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C/015 for Incoming
cc: Dana
OK

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
http://www.blm.gov

TAKE PRIDE IN AMERICA

JUL 28 2009

IN REPLY REFER TO:
3425
UTU-86038
(UT-923)

Certified Mail--Return Receipt Requested
Certificate No.

Mr. John Baza, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Baza,

On February 1, 2008 Consolidation Coal Company filed a coal lease application with this office, which was assigned Serial No. UTU-86038, commonly referred to as the Miller Canyon Tract.

The coal resource to be offered as the Miller Canyon Tract consists of all recoverable coal in the following described lands located in Emery County, Utah:

T. 22 S., R.6 E., SLM, Utah
sec. 23, S½SW¼;
sec. 26, NW¼NW¼.

Containing 120.00 acres

The Bureau of Land Management is proposing to hold a coal sale for the Miller Canyon Tract on September 3, 2009. In accordance with the regulations at 43 CFR 3420.4-3, we are requesting your comments concerning the sale of the above lands. Please respond by August 17, 2009, if you have any objections to the proposed sale. We invite a state representative to participate in the sale panel.

Sincerely,

Kent Hoffman
Deputy State Director
Lands and Minerals

RECEIVED
JUL 30 2009
DIV. OF OIL, GAS & MINING

Enclosure
Detailed Statement
cc: PFO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
440 West 200 South
Salt Lake City, Utah 84145-0155

DETAILED STATEMENT OF COAL LEASE SALE TERMS OF LEASE OFFER AND OF COAL LEASE THAT MAY BE ISSUED AS A RESULT OF OFFER

Miller Canyon Tract

UTU-86038

At 1:00 p.m., on September 3, 2009 in the Bureau of Land Management Monument Conference Room, on the fifth floor, 440 West 200 South, Salt Lake City, Utah, an authorized officer of the Bureau of Land Management, Utah State Office, will offer certain coal resources in the lands hereinafter described for competitive lease by sealed bid of $100.00 or more per acre minimum to the qualified bidder of the highest cash amount per acre, or fraction thereof, in accordance with the provisions of the Mineral Leasing Act of 1920, as amended (41 Stat. 437). **However, no bid will be accepted for less than fair market value as determined by the authorized officer. Note that the lease will not be issued until any appeals related to this sale are resolved**

This lease is being offered under the provisions set forth in the regulations for leasing on application at 43 CFR 3425.

COAL OFFERED: The resources to be offered consist of all recoverable reserves available in the following described lands located in Emery County, Utah , approximately three miles south of Emery, Utah on a combination of private and federal (BLM) lands with Bureau of Land Management administered minerals:

T. 22 S., R. 6 E., SLM, Emery County, Utah
Sec. 23, S½SW;
Sec. 26, NW¼NW¼.

Containing approximately 120.00 acres in Emery County, Utah.

The coal tract has one minable coal zone. The minable portions of the I/J coal zone in this area are around ten feet in thickness. The I coal bed contains more than five hundred sixty thousand tons of recoverable high-volatile B bituminous coal. The estimated coal quality in the I coal bed on an "as received basis" is as follows: 12,180 Btu/lb., 6.07 percent moisture, 8.37 percent ash, 38.89 percent volatile matter, 47.24 percent fixed carbon, and 1.08 percent sulfur.

RENTAL AND ROYALTY: A lease issued as a result of this offering will provide for payment of an annual rate of $3.00 per acre and a royalty payable to the United States of 12.5 percent of the value of coal mined by surface methods, and 8 percent of the value of coal mined by underground methods. The value of coal shall be determined in accordance with BLM Manual 3070.

ADVANCE ROYALTY: Upon request by the lessee, the authorized officer, BLM, may accept, for a total of no more than 20 years, the payment of advance royalties in lieu of the conditions of continued operation for any particular year consistent with the applicable regulations in 43 CFR 3473 and 43 CFR 3483.

WHEN AND WHERE TO SUBMIT BIDS: Sealed bids must be received by 10:00 a.m., September 3, 2009, Utah State Office, P.O. Box 45155, Salt Lake City, Utah 84145-0155. Sealed bids may be hand delivered to the cashier, Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah. The envelope used for the sealed bids must be plainly marked that it is not to be opened before the hour and date of the sale and must show that the bid is for Coal Lease UTU-86038. A company or individual is limited to **one sealed bid.** If a company or individual submits two or more bids for this tract, all of the company's or individual's bid will be rejected. The sealed bids may not be modified or withdrawn unless the modification or withdrawal is received before 10:00 a.m., September 3, 2009.

SEALED BIDDING REQUIREMENTS: No special form of sealed bid is required but all bids must show the amount bid per acre, the total amount bid, the amount submitted with the bid. And must be signed by the bidder or a person authorized to act for the bidder. Each sealed bid must be accompanied by the following:

1. A bid deposit of one-fifth of the amount bid in the form of a cashier's check, certified check, bank draft, or money order payable to the Bureau of Land Management.
2. A statement over the bidder's own signature as to:
   (a) The bidder's qualifications to hold this lease as required under 43 CFR 3472.
   (b) The bidder's acreage holdings. A lease will not be issued to a bidder who holds or controls more than 75,000 acres of Federal

coal leases in any one state or 150,000 acres of Federal coal leases in the United States; and

(c) Whether or not the bidder is the sole party in interest in the bid as specified in 43 CFR 3472.2-1.

3. A signed statement that the bidder is in compliance with section 2(a)(2)(A) Of the Mineral Leasing Act of 1920, as amended by Section 3 of the Federal Coal Leasing Amendments Act, effective December 31, 1986.
4. A complete and signed Form 1140-6, Independent Price Determination Certificate, to the effect that the bid was arrived at by the bidder independently and was rendered without collusion with any other bidder.

Bidders are warned against violation of Sec. 1860, Title 18 U.S.C., prohibiting unlawful combination or intimidation of bidders.

A coal lease issued to an entity determined to be in noncompliance with Section 2(a)(2)(A) of the Mineral Leasing Act at the time of lease issuance is subject to termination.

BID OPENING: At 1:00 p.m., September 3, 2009, in the Bureau of Land Management Monument Conference Room, on the fifth floor, 440 West 200 South, Salt Lake City, Utah, the authorized officer will open and read the sealed bids. The highest bid will be announced and the successful high bidder will be notified in writing after the authorized officer has made his determination. The Department of the Interior reserves the right to reject any and all bids, and also the right to offer the lease to the next highest qualified bidder if the successful bidder fails to obtain the lease for any reason. If any bid is rejected, the deposit associated with the bid will be returned as soon as practical.

If an authorized coal lease does not result from this lease sale, the tract or portions thereof will be considered for reoffer by the authorized officer in order of its priority relative to other coal lease applications and other workloads that exist.

CONSULTATION WITH THE ATTORNEY GENERAL: In accordance with the Federal Coal Leasing Amendments Act of 1976, and implementing regulations 43 CFR 3422.3-4, the successful bidder and prospective lessee will be required to disclose the nature and extent of its coal holdings to the Department of Justice prior to lease issuance. The Department of Justice has devised a reporting form for the submission of this information and **will not accept** the data in any other form. To insure the confidentiality of the information submitted, the successful bidder is required to furnish the data in a separate envelope which has been clearly marked to show its contents. Information on the prospective lessee's non coal-related land holdings is not required. The lease will not issue until 30 days after this information has been received by the Attorney General or the Attorney

General notifies the authorized officer that issuance of the lease would not create or maintain a situation inconsistent with the antitrust laws, whichever comes first.

DEFERRED BONUS: Payment of the bonus bid shall be on a deferred basis. One-fifth of the bonus will be payable on the day of the sale. The balance shall be paid in equal installments due and payable on the first four anniversary dates of the lease. If a lease is relinquished or otherwise terminated, the unpaid remainder of the bid shall be immediately payable to the United States.

LEASE ISSUANCE REQUIREMENTS: Prior to the issuance of a lease, the successful bidder will be required to furnish:

1. First year's rental, $360.00;
2. Processing fee in accordance with 43 CFR 3000.11, up to the amount of $ 20,130 (if successful bidder is not the applicant)
3. A lease bond in the amount of $5,000;
4. Four executed copies of the lease form; and
5. Information required for the antitrust review (see "Consultation with the Attorney General" paragraph).

LEASE FORM AND STIPULATIONS: The attention of all prospective bidders is directed to the attached blank copy of the standard coal lease form used by the Bureau of Land Management and the special stipulations which will be included as part of the lease issued for the tract listed in this offering. The form and stipulations may receive further minor modifications prior to lease issuance in order to conform to current Bureau instructions.

Attachments (sent only to prospective lessees)

1. Coal Lease Form
2. Stipulations
3. Form 1140-6
4. Western Coal Lease Form (Dept. of Justice Form)

Form 3400-12
(April 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COAL LEASE

FORM APPROVED
OMB NO. 1004-0073
Expires: March 31, 2010

Serial Number

UTU - 86038

PART 1. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management (BLM), and *(Name and Address)*

hereinafter called lessee, is effective *(date)* / / , for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1.This lease is issued pursuant and subject to the terms and provisions of the:
☑ Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
☐ Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;
and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 22 S., R. 6 E., SLM, Utah
Sec. 23, S2SW;
Sec. 26, NWNW.

containing 120.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE -Lessee must pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of $ 3.00 for each lease year.

(b) RENTAL CREDITS -Rental will not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty will be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the BLM may accept, for a total of not more than ~~10 years~~ * XXXXXX the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty will be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

* 20 years (Public Law 109-58)

Sec. 3. BONDS - Lessee must maintain in the proper office a lease bond in the amount of $ 5,000.00 . The BLM may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years will terminate the lease. Lessee must submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease will become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease will then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

(Continued on page 2)

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee must furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee must keep open at all reasonable times for the inspection by BLM the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee must allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section will be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee must comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee must not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area must be submitted to the BLM.

Lessee must carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee must take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor must condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee must: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years should be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors should maintain segregated facilities.

Sec. 9. (a) TRANSFERS

- [x] This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- [ ] This lease may be transferred in whole or in part to another public body or to a person who will mine coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- [ ] This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee will be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such time as all portions of this lease are returned to lessor, lessee must deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee must remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the BLM. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, will become the property of the lessor, but lessee may either remove any or all such property or continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor will waive the requirement for removal, provided the third parties do not object to such waiver. Lessee must, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to cancellation by the lessor only by judicial proceedings. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver will not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST - Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION -Lessee must indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et seq.), the Clean Air Act (42 U.S.C. 4274 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.).

Sec. 15. SPECIAL STIPULATIONS

SEE ATTACHED STIPULATIONS

(Continued on page 3)

Sec. 15. SPECIAL STIPULATIONS (Cont'd.) -

THE UNITED STATES OF AMERICA

_____ (Company or Lessee Name)	By _____
_____ (Signature of Lessee)	_____ (BLM)
_____ (Title)	_____ (Title)
_____ (Date)	_____ (Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this application.
AUTHORITY: 30 U.S.C. 181-287 and 30 U.S.C. 351-359.
PRINCIPAL PURPOSE: BLM will use the information you provide to process your application and determine if you are eligible to hold a lease on BLM Land.
ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56(d).
EFFECT OF NOT PROVIDING INFORMATION: Disclosing the information is necessary to receive a benefit. Not disclosing the information may result in BLM's rejecting your request for a lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM collects this information to authorize and evaluate proposed exploration and mining operations on public lands.
Response to the provisions of this lease form is mandatory for the types of activities specified.
The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average one hour per response including the time for reading the instructions and provisions, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0073), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, Mail Stop 401 LS, Washington, D.C. 20240.

SPECIAL STIPULATIONS

Miller Canyon LBA

UTU-86038

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec.523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the Lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources. If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the Lessee prior to disturbance shall immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations. The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the Lessee.

3. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area , the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance. The cost of conducting the inventory, preparing reports and carrying out mitigating measures shall be borne by the Lessee.

4. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and groundwater hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

5. Power lines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, power lines will be located at least 100 yards from public roads.

6. The Lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, ground water

and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data. The methodology (point locations and report frequency) will be approved by the Authorized Officer prior to implementation and base line data gathering. Reports on the progression of subsidence shall be submitted to the Authorized Officer as per the approved methodology.

7. Except at locations specifically approved by the Authorized Officer, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, or (3) damage or alter the flow of perennial streams. The Lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

8. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

9. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the Authorized Officer.

10. In order to protect big game wintering areas, elk calving and deer fawning areas, sage grouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.

11. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages re-established, and the areas returned to a pre mining land use.

12. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by the Bureau of Land Management (BLM) land surveyors to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.

13. The Lessee, at his expense, will be responsible to replace any surface and/or ground water sources identified for protection, which may be lost or adversely affected by mining operations, with water from an alternate source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or other land uses.

14. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (1) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or

(ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 modification will not attain MER resulting from changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a new R2P2 modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered unminable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

15. The lessee shall provide prior to sealing an area and prior to lease relinquishment (if not already submitted), certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no hazardous substances per (40 CFR 302.4) or used oil as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.

16. The lessee/operator is responsible for compliance with reporting regarding toxic and hazardous material and substances under Federal Law and all associated amendments and regulations for the handling such materials on the land surface and in underground mine workings.

The lessee/operator must remove mine equipment and materials not needed for continued operations, roof support and mine safety from underground workings prior to abandonment of mine sections. Exceptions can be approved by the Authorized Officer (BLM) in consultation with the surface management agency. Creation of a situation that would prevent removal of such material and by retreat or abandonment of mine sections without prior authorization would be considered noncompliance with lease terms and conditions and subject to appropriate penalties under the lease.

17. All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground.

The Authorized Officer may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15 , and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc .) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-site disposal of non-coal waste must comply with 30 CPR § 817.89 and must be approved by the regulatory authority responsible for the enforcement of the Surface Mining Control and Reclamation Act (30 U.S.C. 1201 , et seq.).