

C/015/017 Fire proof file
Incoming
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1407 W. North Temple, Suite 310
Salt Lake City, UT 84116

HAND DELIVERED

June 9, 2010

Ms. Dana Dean
Associate Director
Division of Oil, Gas & Mining
Utah Department of Natural Resources
1594 West North Temple - Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-145801

RECEIVED
JUN 09 2010
DIV. OF OIL, GAS & MINING

**RE: *Reclamation Bond Decrease Rider – Des-Bee-Dove Mine Permit
C/015/0017, Emery County, Utah, Task ID #3532***

Dear Ms. Dean:

In response to letter dated May 11, 2010 and the subsequent corrected letter dated May 20, 2010, from the Utah Division of Oil, Gas & Mining (DOG M) addressed to Ken Fleck of Energy West Mining Company, enclosed is a decrease rider bond to Travelers Bond No. . decreasing the amount from \$1,169,718 to \$511,000 as a result of DOGM's approval of the Phase 3 Area Phase I Bond Release (60% eligible reduction) and Phase III Bond Release of the Haul Road (100% eligible reduction).

With this transmittal, we are providing the following to update the Dee-Bee-Dove Mine Reclamation Agreement accordingly:

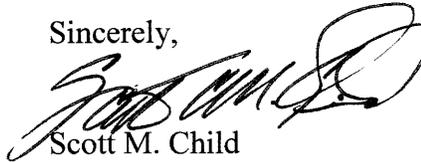
1. Revised Exhibit "A" (corrected legal description of the bonded area),
2. Exhibit "B" (Rider Bond to Travelers Bond No. decreasing the amount from \$1,169,718 to \$511,000),
3. Exhibit "D" (Stipulation to Revise Reclamation Agreement) noting the purpose of this bonding change, and
4. Updated Affidavits of Qualifications for the surety and the permittee.

A complete copy of this information has been sent to our Energy West Mining Company offices located in Huntington, Utah.

Dana Dean
June 9, 2010
Page 2

Should you have any questions or need any additional information, please feel free to contact Ken Fleck at 435-687-4712 or myself at 801-220-4612.

Sincerely,



Scott M. Child

Manager, Lands & Regulatory Affairs

Enclosures

SMC\EnergyWest\DOGM 2010-02(DBDDecreaseRiderBond).doc

cc: IMC w/o encl. – C. Crane
EWMC w/encl. – E. Snow, K. Fleck, D. Oakley
PacifiCorp Risk Mgmt. w/encl. NTO 330 – M. Reed (B-SUR-748)
Aon Risk Services – Claudia Rathbun w/encl.
5000 Central Park Drive, Suite 204
Lincoln, NE 68504

Exhibit "A"
Legal Description
Des-Bee-Dove Mine
Permit Number C/015/0017
Federal
Bond Number _____
Page 1 of 3

EXHIBIT "A"

**Bonded Area
Legal Description**

(Federal Coal)

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA:

- Des-Bee-Dove Mine Reclamation Status Map
 (Drawing No.: CS1893C, Dated: June 28, 2007)
-

Legal description of BONDED AREA:

<u>Areas</u>	<u>Location</u>	<u>Surface Owner</u>	<u>Acreege</u>
1. Mine Complex Phase 1 reclamation completed May 2002; Phase 2 reclamation completed June 2003.	Located in an unnamed wash on the southeastern perimeter of East Mountain and situated within the: NW¼SW¼ of Section 25 and the NE¼SE¼, E½SW¼NE¼, SW¼SE¼NE¼ of Section 26, T17S, R7E, SLM	Private & USFS	27.0
2. Remote Portals			
➤ Deseret Mine Emergency Escapeway Remote Portal	A 20 ft. X 20 ft. area beginning at the SE corner of Section 14, T17S. R7E., SLM, to a point 1,798 feet, bearing N49°20'41"W. located within Maple Gulch.	USFS	0.01
➤ Beehive Mine Emergency Escapeway Remote Portal	A 20 ft. X 20 ft. area beginning at the SW corner of Section 13, T17S. R7E., SLM, to a point 292 feet, bearing N59°34'26"E. located within Maple Gulch.	USFS	0.01

Exhibit "A"
Legal Description
Des-Bee-Dove Mine
Permit Number C/015/0017
Federal
Bond Number _____
Page 3 of 3

3. Sediment Pond
Phase 3 reclamation completed January 2006. Situated within the W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 36, T17S, R7E, SLM State of Utah 9.0

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations. The described area may also be decreased as a result of partial reclamation.

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this

27th day of May, 2010

Travelers Casualty and Surety
Company of America

SURETY

Claudia A. Rathbun
By: Claudia A. Rathbun

Attorney-in-Fact
Title:



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 220795

Certificate No. 003402886

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

John D. Diesing Jr., James L. Arts, David B. McCue, Patrick M. McCahill, Claudia A. Rathbun, Steven E. Verbeski, and Elizabeth D. Hudson

of the City of Omaha, State of Nebraska, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 22nd day of January, 2009.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 22nd day of January, 2009, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

EXHIBIT "B"

**Surety Bond
Des-Bee-Dove Mine**

(Federal Coal)



B-SUR-748

RIDER

To be attached to and form part of Bond No. _____

Issued on behalf of PACIFICORP as Principal, and in favor of STATE OF UTAH as Obligee.

It is agreed that:

1. The Surety hereby gives its consent to change the Name:

from:
to:

2. The Surety hereby gives its consent to change the Address

from:
to:

3. The Surety hereby gives its consent to change the Limit of Liability

from: One Million, One Hundred Sixty-Nine Thousand Seven Hundred Eighteen and No/100--(\$1,169,718.00)
to: Five Hundred Eleven Thousand and No/100--(\$511,000.00)

4. This rider shall become effective as of 5/27/2010:

PROVIDED, however, that the liability of the Surety under the attached bond as changed by this Rider shall not be cumulative.

Signed, sealed and dated 6/3/2010.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

By: Claudia A. Rathbun
Claudia A. Rathbun Attorney-in-Fact

Accepted: _____
Obligee

or PACIFICORP
Principal

By: _____

By: Micheal G. Dunn
Micheal G. Dunn
President, PacifiCorp Energy
a division of PacifiCorp

gmc my



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 220795

Certificate No. 003402890

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

John D. Diesing Jr., James L. Arts, David B. McCue, Patrick M. McCahill, Claudia A. Rathbun, Steven E. Verbeski, and Elizabeth D. Hudson

of the City of Omaha, State of Nebraska, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 22nd day of January, 2009.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 22nd day of January, 2009, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

**AFFIDAVITS
OF
QUALIFICATION**

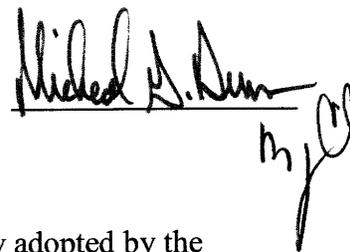
PacifiCorp

Assistant Secretary's Certificate

I, Jeffery B. Erb, a duly elected Assistant Secretary of PacifiCorp, an Oregon corporation (hereinafter referred to as the "Company"), HEREBY CERTIFY the following:

1. The following person is a duly elected and qualified officer of the Company holding the office set opposite his name, and his signature appearing opposite his name is his genuine signature:

Micheal G. Dunn President, PacifiCorp Energy, a division of PacifiCorp

A handwritten signature in black ink, appearing to read "Micheal G. Dunn", is written over a horizontal line. To the right of the signature, there are some additional scribbles and initials.

2. The following is an excerpt of certain resolutions which were duly adopted by the Board of Directors of the Company at a meeting thereof duly held on the 11th day of February, 1998, and that said resolutions are in full force and effect on the date hereof, namely:

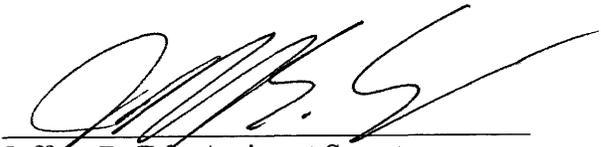
Corporate Officers

RESOLVED, that pursuant to Article IV of the Bylaws, (1) the authority and duties of the President and Chief Executive Officer shall be those incident to the office and as prescribed and assigned from time to time by the Board of Directors, and (2) the authority and duties of any Vice President or other Corporate Officer of PacifiCorp shall be as prescribed and assigned from time to time by the Board of Directors or the President and Chief Executive Officer; and further

RESOLVED, that the President and Chief Executive Officer and any Vice President who is a Corporate Officer be, and each of them hereby is, authorized, in the name and on behalf of the Company, to negotiate, execute and deliver, and the Secretary and any Assistant Secretary of the Company be, and each of them hereby is, authorized to attest, with or without affixing its corporate seal, any agreement, lease, permit, license, grant, deed or other instrument entered into by the Company in the

ordinary course of its business and within the scope of the duties assigned to such officer by the President and Chief Executive Officer, or the Board of Directors

WITNESS my hand this 2ND day of June, 2010.



Jeffery B. Erb, Assistant Secretary

EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: Des-Bee-Dove Mine

Permit Number: C/015/0017

Effective Date: _____

Bond Number: _____

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)

In accordance with DOGM corrected letter dated May 20, 2010, the Des-Bee-Dove Mine is eligible for a bond reduction as a result of Phase I bond release at Phase 3 Area (\$79,832) and Phase III bond release for the Haul Road (\$591,334).

The Permittee has provided cost escalation figures using the 1.005 escalation factor for the entire permit term of five years. The amount that the Permittee must post in order to maintain adequate bond coverage until 2015 is \$511,000.

Therefore, the bond is reduced by \$658,718. This reduction leaves \$511,000 remaining for surety coverage for the disturbed area.

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. (*Corrected legal description*)
- Rider added to existing Exhibit "B" – bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 1,169,718.00 to \$ 511,000.00 .

The bonding type is changed from N/A to N/A .

The surface disturbance is revised from N/A acres to N/A acres.

The expiration date is revised from N/A to N/A.

The liability insurance carrier is changed from N/A to N/A.

The amount of insurance coverage for bodily injury and property damage is changed from \$ N/A to \$ N/A.

IN WITNESS WHEREOF, PacifiCorp the **PERMITTEE** has hereunto set its signature and seal this 2ND day of June, 2010.

PacifiCorp

PERMITTEE

By:



Micheal G. Dunn

Title: President, PacifiCorp Energy
a division of PacifiCorp



ACCEPTED BY THE STATE OF UTAH this _____ day of _____, 2010.

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 on signs by virtue of Power or Attorney of 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.