless Mountain Coal, its parent, affiliates, and subsidiaries, from and against any and all claims, demands or suits, losses, liabilities, damages, obligations, payments, costs and expenses (including without limitation, the costs and expenses of defending any and all actions, suits, proceedings, lawsuits and assessments which shall include reasonable attorneys' fees and court costs) resulting from, arising out of, or incurred in connection with Pacificorp's operation of the Trail Mountain Mine under and pursuant to the Permits.

6. Rights under Designation. This Agreement does not, nor shall it be construed to, extend, modify or amend the rights, privileges and interests granted to Buyer under the Purchase Agreement.

Executed to be effective as of the date first above written.

MOUNTAIN COAL COMPANY

By Charles B. Smith ou  
VICE President

PACIFICORP

By [Signature]  
Vice President ARB