

Wilberg, Deer Creek

USPS lease agreement c. UPL

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number  
U-47978

COAL LEASE

This lease, is entered into on OCT 6 1981, by the United States of America, the lessor, through the Bureau of Land Management, and

Utah Power and Light Company  
1407 West North Temple  
Salt Lake City, Utah 84116

and shall become effective on OCT 1 1981, (effective date), the lessee,

Sec. 1. STATUTES AND REGULATIONS--This lease is issued pursuant and subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sections 181-263, hereafter referred to as the Act; and of the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. Section 1201, et seq., the Federal Coal Leasing Amendments Act of 1976, as amended, 90 Stat. 1083-1092, and, in the case of acquired lands, the Mineral Leasing Act for Acquired Lands of September 7, 1947, as amended, 30 U.S.C. 351-359, et seq. This lease is also subject to all regulations of the Secretary of the Interior (including but not limited to, 30 CFR Part 211 and Chapter VII and 43 CFR Group 3400), and to all regulations of the Secretary of Energy promulgated pursuant to Section 302 of the Department of Energy Organization Act of 1977, 42 U.S.C. Section 7152, which are now in force or (except as expressly limited herein) hereafter in force, and all of such regulations are made a part hereof.

WITNESSETH:

Sec. 2. RIGHTS OF LESSEE--The lessor, in consideration of any bonus paid (or to be paid if deferred), rents and royalties and other conditions hereinafter set forth, hereby grants and leases to the lessee the exclusive right and privilege to mine and dispose of all coal in

COTTONWOOD TRACT -- T. 17 S., R. 7 E., SLM, Utah  
Sec. 27, S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
Sec. 28, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;  
Sec. 29, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;  
Sec. 30, lot 4, SE $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 31, lot 1, E $\frac{1}{2}$ ;  
Sec. 32, all;  
Sec. 33, N $\frac{1}{2}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 34, NW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ .

T. 18 S., R. 7 E., SLM, Utah  
Sec. 4, lots 2-4;  
Sec. 5, lots 1-4, S $\frac{1}{2}$ NW $\frac{1}{4}$ .

containing 3,347.31 acres, more or less, and subject to the conditions, limitations and prohibitions provided in this lease and in applicable acts and regulations, the right to construct all works, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for a period of 20 years and so long thereafter as the condition of continued operation is met.

Sec. 3. DILIGENT DEVELOPMENT AND CONTINUED OPERATION--The lessee shall engage in the diligent development of the coal resources subject to the lease. After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands. The terms diligent development and continued operation are defined in the applicable regulations in Titles 10, 30, and 43 of the Code of Federal Regulations.

Sec. 4. BOND--The lessee shall file with the appropriate Bureau of Land Management office a lease bond in the amount of \$ 15,000.00 , for the use and benefit of the United States, to insure payment of deferred bonus payments, rentals and royalties and to insure compliance with all other items of this lease, the regulations and the Act (except for reclamation within the area covered by a surface mining permit issued under the permanent regulatory program by the regulatory authority) and, if appropriate, for the protection of the interests of the surface owners on the leased lands. An increase in the amount of the lease bond may be required by the lessor at any time during the life of the lease to reflect changed conditions.

Sec. 5. RENTAL--An annual rental of \$3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. This section shall not be subject to revision except in the course of lease readjustment.

Sec. 6. PRODUCTION ROYALTY--The lessee shall pay a production royalty of 12½ percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. The value of coal shall be determined as set forth in 30 CFR 211. Production royalties paid for a calendar month shall be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. However, production royalties payable after the 20th year of the lease shall not be reduced by advance royalties paid during the first 20 years of the lease. Production royalties shall be payable the final day of the month succeeding the calendar month in which the coal is sold, unless otherwise specified in 30 CFR 211. The royalty rates provided in this section shall not be subject to revision except in the course of lease readjustment.

Sec. 7. ADVANCE ROYALTY--Upon request by the lessee, the District Mining Supervisor may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of the condition of continued operation consistent with the regulations in 43 CFR 3473 and 30 CFR 211. The advance royalty shall be based on a percent of the value of a minimum number of tons which shall be determined in the manner established by the regulations in 43 CFR 3473.

Sec. 8. METHOD OF PAYMENTS--The lessee shall make rental payments to the appropriate Bureau of Land Management (BLM) office until production royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the appropriate office of the United States Geological Survey.

Sec. 9. EXPLORATION PLAN--The lessee shall not commence any exploration, except casual use, on the leased lands without an approved exploration plan. Exploration plans for leased lands covered by an approved mining permit shall be submitted to the Regional Director of the Office of Surface Mining in accordance with the regulations in 30 CFR Chapter VII. Exploration plans for leased lands not covered by an approved mining permit shall be submitted to the District Mining Supervisor in accordance with the regulations in 30 CFR 211.

Sec. 10. MINING PLAN--In accordance with the regulations in 30 CFR 211 and Chapter VII, the lessee shall submit a mining and reclamation plan not more than three years after the effective date of this lease. Mining operations shall not commence until after the mining and reclamation plan is approved. The mining and reclamation shall be conducted in accordance with the approved mining and reclamation plan. Exploration activities which were not included in the approved mining and reclamation plan require submittal of exploration plans in accordance with Section 9 of this lease.

Sec. 11. LOGICAL MINING UNIT (LMU)--This lease is automatically considered to be an LMU. This LMU may be enlarged, adjusted or diminished in accordance with the applicable regulations in Titles 10, 30, and 43 of the Code of Federal Regulations. The mining plan for the LMU shall require that the reserves of the LMU will be mined within a period of 40 years in accordance with 30 CFR 211 and 43 CFR 3400.0-5. The definition of LMU and LMU reserves and other applicable conditions are set forth in the regulations in 43 CFR 3400.0-5 and 3475, 30 CFR 211, and Title 10 of the Code of Federal Regulations.

Sec. 12. OPERATIONS ON LEASED LANDS--(a) In accordance with conditions of this lease, the exploration and mining and reclamation plans, the permit issued pursuant to 30 CFR Chapter VII, and all applicable acts and regulations, the lessee shall exercise reasonable diligence, skill, and care in all operations on leased lands.  
(b) The lessee shall minimize to the maximum extent possible wasting of the coal deposits and other mineral and nonmineral resources, including but not limited to, surface resources which may be found in, upon, or under such lands.

Sec. 13. SPECIAL STATUTES--The lessee shall comply with the provisions of the Federal Water Pollution Control Act, 33 U.S.C. 1151-1175, and the Clean Air Act, 42 U.S.C. 7401, et seq.

Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS--(a) The lessor reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements, or rights-of-way, including leases for the development of minerals other than coal under the Act. The lessor may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right: (i) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (ii) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE--The 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.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES--By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Non-segregated Facilities, as required by the May 9, 1967 order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 17. EMPLOYMENT PRACTICES--The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and service of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated prohibit the employment, in a mine below the surface, of persons of an age greater than 16 years, the lessee shall comply with those laws.

Sec. 18. MONOPOLY AND FAIR PRACTICES--The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. Sections 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such orders and regulations shall upon promulgation be binding upon the lessee.

Sec. 19. TRANSFERS--

This lease may be transferred in whole or in part to any person, association or corporation qualified under 43 CFR 3472.1-1 to hold a lease.

This lease may only be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of and for the use of the public body, or to a person for the limited purpose of creating a security interest in favor of a lender who agrees to be obligated to mine the coal on behalf of the public body. The transferee must be qualified under 43 CFR 3472.

This lease may only be transferred in whole or in part to other small businesses qualifying under 13 CFR 121 and 43 CFR 3472.2-2(c).

Any transfer of this lease in whole or in part is subject to the procedures and requirements for approval in the relevant regulations in 43 CFR 3400. A transfer will become effective on the first day of the month following its approval by the authorized officer, or, if the transferee requests, the first day of the month of the approval.

Sec. 20. RELINQUISHMENT OF LEASE--The lessee may file a relinquishment of the entire lease, a legal subdivision or aliquot part thereof, but not less than 10 acres, or any bed of the coal deposits therein. The relinquishment shall be filed in triplicate with the authorized officer. Upon the determination by the authorized officer that the public interest shall not be impaired, that all accrued rentals and royalties have been paid and that all of the obligations of the lessee under the regulations and the lease terms have been met, the relinquishment shall be accepted effective the date filed.

Sec. 21. NONCOMPLIANCE--Any failure to comply with the conditions of this lease, the approved exploration and mining and reclamation plans, the regulations, or applicable acts, shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS--The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS--(a) The lease is subject to readjustment on the 20th year after the effective date and on each 10th year thereafter. In order that the lease may be readjusted as close as possible to the dates when it becomes subject to readjustment, the lessor may propose the terms of readjustment of any conditions of this lease, including rental and royalty rates, before the 20th year after the effective date and before each 10-year interval thereafter. The authorized officer shall notify the lessee whether he intends to readjust the terms and conditions of the lease and, if he intends to readjust, the nature of the readjustments in accordance with the regulations in 43 CFR 3451. Unless the lessee, within 60 days after receipt of the proposed readjusted terms, files with the lessor an objection to the proposed readjusted conditions or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions, the existing conditions shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lessee has exhausted his rights of appeal under Section 31 of this lease, or until the lease is relinquished, except that the authorized officer may provide in the notice of readjusted lease terms that the readjustment or any part thereof is effective pending the outcome of the appeal. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES--Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations, including 30 CFR 211 and Chapter VII, for the completion of operations and abandonment.

Sec. 25. PROPRIETARY INFORMATION- Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2, 30 CFR 211.6 and other applicable regulations. Total lease reserve figures developed from this information will not be confidential.

Sec. 26. LESSEE'S LIABILITY TO LESSOR--(a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS--(a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked at the mine, upon request, by the Regional Director or District Mining Supervisor or their representative.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands, the exploration and mining and reclamation operations, and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) to copy, and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST--No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43-CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, 62 Stat. 702, as amended, 18 U.S.C. Sections 431-433, relating to contracts, enter into and form a part of this lease insofar as they may be applicable.

Sec. 29. APPEALS--The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulation from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

Sec. 30. DEFERRED BONUS--This lease is issued subject to the payment of \$ by the lessee as a deferred bonus. Payment of the deferred bonus by the lessee shall be made on a schedule specified in Section 31 (Special Stipulations) of this lease.

Sec. 31. SPECIAL STIPULATIONS--

SPECIAL STIPULATIONS

The District Mining Supervisor shall mean the authorized representative of the U.S. Geological Survey and the Regional Director shall mean the

(d) The cost of any required salvage of such fossils shall be borne by the United States.

(e) These conditions apply to all such fossils of significant scientific interest discovered within the lease area whether discovered in the overburden, interburden, or coal seam or seams. Fossils of significant scientific interest do not include those fossils commonly encountered during underground mining operations such as ferns and dinosaur tracks. Skeletal remains shall be considered significant.

7. If the Authorized Officer, Surface Management Agency, believes that threatened and endangered plant and/or animal species, bald or golden eagles or migratory species of high Federal interest occur in the area, the Lessee may be required, prior to entry upon the lease, to conduct an intensive field inventory of the areas to be disturbed and/or impacted, including the access routes to the lease area. The inventory shall be conducted by a qualified specialist(s) approved by the Authorized Officer, Surface Management Agency, and a report of the inventory and recommendation for the protection of these species submitted to and approved by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor, as appropriate. An acceptable report of any findings shall include the specific location, distribution, and habitat requirements of the species. The Lessee shall protect these species within the lease area from any activities associated with operations conducted under the terms of the lease and shall undertake such protective measures as may be required by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor, as appropriate.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication Suggested Practices for Raptor Protection on Powerlines (Edison Electric Institute, 1975). When feasible, powerlines will be located at least 100 yards from public roads.

9. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal handling, transportation, and storage facilities in accordance with the regulatory requirements as contained in 30 CFR 817.95 (or 30 CFR 816.95, as applicable), dated December 31, 1979. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

10. In order to avoid surface disturbance on steep canyon slopes and the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specific locations approved by the Regional Director with the concurrence of the Authorized Officer, Surface Management Agency, and the District Mining Supervisor.

11. Prior to mining, the Lessee shall perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. The study will be established in consultation with and approved by the Authorized Officer, Surface Management Agency, the Regional Director, and the District Mining Supervisor and shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, all surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

12. The Lessee shall establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground 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 sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director in consultation with and concurrence by the Authorized Officer, Surface Management Agency, and District Mining Supervisor.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE\*

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

- (1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover; unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below plow depth.
- (2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for such services shall be made at rates to be determined by the authorized representative of the Secretary of

Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power: *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so or on areas approved by such representative.

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the

\* This form of stipulation may be used in connection with leases and permits issued under the Acts of February 25, 1920, as amended (30 U.S.C. 181 *et seq.*); August 7, 1947 (30 U.S.C. 351 *et seq.*); February 7, 1927, as amended (30 U.S.C. 281 *et seq.*); April 17, 1926, as

amended (30 U.S.C. 271 *et seq.*); June 28, 1944 (58 Stat. 483-485); September 1, 1949 (30 U.S.C. 192c); June 30, 1950 (16 U.S.C. 508b), or under the authority of any of the Acts cited in Section 402 of the President's Reorganization Plan No. 3 of 1946 (5 U.S.C. 133y-16, Note).

(c) Deferred Bonus Payment Schedule:

The balance of Utah Power and Light Company's bonus bid of \$10,544,026.50 is due and payable in four equal installments of \$2,108,805.30, on the next four anniversary dates of the lease.

If the lease is relinquished or otherwise cancelled or terminated, the unpaid remainder of the bid shall be immediately payable to the United States.

THE UNITED STATES OF AMERICA

/s/ Robert Lopez

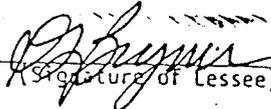
By \_\_\_\_\_  
(Signing Officer)

CHIEF, MINERALS SECTION

(Title)

OCT 6 1981

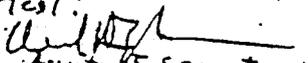
(Date)

  
(Signature of Lessee)

\_\_\_\_\_  
(Signature of Lessee)

WITNESS TO SIGNATURE OF LESSEE

Attest:

  
Assistant Secretary

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SERIAL NUMBER Utah 044025  
DATE OF LEASE August 1, 1960

COAL LEASE READJUSTMENT

This lease between the United States of America (the lessor) through the Bureau of Land Management (BLM) and

Cooperative Security Corporation  
c/o Corporation of the Presiding Bishopric  
50 East North Temple  
Salt Lake City, Utah 84111

(lessee) is readjusted, effective as of July 1, 1982.

Sec. 1. STATUTES AND REGULATIONS. This lease readjustment is subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, as amended (41 Stat. 437, 30 U.S.C. §§ 181-263), hereinafter referred to as the Act, and of the Surface Mining Control and Reclamation Act of 1977. This lease is also subject to all regulations of the Secretary of the Interior (including, but not limited to, 30 CFR Part 211 and 43 CFR Group 3000) and to all regulations of the Secretary of Energy promulgated pursuant to Section 302 of the Department of Energy Organization Act which are now or hereafter in force and which are made a part hereof. No amendment to the regulations made subsequent to the effective date hereof shall alter the rental and production royalty requirements in sections 5 and 6 of this lease until the next readjustment of this lease.

Sec. 2. RIGHTS OF LESSEE. The lessor, in consideration of the rents and royalty and other conditions hereinafter set forth, hereby grants to the lessee the exclusive right and privilege to mine and dispose of all coal in the following-described tracts (leased lands) situated in the State of Utah:

T. 17 S., R. 7 E., SLM, Utah  
Sec. 27, NW $\frac{1}{4}$ NE $\frac{1}{4}$ .

containing 40.00 acres, more or less, together with the right to construct all work, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and subject to the conditions herein provided to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for so long as this lease remains in full force and effect under any provisions of the law and the applicable regulations thereunder.

Sec. 3. DILIGENCE. The lessee shall engage in the diligent development of the coal resources subject to the lease by timely preparation for and initiation of production of coal from this lease or from the Logical Mining Unit (LMU) of which this lease is a part so that coal is actually produced in commercial quantities before June 1, 1936, except that the period of time during which production of coal in commercial quantities must be achieved may be extended as provided in the regulations (43 CFR 3475.4). After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands as defined in the regulations.

(b) The lessor reserves the right (1) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (2) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE. The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES. By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where the lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice is to be provided by lessee to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F. R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually)..

Sec. 17. EMPLOYMENT PRACTICES. The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and services of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated provides for a minimum age restriction for mining below the surface, other than the requirements of Federal Law, the laws of the State shall prevail.

Sec. 18. MONOPOLY AND FAIR PRACTICES. The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. §§ 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such regulations shall upon promulgation be binding upon the lessee.

Sec. 19. ASSIGNMENT. This lease may be assigned, upon approval of the authorized officer in accordance with the provisions of 43 CFR Subpart 3453. An assignment will become effective on the first day of the month following approval by the authorized officer or, if the assignee requests, the first day of the month of approval.

Sec. 20. RELINQUISHMENT OF LEASE. The lessee may file a request to relinquish all or any legal subdivision of this lease. The request shall be filed in duplicate with the authorized officer. The authorized officer shall approve the relinquishment if he determines that the lessee has complied with the requirements of the lease, the exploration and mining plans, the regulations and the Act. Upon approval, the relinquishment shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to pay all accrued rentals and royalties and to comply with all other requirements of the lease, the regulations and the Act.

Sec. 21. NONCOMPLIANCE. Any failure to comply with the conditions of this lease, the exploration and mining plans, the regulations, or the Act shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS. The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause or for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS. (a) This lease is subject to reasonable readjustment of any conditions of the lease, including royalty rates, at the end of this readjustment period on August 1, 1990, and subject to readjustment at the end of each 10-year period thereafter. The lessor shall notify the lessee whether he intends to readjust conditions and, if he intends to readjust, the nature of the readjustments. The lessor shall give notice 120 days before the end of this readjustment period as to whether the lease terms will be readjusted. Unless the lessee, within 60 days after receipt of the proposed readjusted conditions files with the lessor an objection or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions with the lessor, and agreement cannot be reached between the lessor and the lessee within a period of 60 days after the filing of the objections, the lease may be terminated by either party upon giving 30 days' notice to the other party; however, the lessor's right to terminate the lease shall be suspended by the lessee's filing of a notice of appeal pursuant to section 29 of this lease, and if the lessee is ultimately successful in his appeal, the lease shall continue without the change in the provisions, the imposition of which, the lessee appealed. If the lessee is unsuccessful in his appeal and, within 30 days after receipt of the decision on appeal notifies the lessor that he accepts the decision rendered upon such appeal, then the lease shall continue as amended by the decision.

(c) If the lessee files objections to the proposed readjusted conditions, the existing conditions, except those concerning royalties, shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lease is terminated; however, the readjusted royalty provisions shall be effective until there is either agreement between the lessor and the lessee or until the lease is terminated. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES. Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of the leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations for the completion of operations and abandonment.

Sec. 25. PROPRIETARY INFORMATION. Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2 and other applicable regulations.

Sec. 26. LESSEE'S LIABILITY TO LESSOR. (a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS. (a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked, upon request, by the Mining Supervisor or his representative at the place where they are customarily maintained.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) copy, and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST. No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, (62 Stat. 702, as amended, 18 U.S.C. §§ 431-433), relating to contracts, enter into and form a part of this lease insofar as they may be applicable.

Sec. 29. APPEALS. The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulations from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

Sec. 30. SPECIAL STATUTES. This lease is also subject to the provisions of the Federal Water Pollution Control Act (33 U.S.C. 1151-1175) and the Clean Air Act (42 U.S.C. 1857).

Sec. 31. SPECIAL STIPULATIONS. The District Mining Supervisor shall mean the authorized representative of the Minerals Management Service and the Regional Director shall mean the authorized representative of the Office of Surface Mining. The Authorized Officer shall mean the State Director, Bureau of Land Management. The Authorized Officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service or District Manager, Bureau of Land Management as appropriate. Surface management agency for private surface is the Bureau of Land Management, except within Forest boundaries, the surface management agency for private surface shall be the Forest Service.

1. The Lessee will be responsible to comply with all applicable Federal, State, and local laws and regulations.
2. 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) and final determination of suitability for mining. The United States Government does not warrant that the entire tract will be susceptible to mining.
3. The coal contained within the lease area and authorized for mining under this lease shall be extracted only by underground mining methods.
4. All support facilities, structures, equipment, and similar developments will be removed from the lease area within two years after the final termination of use of such facilities. All disturbed areas and those areas occupied by such facilities will be rehabilitated in accordance with an approved reclamation plan, 30 CFR 211 and the "Surface Mining Control and Reclamation Act of 1977" or an approved Utah program as applicable.
5. (a) Before undertaking any activities that may disturb the surface of the leased lands, the Lessee may be required to conduct a cultural resource intensive field inventory in a manner specified by the Regional Director and the Authorized Officer of the surface managing agency on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist, historian, or historical architect, as appropriate), approved by the Authorized Officer of the surface managing agency and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area) and the Authorized Officer of the surface managing agency. The Lessee shall undertake measures, in accordance with instructions from the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area), to protect cultural resources on the leased land. The Lessee shall not commence the surface disturbing activities until permission to proceed is given by the Regional Director or the District Mining Supervisor as appropriate.

(b) The Lessee shall protect all cultural resource properties within the lease area from lease-related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation plan or exploration plan.

(c) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the Lessee.

(d) If cultural resources are discovered during operations under this lease, the Lessee shall immediately bring them to the attention of the Regional Director (or the District Mining Supervisor as appropriate), and the Authorized Officer, Surface Management Agency. The Lessee shall not disturb such resources except as may be subsequently authorized by the Regional Director (or the District Mining Supervisor). Within two (2) working days of notification, the Regional Director (or the District Mining Supervisor, as appropriate) will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. The cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the Authorized Officer, Surface Management Agency.

(e) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

6. Before undertaking any activities that may disturb the surface of the leased lands, the Lessee shall contact the Regional Director and Authorized Officer of the Surface Management Agency to determine whether the Lessee will be required to conduct a paleontological appraisal of the mine plan and adjacent areas, or exploration plan areas, that may be adversely affected by lease-related activities. If the Regional Director and Authorized Officer, Surface Management Agency, determines that one is necessary, the paleontological appraisal shall be conducted by a qualified paleontologist approved by the Authorized Officer of the surface management agency, using the published literature and, where appropriate, field appraisals for determining the possible existence of larger and more conspicuous fossils of scientific significance. A report of the appraisal and recommendations for protecting any larger and more conspicuous fossils of significant scientific interest on the leased lands so identified shall be submitted to and approved by the Regional Director and the Authorized Officer, Surface Management Agency. When necessary to protect and collect the larger and more conspicuous fossils of significant scientific interest on the leased lands, the Lessee shall undertake the measures provided in the approval of the mining and reclamation plan or exploration plan.

(a) The Lessee shall not knowingly disturb, alter, destroy, or take any larger and more conspicuous fossils of significant scientific interest, and shall protect all such fossils in conformance with the measures included in the approval of the mining and reclamation plan or exploration plan.

(b) The Lessee shall immediately bring any such fossils that might be altered or destroyed by his operation to the attention of the Regional Director or the District Mining Supervisor, as appropriate. Operations may continue as long as the fossil specimen or specimens would not be seriously damaged or destroyed by the activity. The Regional Director or the District Mining Supervisor, as appropriate, shall evaluate or have evaluated such discoveries brought to his attention and, within five (5) working days, shall notify the Lessee what action shall be taken with respect to such discoveries.

(c) All such fossils of significant scientific interest shall remain under the jurisdiction of the United States until ownership is determined under applicable law. Copies of all paleontological resource data generated as a result of the lease term requirements will be provided to the Regional Director or the District Mining Supervisor, as appropriate.

(c) The cost of any required salvage of such fossils shall be borne by the United States.

(e) These conditions apply to all such fossils of significant scientific interest discovered within the lease area whether discovered in the overburden, interburden, or coal seam or seams. Fossils of significant scientific interest do not include those fossils commonly encountered during underground mining operations such as ferns and dinosaur tracks. Skeletal remains shall be considered significant.

7. The Lessee shall, prior to entry upon the lease, conduct an intensive field inventory for threatened and endangered plant and/or animal species, bald or golden eagles, or migratory species of high Federal interest on those areas to be disturbed and/or impacted including the access routes to the lease area. The inventory shall be conducted by a qualified specialist(s) approved by the Authorized Officer, Surface Management Agency, and a report of the inventory and recommendation for the protection of these species submitted to and approved by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate. An acceptable report of any findings shall include the specific location, distribution, and habitat requirements of the species. The Lessee shall protect these species within the lease area from any activities associated with operations conducted under the terms of the lease and shall undertake such protective measures as may be required by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication "Suggested Practices for Raptor Protection on Powerlines" (Edison Electric Institute, 1975). When feasible, powerlines will be located at least 100 yards from public roads.

9. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal handling, transportation, and storage facilities in accordance with the regulatory requirements as contained in 30 CFR 817.95 (or 30 CFR 816.95 as applicable), dated December 31, 1979. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

10. In order to avoid surface disturbance on steep canyon slopes and the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specific locations approved by the Regional Director with the concurrence of the Authorized Officer, Surface Management Agency and the District Mining Supervisor.

11. Prior to mining, the Lessee shall perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. The study will be established in consultation with and approved by the Authorized Officer, Surface Management Agency, the Regional Director, and the District Mining Supervisor and shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, all surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

12. The Lessee shall establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground 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 sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director in consultation with and concurrence by the Authorized Officer, Surface Management Agency and District Mining Supervisor.

13. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with Forest Service regulations.

14. 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 unacceptable escarpment failure and landslides, (2) cause damage to surface structures, and (3) damage or alter the flow of perennial streams. The Lessee in his mining plan shall provide specific measures for the protection of escarpments. The Regional Director in consultation with and concurrence of the District Mining Supervisor and Authorized Officer, Surface Management Agency, shall approve such measures and may prescribe any additional measures to be employed such as mining methods, specifying the amount of coal recovered, and determining any corrective measures considered necessary to assure that escarpment failure does not occur except at specifically approved locations, or that hazardous conditions are not created.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SERIAL NUMBER Utah 083066  
DATE OF LEASE March 1, 1962

COAL LEASE READJUSTMENT

This lease between the United States of America (the lessor) through the Bureau of Land Management (BLM) and

Cooperative Security Corporation  
c/o Corporation of Presiding Bishopric  
50 East North Temple  
Salt Lake City, Utah 84111

(lessee) is readjusted, effective as of May 1, 1982

Sec. 1. STATUTES AND REGULATIONS. This lease readjustment is subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, as amended (41 Stat. 437, 30 U.S.C. §§ 181-263), hereinafter referred to as the Act, and of the Surface Mining Control and Reclamation Act of 1977. This lease is also subject to all regulations of the Secretary of the Interior (including, but not limited to, 30 CFR Part 211 and 43 CFR Group 3000) and to all regulations of the Secretary of Energy promulgated pursuant to Section 302 of the Department of Energy Organization Act which are now or hereafter in force and which are made a part hereof. No amendment to the regulations made subsequent to the effective date hereof shall alter the rental and production royalty requirements in sections 5 and 6 of this lease until the next readjustment of this lease.

Sec. 2. RIGHTS OF LESSEE. The lessor, in consideration of the rents and royalty and other conditions hereinafter set forth, hereby grants to the lessee the exclusive right and privilege to mine and dispose of all coal in the following-described tracts (leased lands) situated in the State of Utah:

T. 17 S., R. 6 E., SLM, Utah

Sec. 13, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;

Sec. 24, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ ;

Sec. 25, N $\frac{1}{2}$ NE $\frac{1}{4}$ .

T. 17 S., R. 7 E., SLM, Utah

Sec. 17, SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;

Sec. 18, lots 3, 4, SE $\frac{1}{4}$ ;

Sec. 19, lots 1-4, E $\frac{1}{2}$ ;

Sec. 20, W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ ;

Sec. 29, NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ ;

Sec. 30, lots 1-3, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ .

containing 2,485.00 acres, more or less, together with the right to construct all work, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and subject to the conditions herein provided to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for so long as this lease remains in full force and effect under any provisions of the law and the applicable regulations thereunder.

Sec. 3. DILIGENCE. The lessee shall engage in the diligent development of the coal resources subject to the lease by timely preparation for and initiation of production of coal from this lease or from the Logical Mining Unit (LMU) of which this lease is a part so that coal is actually produced in commercial quantities before June 1, 1986, except that the period of time during which production of coal in commercial quantities must be achieved may be extended as provided in the regulations (43 CFR 3475.4). After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands as defined in the regulations.

Sec. 4. BOND. The lessee shall file with the appropriate BLM office a lease bond in the amount of \$350,000 for the use and benefit of the United States, to insure payment of rentals and royalties and to insure compliance with all other terms of this lease, the regulations and the Act. An increase in the amount of the bond may be required by the lessor at any time during the life of the lease to reflect changed conditions.

Sec. 5. RENTAL. An annual rental of \$3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. Rentals under this lease shall be payable for each and every year during the continuance of the lease. Rentals paid for any lease year commencing prior to the effective date of this readjustment shall be credited against royalties for that year. Rentals due and payable for any lease year commencing on or after the effective date of this readjustment may not be credited against royalties (43 CFR 3473.3-1).

Sec. 6. PRODUCTION ROYALTY. The lessee shall pay a production royalty of 12½ percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. The value of coal shall be determined as set forth in the regulations. Production royalties paid for a calendar month shall be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. Production royalties shall be payable the final day of the month succeeding the calendar month in which coal is mined.

Sec. 7. ADVANCE ROYALTY. Upon request by the lessee the Mining Supervisor may accept, for a total of not more than ten years, the payment of advance royalties in lieu of the condition of continued operation for any particular year. Any payment of advance royalties in lieu of continued operation shall be pursuant to an agreement, signed by the lessee and the Mining Supervisor, which shall be made a part of this lease. The agreement shall include a schedule of payments and shall be subject to the advance royalty conditions set forth in the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons which shall be determined on a schedule sufficient to exhaust the leased reserves in 40 years from the date of approval of the mining and reclamation plans or from June 1, 1976, depending on effective date of the lease.

Sec. 8. METHOD OF PAYMENTS. The lessee shall make rental payments to the appropriate BLM office until either production royalties or advance royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the Mining Supervisor. All remittances to BLM shall be made payable to the Bureau of Land Management; those to the Geological Survey shall be made payable to the United States Geological Survey.

Sec. 9. EXPLORATION PLAN. As specified in the regulations, the lessee shall submit an exploration plan before conducting any exploration on the leased lands, except casual use, between the effective date of this lease and the date of approval of the mining plan. The lessee shall not commence exploration without an approved exploration plan. Thereafter, the lessee shall conduct all exploration in accordance with the approved exploration plan.

Sec. 10. MINING PLAN. In accordance with the regulations in 30 CFR 211, 700, and 800, if the Lessee has not yet submitted a mining plan, he must do so within three years after the effective date of this readjustment. Unless or until the mining plan has been approved, the Lessee shall not conduct any operations on the leased lands except casual use or exploration, if an exploration plan has been approved. Thereafter, the Lessee shall conduct all operations in accordance with the approved mining plan.

Sec. 11. LOGICAL MINING UNITS (LMU). This lease is automatically considered to be an LMU and may be combined with other land, including other Federal leaseholds and non-Federal interests in coal, to form a larger LMU. The mining plan for such enlarged LMU must include a production schedule that provides for the mining of all the LMU reserves, both Federal and non-Federal, in a period of not more than 40 years from the date of the approval of the plan. The definition of LMU and LMU reserves and other conditions applicable to them are set forth in the regulations (43 CFR 3400.0-5).

Sec. 12. OPERATIONS ON LEASED LANDS. In accordance with the conditions of this lease, the exploration and mining plans, the regulations and the Act, the lessee shall exercise reasonable diligence, skill and care in all operations on the leased lands. The lessee's obligations shall include, but not be limited to the following:

(a) The lessee shall conduct all operations on the leased lands so as to avoid injury to life, health, or property.

(b) The lessee shall conduct operations in such a manner as may be needed to avoid or, where avoidance is impracticable, to minimize and where practicable, to repair damage to: (1) any forage and timber growth on Federal or non-Federal lands in the vicinity of the leased lands; (2) crops, including forage and timber, or improvements of a surface owner; or (3) improvements, whether owned by the United States or by its permittees, licensees, or lessees. The lessor must approve the steps to be taken and the restoration to be made in the event of the occurrence of damage described in this subsection.

(c) The lessee shall minimize to the maximum extent possible wasting of the mineral deposits and other resources, including, but not limited to, surface resources which may be found in, upon, or under such lands.

Sec. 13. CULTURAL RESOURCES. (a) Before the approval of a mining plan, the authorized officer may require a survey of all or part of the leased land to provide an inventory of any historical, cultural, archeological, and paleontological values. The survey shall be conducted by a qualified professional archeologist, approved by the authorized officer, and a report of the survey shall be submitted to the authorized officer. The approval of an exploration or mining plan or the continuation of lease operations may be conditioned on the approval of the survey report and the approval of measures to protect the historical, cultural, archeological, and paleontological values. The cost of any survey or measures to protect such values discovered as a result of the survey shall be borne by the lessee, and items and features of historical, cultural, archeological, or paleontological value shall remain under the jurisdiction of the United States.

(b) If any items or features of historical, cultural, archeological, or paleontological value are discovered during lease operations, the lessee shall immediately notify the Mining Supervisor and shall not disturb such items or features until the Mining Supervisor issues instructions. If the lessee is ordered to take measures to protect any items or features of historical, cultural, archeological, or paleontological value discovered during lease operations, the cost of the measures shall be borne by the lessor, and such items and features shall remain under the jurisdiction of the United States.

Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS. (a) The lessor reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements or rights-of-way, including leases for the development of minerals other than coal under the Act. The lessor may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right (1) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (2) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE. The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES. By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where the lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice is to be provided by lessee to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F. R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 17. EMPLOYMENT PRACTICES. The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and services of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated provides for a minimum age restriction for mining below the surface, other than the requirements of Federal Law, the laws of the State shall prevail.

Sec. 18. MONOPOLY AND FAIR PRACTICES. The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. §§ 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such regulations shall upon promulgation be binding upon the lessee.

Sec. 19. ASSIGNMENT. This lease may be assigned, upon approval of the authorized officer in accordance with the provisions of 43 CFR Subpart 3453. An assignment will become effective on the first day of the month following approval by the authorized officer or, if the assignee requests, the first day of the month of approval.

Sec. 20. RELINQUISHMENT OF LEASE. The lessee may file a request to relinquish all or any legal subdivision of this lease. The request shall be filed in duplicate with the authorized officer. The authorized officer shall approve the relinquishment if he determines that the lessee has complied with the requirements of the lease, the exploration and mining plans, the regulations and the Act. Upon approval, the relinquishment shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to pay all accrued rentals and royalties and to comply with all other requirements of the lease, the regulations and the Act.

Sec. 21. NONCOMPLIANCE. Any failure to comply with the conditions of this lease, the exploration and mining plans, the regulations, or the Act shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS. The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause or for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS. (a) This lease is subject to reasonable readjustment of any conditions of the lease, including royalty rates, at the end of this readjustment period on March 1, 1992, and subject to readjustment at the end of each 10-year period thereafter. The lessor shall notify the lessee whether he intends to readjust conditions and, if he intends to readjust, the nature of the readjustments. The lessor shall give notice 120 days before the end of this readjustment period as to whether the lease terms will be readjusted. Unless the lessee, within 60 days after receipt of the proposed readjusted conditions files with the lessor an objection or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions with the lessor, and agreement cannot be reached between the lessor and the lessee within a period of 60 days after the filing of the objections, the lease may be terminated by either party upon giving 30 days' notice to the other party; however, the lessor's right to terminate the lease shall be suspended by the lessee's filing of a notice of appeal pursuant to section 29 of this lease, and if the lessee is ultimately successful in his appeal, the lease shall continue without the change in the provisions, the imposition of which, the lessee appealed. If the lessee is unsuccessful in his appeal and, within 30 days after receipt of the decision on appeal notifies the lessor that he accepts the decision rendered upon such appeal, then the lease shall continue as amended by the decision.

(c) If the lessee files objections to the proposed readjusted conditions, the existing conditions, except those concerning royalties, shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lease is terminated; however, the readjusted royalty provisions shall be effective until there is either agreement between the lessor and the lessee or until the lease is terminated. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES. Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of the leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations for the completion of operations and abandonment.

Sec. 25. PROPRIETARY INFORMATION. Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2 and other applicable regulations.

Sec. 26. LESSEE'S LIABILITY TO LESSOR. (a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS. (a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked, upon request, by the Mining Supervisor or his representative at the place where they are customarily maintained.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) copy, and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST. No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, (62 Stat. 702, as amended, 18 U.S.C. §§ 431-433), relating to contracts, enter into and form a part of this lease insofar as they may be applicable.

Sec. 29. APPEALS. The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulations from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

Sec. 30. SPECIAL STATUTES. This lease is also subject to the provisions of the Federal Water Pollution Control Act (33 U.S.C. 1151-1175) and the Clean Air Act (42 U.S.C. 1857).

Sec. 31. SPECIAL STIPULATIONS. The District Mining Supervisor shall mean the authorized representative of the Minerals Management Service and the Regional Director shall mean the authorized representative of the Office of Surface Mining. The Authorized Officer shall mean the State Director, Bureau of Land Management. The Authorized Officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service or District Manager, Bureau of Land Management as appropriate. Surface management agency for private surface is the Bureau of Land Management, except within Forest boundaries, the surface management agency for private surface shall be the Forest Service.

1. The Lessee will be responsible to comply with all applicable Federal, State, and local laws and regulations.
2. 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) and final determination of suitability for mining. The United States Government does not warrant that the entire tract will be susceptible to mining.
3. The coal contained within the lease area and authorized for mining under this lease shall be extracted only by underground mining methods.
4. All support facilities, structures, equipment, and similar developments will be removed from the lease area within two years after the final termination of use of such facilities. All disturbed areas and those areas occupied by such facilities will be rehabilitated in accordance with an approved reclamation plan, 30 CFR 211 and the "Surface Mining Control and Reclamation Act of 1977" or an approved Utah program as applicable.
5. (a) Before undertaking any activities that may disturb the surface of the leased lands, the Lessee may be required to conduct a cultural resource intensive field inventory in a manner specified by the Regional Director and the Authorized Officer of the surface managing agency on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist, historian, or historical architect, as appropriate), approved by the Authorized Officer of the surface managing agency and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area) and the Authorized Officer of the surface managing agency. The Lessee shall undertake measures, in accordance with instructions from the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area), to protect cultural resources on the leased land. The Lessee shall not commence the surface disturbing activities until permission to proceed is given by the Regional Director or the District Mining Supervisor as appropriate.

(b) The Lessee shall protect all cultural resource properties within the lease area from lease-related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation plan or exploration plan.

(c) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the Lessee.

(d) If cultural resources are discovered during operations under this lease, the Lessee shall immediately bring them to the attention of the Regional Director (or the District Mining Supervisor as appropriate), and the Authorized Officer, Surface Management Agency. The Lessee shall not disturb such resources except as may be subsequently authorized by the Regional Director (or the District Mining Supervisor). Within two (2) working days of notification, the Regional Director (or the District Mining Supervisor, as appropriate) will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. The cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the Authorized Officer, Surface Management Agency.

(e) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

6. Before undertaking any activities that may disturb the surface of the leased lands, the Lessee shall contact the Regional Director and Authorized Officer of the Surface Management Agency to determine whether the Lessee will be required to conduct a paleontological appraisal of the mine plan and adjacent areas, or exploration plan areas, that may be adversely affected by lease-related activities. If the Regional Director and Authorized Officer, Surface Management Agency, determines that one is necessary, the paleontological appraisal shall be conducted by a qualified paleontologist approved by the Authorized Officer of the surface management agency, using the published literature and, where appropriate, field appraisals for determining the possible existence of larger and more conspicuous fossils of scientific significance. A report of the appraisal and recommendations for protecting any larger and more conspicuous fossils of significant scientific interest on the leased lands so identified shall be submitted to and approved by the Regional Director and the Authorized Officer, Surface Management Agency. When necessary to protect and collect the larger and more conspicuous fossils of significant scientific interest on the leased lands, the Lessee shall undertake the measures provided in the approval of the mining and reclamation plan or exploration plan.

(a) The Lessee shall not knowingly disturb, alter, destroy, or take any larger and more conspicuous fossils of significant scientific interest, and shall protect all such fossils in conformance with the measures included in the approval of the mining and reclamation plan or exploration plan.

(b) The Lessee shall immediately bring any such fossils that might be altered or destroyed by his operation to the attention of the Regional Director or the District Mining Supervisor, as appropriate. Operations may continue as long as the fossil specimen or specimens would not be seriously damaged or destroyed by the activity. The Regional Director or the District Mining Supervisor, as appropriate, shall evaluate or have evaluated such discoveries brought to his attention and, within five (5) working days, shall notify the Lessee what action shall be taken with respect to such discoveries.

(c) All such fossils of significant scientific interest shall remain under the jurisdiction of the United States until ownership is determined under applicable law. Copies of all paleontological resource data generated as a result of the lease term requirements will be provided to the Regional Director or the District Mining Supervisor, as appropriate.

(d) The cost of any required salvage of such fossils shall be borne by the United States.

(e) These conditions apply to all such fossils of significant scientific interest discovered within the lease area whether discovered in the overburden, interburden, or coal seam or seams. Fossils of significant scientific interest do not include those fossils commonly encountered during underground mining operations such as ferns and dinosaur tracks. Skeletal remains shall be considered significant.

7. The Lessee shall, prior to entry upon the lease, conduct an intensive field inventory for threatened and endangered plant and/or animal species, bald or golden eagles, or migratory species of high Federal interest on those areas to be disturbed and/or impacted including the access routes to the lease area. The inventory shall be conducted by a qualified specialist(s) approved by the Authorized Officer, Surface Management Agency, and a report of the inventory and recommendation for the protection of these species submitted to and approved by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate. An acceptable report of any findings shall include the specific location, distribution, and habitat requirements of the species. The Lessee shall protect these species within the lease area from any activities associated with operations conducted under the terms of the lease and shall undertake such protective measures as may be required by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate.

8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication "Suggested Practices for Raptor Protection on Powerlines" (Edison Electric Institute, 1975). When feasible, powerlines will be located at least 100 yards from public roads.

9. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal handling, transportation, and storage facilities in accordance with the regulatory requirements as contained in 30 CFR 817.95 (or 30 CFR 816.95 as applicable), dated December 31, 1979. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

10. In order to avoid surface disturbance on steep canyon slopes and the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specific locations approved by the Regional Director with the concurrence of the Authorized Officer, Surface Management Agency and the District Mining Supervisor.

11. Prior to mining, the Lessee shall perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. The study will be established in consultation with and approved by the Authorized Officer, Surface Management Agency, the Regional Director, and the District Mining Supervisor and shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, all surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

12. The Lessee shall establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground 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 sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director in consultation with and concurrence by the Authorized Officer, Surface Management Agency and District Mining Supervisor.

13. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with Forest Service regulations.
14. 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 unacceptable escarpment failure and landslides, (2) cause damage to surface structures, and (3) damage or alter the flow of perennial streams. The Lessee in his mining plan shall provide specific measures for the protection of escarpments. The Regional Director in consultation with and concurrence of the District Mining Supervisor and Authorized Officer, Surface Management Agency, shall approve such measures and may prescribe any additional measures to be employed such as mining methods, specifying the amount of coal recovered, and determining any corrective measures considered necessary to assure that escarpment failure does not occur except at specifically approved locations, or that hazardous conditions are not created.
15. Existing surface improvements required for the surface uses of the lease area will need to be protected or maintained to provide for the post-mining continuance of the current lands uses. Existing surface improvements whose utility may be lost or damaged as a result of mining activities are to be replaced, restored, or compensated for at the discretion of the Authorized Officer, Surface Management Agency.
16. The Lessee shall reclaim all areas disturbed as a result of mining and exploration operations to a land use capable of supporting the pre-mining levels of livestock grazing, big game winter range, and other wildlife habitat.
17. In order to minimize the impacts to the visual resources, alterations of the existing vegetation and land forms that involve roads, structures, drill sites, transmission lines, and portal facilities are to be located and/or constructed so as to visually blend with the natural surroundings. This requirement may be modified by the Regional Director or District Mining Supervisor with the concurrence of the Authorized Officer, Surface Management Agency, if a conflict with the technical requirements for mining and lease development occurs. All permanent structures and facilities associated with the mining of coal from the lease area shall be painted an earthen color that blends with the predominant background colors of the landscape. Upon completion of exploration, construction and mining activities, and as a part of the rehabilitation activities, the Lessee shall restore the landscape to its original visual character.
18. The Lessee will be responsible to replace any water lost or adversely affected by mining operations with water from an alternative source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock, and wildlife use.
19. Travel Right-of-Ways for vehicles and driveways for livestock must be maintained to current standards in Cottonwood Canyon.
20. The Lessee is responsible to rehabilitate any watershed adversely affected by subsidence resulting from mining activities.
21. The Lessee must comply to the special stipulations in Form 3109-3 (Department of the Interior, Bureau of Land Management) for lands under the jurisdiction of the Department of Agriculture.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SERIAL NUMBER Utah 040151  
DATE OF LEASE March 1, 1962

COAL LEASE READJUSTMENT

This lease between the United States of America (the lessor) through the Bureau of Land Management (BLM) and

Cooperative Security Corporation  
c/o Corporation of the Presiding Bishopric  
50 East North Temple  
Salt Lake City, Utah 84111

(lessee) is readjusted, effective as of May 1, 1982.

Sec. 1. STATUTES AND REGULATIONS. This lease readjustment is subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, as amended (41 Stat. 437, 30 U.S.C. §§ 181-263), hereinafter referred to as the Act, and of the Surface Mining Control and Reclamation Act of 1977. This lease is also subject to all regulations of the Secretary of the Interior (including, but not limited to, 30 CFR Part 211 and 43 CFR Group 3000) and to all regulations of the Secretary of Energy promulgated pursuant to Section 302 of the Department of Energy Organization Act which are now or hereafter in force and which are made a part hereof. No amendment to the regulations made subsequent to the effective date hereof shall alter the rental and production royalty requirements in sections 5 and 6 of this lease until the next readjustment of this lease.

Sec. 2. RIGHTS OF LESSEE. The lessor, in consideration of the rents and royalty and other conditions hereinafter set forth, hereby grants to the lessee the exclusive right and privilege to mine and dispose of all coal in the following-described tracts (leased lands) situated in the State of Utah:

T. 17 S., R. 7 E., SLM, Utah  
Sec. 15, SW $\frac{1}{4}$ ;            Sec. 28, N $\frac{1}{2}$ N $\frac{1}{2}$ ;  
Sec. 16, S $\frac{1}{2}$ ;            Sec. 29, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .  
Sec. 17, E $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 20, E $\frac{1}{2}$ E $\frac{1}{2}$ ;  
Sec. 21, all;  
Sec. 22, N $\frac{1}{2}$ NW $\frac{1}{4}$ ;  
Sec. 27, N $\frac{1}{2}$ NW $\frac{1}{4}$ ;

containing 1,720.00 acres, more or less, together with the right to construct all work, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and subject to the conditions herein provided to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for so long as this lease remains in full force and effect under any provisions of the law and the applicable regulations thereunder.

Sec. 3. DILIGENCE. The lessee shall engage in the diligent development of the coal resources subject to the lease by timely preparation for and initiation of production of coal from this lease or from the Logical Mining Unit (LMU) of which this lease is a part so that coal is actually produced in commercial quantities before June 1, 1986, except that the period of time during which production of coal in commercial quantities must be achieved may be extended as provided in the regulations (43 CFR 3475.4). After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands as defined in the regulations.

Sec. 4. BOND. The lessee shall file with the appropriate BLM office a lease bond in the amount of \$500,000 for the use and benefit of the United States, to insure payment of rentals and royalties and to insure compliance with all other terms of this lease, the regulations and the Act. An increase in the amount of the bond may be required by the lessor at any time during the life of the lease to reflect changed conditions.

Sec. 5. RENTAL. An annual rental of \$3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. Rentals under this lease shall be payable for each and every year during the continuance of the lease. Rentals paid for any lease year commencing prior to the effective date of this readjustment shall be credited against royalties for that year. Rentals due and payable for any lease year commencing on or after the effective date of this readjustment may not be credited against royalties (43 CFR 3473.3-1).

Sec. 6. PRODUCTION ROYALTY. The lessee shall pay a production royalty of 12% percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. The value of coal shall be determined as set forth in the regulations. Production royalties paid for a calendar month shall be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. Production royalties shall be payable the final day of the month succeeding the calendar month in which coal is mined.

Sec. 7. ADVANCE ROYALTY. Upon request by the lessee the Mining Supervisor may accept, for a total of not more than ten years, the payment of advance royalties in lieu of the condition of continued operation for any particular year. Any payment of advance royalties in lieu of continued operation shall be pursuant to an agreement, signed by the lessee and the Mining Supervisor, which shall be made a part of this lease. The agreement shall include a schedule of payments and shall be subject to the advance royalty conditions set forth in the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons which shall be determined on a schedule sufficient to exhaust the leased reserves in 40 years from the date of approval of the mining and reclamation plans or from June 1, 1976, depending on effective date of the lease.

Sec. 8. METHOD OF PAYMENTS. The lessee shall make rental payments to the appropriate BLM office until either production royalties or advance royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the Mining Supervisor. All remittances to BLM shall be made payable to the Bureau of Land Management; those to the Geological Survey shall be made payable to the United States Geological Survey.

Sec. 9. EXPLORATION PLAN. As specified in the regulations, the lessee shall submit an exploration plan before conducting any exploration on the leased lands, except casual use, between the effective date of this lease and the date of approval of the mining plan. The lessee shall not commence exploration without an approved exploration plan. Thereafter, the lessee shall conduct all exploration in accordance with the approved exploration plan.

Sec. 10. MINING PLAN. In accordance with the regulations in 30 CFR 211, 700, and 800, if the Lessee has not yet submitted a mining plan, he must do so within three years after the effective date of this readjustment. Unless or until the mining plan has been approved, the Lessee shall not conduct any operations on the leased lands except casual use or exploration, if an exploration plan has been approved. Thereafter, the Lessee shall conduct all operations in accordance with the approved mining plan.

Sec. 11. LOGICAL MINING UNITS (LMU). This lease is automatically considered to be an LMU and may be combined with other land, including other Federal leaseholds and non-Federal interests in coal, to form a larger LMU. The mining plan for such enlarged LMU must include a production schedule that provides for the mining of all the LMU reserves, both Federal and non-Federal, in a period of not more than 40 years from the date of the approval of the plan. The definition of LMU and LMU reserves and other conditions applicable to them are set forth in the regulations (43 CFR 3400.0-5).

Sec. 12. OPERATIONS ON LEASED LANDS. In accordance with the conditions of this lease, the exploration and mining plans, the regulations and the Act, the lessee shall exercise reasonable diligence, skill and care in all operations on the leased lands. The lessee's obligations shall include, but not be limited to the following:

(a) The lessee shall conduct all operations on the leased lands so as to avoid injury to life, health, or property.

(b) The lessee shall conduct operations in such a manner as may be needed to avoid or, where avoidance is impracticable, to minimize and where practicable, to repair damage to: (1) any forage and timber growth on Federal or non-Federal lands in the vicinity of the leased lands; (2) crops, including forage and timber, or improvements of a surface owner; or (3) improvements, whether owned by the United States or by its permittees, licensees, or lessees. The lessor must approve the steps to be taken and the restoration to be made in the event of the occurrence of damage described in this subsection.

(c) The lessee shall minimize to the maximum extent possible wasting of the mineral deposits and other resources, including, but not limited to, surface resources which may be found in, upon, or under such lands.

Sec. 13. CULTURAL RESOURCES. (a) Before the approval of a mining plan, the authorized officer may require a survey of all or part of the leased land to provide an inventory of any historical, cultural, archeological, and paleontological values. The survey shall be conducted by a qualified professional archeologist, approved by the authorized officer, and a report of the survey shall be submitted to the authorized officer. The approval of an exploration or mining plan or the continuation of lease operations may be conditioned on the approval of the survey report and the approval of measures to protect the historical, cultural, archeological, and paleontological values. The cost of any survey or measures to protect such values discovered as a result of the survey shall be borne by the lessee, and items and features of historical, cultural, archeological, or paleontological value shall remain under the jurisdiction of the United States.

(b) If any items or features of historical, cultural, archeological, or paleontological value are discovered during lease operations, the lessee shall immediately notify the Mining Supervisor and shall not disturb such items or features until the Mining Supervisor issues instructions. If the lessee is ordered to take measures to protect any items or features of historical, cultural, archeological, or paleontological value discovered during lease operations, the cost of the measures shall be borne by the lessor, and such items and features shall remain under the jurisdiction of the United States.

Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS. (a) The lessor reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements or rights-of-way, including leases for the development of minerals other than coal under the Act. The lessor may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right (1) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (2) to dispose of any resource in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE. The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES. By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where the lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice is to be provided by lessee to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F. R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 17. EMPLOYMENT PRACTICES. The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and services of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated provides for a minimum age restriction for mining below the surface, other than the requirements of Federal Law, the laws of the State shall prevail.

Sec. 18. MONOPOLY AND FAIR PRACTICES. The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. §§ 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such regulations shall upon promulgation be binding upon the lessee.

Sec. 19. ASSIGNMENT. This lease may be assigned, upon approval of the authorized officer in accordance with the provisions of 43 CFR Subpart 3453. An assignment will become effective on the first day of the month following approval by the authorized officer or, if the assignee requests, the first day of the month of approval.

Sec. 20. RELINQUISHMENT OF LEASE. The lessee may file a request to relinquish all or any legal subdivision of this lease. The request shall be filed in duplicate with the authorized officer. The authorized officer shall approve the relinquishment if he determines that the lessee has complied with the requirements of the lease, the exploration and mining plans, the regulations and the Act. Upon approval, the relinquishment shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to pay all accrued rentals and royalties and to comply with all other requirements of the lease, the regulations and the Act.

Sec. 21. NONCOMPLIANCE. Any failure to comply with the conditions of this lease, the exploration and mining plans, the regulations, or the Act shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS. The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause or for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS. (a) This lease is subject to reasonable readjustment of any conditions of the lease, including royalty rates, at the end of this readjustment period on March 1, 1992, and subject to readjustment at the end of each 10-year period thereafter. The lessor shall notify the lessee whether he intends to readjust conditions and, if he intends to readjust, the nature of the readjustments. The lessor shall give notice 120 days before the end of this readjustment period as to whether the lease terms will be readjusted. Unless the lessee, within 60 days after receipt of the proposed readjusted conditions files with the lessor an objection or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions with the lessor, and agreement cannot be reached between the lessor and the lessee within a period of 60 days after the filing of the objections, the lease may be terminated by either party upon giving 30 days' notice to the other party; however, the lessor's right to terminate the lease shall be suspended by the lessee's filing of a notice of appeal pursuant to section 29 of this lease, and if the lessee is ultimately successful in his appeal, the lease shall continue without the change in the provisions, the imposition of which, the lessee appealed. If the lessee is unsuccessful in his appeal and, within 30 days after receipt of the decision on appeal notifies the lessor that he accepts the decision rendered upon such appeal, then the lease shall continue as amended by the decision.

(c) If the lessee files objections to the proposed readjusted conditions, the existing conditions, except those concerning royalties, shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lease is terminated; however, the readjusted royalty provisions shall be effective until there is either agreement between the lessor and the lessee or until the lease is terminated. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES. Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of the leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations for the completion of operations and abandonment.

Sec. 25. PROPRIETARY INFORMATION. Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2 and other applicable regulations.

Sec. 26. LESSEE'S LIABILITY TO LESSOR. (a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS. (a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked, upon request, by the Mining Supervisor or his representative at the place where they are customarily maintained.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) copy, and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST. No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, (62 Stat. 702, as amended, 18 U.S.C. §§ 431-433), relating to contracts, enter into and form a part of this lease insofar as they may be applicable.

Sec. 29. APPEALS. The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulations from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

Sec. 30. SPECIAL STATUTES. This lease is also subject to the provisions of the Federal Water Pollution Control Act (33 U.S.C. 1151-1175) and the Clean Air Act (42 U.S.C. 1857).

Sec. 31. SPECIAL STIPULATIONS. The District Mining Supervisor shall mean the authorized representative of the Minerals Management Service and the Regional Director shall mean the authorized representative of the Office of Surface Mining. The Authorized Officer shall mean the State Director, Bureau of Land Management. The Authorized Officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service or District Manager, Bureau of Land Management as appropriate. Surface management agency for private surface is the Bureau of Land Management, except within Forest boundaries, the surface management agency for private surface shall be the Forest Service.

1. The Lessee will be responsible to comply with all applicable Federal, State, and local laws and regulations.
2. 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) and final determination of suitability for mining. The United States Government does not warrant that the entire tract will be susceptible to mining.
3. The coal contained within the lease area and authorized for mining under this lease shall be extracted only by underground mining methods.
4. All support facilities, structures, equipment, and similar developments will be removed from the lease area within two years after the final termination of use of such facilities. All disturbed areas and those areas occupied by such facilities will be rehabilitated in accordance with an approved reclamation plan, 30 CFR 211 and the "Surface Mining Control and Reclamation Act of 1977" or an approved Utah program as applicable.
5. (a) Before undertaking any activities that may disturb the surface of the leased lands, the Lessee may be required to conduct a cultural resource intensive field inventory in a manner specified by the Regional Director and the Authorized Officer of the surface managing agency on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist, historian, or historical architect, as appropriate), approved by the Authorized Officer of the surface managing agency and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area) and the Authorized Officer of the surface managing agency. The Lessee shall undertake measures, in accordance with instructions from the Regional Director (or the District Mining Supervisor if activities are associated with coal exploration outside an approved mining permit area), to protect cultural resources on the leased land. The Lessee shall not commence the surface disturbing activities until permission to proceed is given by the Regional Director or the District Mining Supervisor as appropriate.

(b) The Lessee shall protect all cultural resource properties within the lease area from lease-related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation plan or exploration plan.

(c) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the Lessee.

(d) If cultural resources are discovered during operations under this lease, the Lessee shall immediately bring them to the attention of the Regional Director (or the District Mining Supervisor, as appropriate), and the Authorized Officer, Surface Management Agency. The Lessee shall not disturb such resources except as may be subsequently authorized by the Regional Director (or the District Mining Supervisor). Within two (2) working days of notification, the Regional Director (or the District Mining Supervisor, as appropriate) will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. The cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the Authorized Officer, Surface Management Agency.

(e) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

6. Before undertaking any activities that may disturb the surface of the leased lands, the Lessee shall contact the Regional Director and Authorized Officer of the Surface Management Agency to determine whether the Lessee will be required to conduct a paleontological appraisal of the mine plan and adjacent areas, or exploration plan areas, that may be adversely affected by lease-related activities. If the Regional Director and Authorized Officer, Surface Management Agency, determines that one is necessary, the paleontological appraisal shall be conducted by a qualified paleontologist approved by the Authorized Officer of the surface management agency, using the published literature and, where appropriate, field appraisals for determining the possible existence of larger and more conspicuous fossils of scientific significance. A report of the appraisal and recommendations for protecting any larger and more conspicuous fossils of significant scientific interest on the leased lands so identified shall be submitted to and approved by the Regional Director and the Authorized Officer, Surface Management Agency. When necessary to protect and collect the larger and more conspicuous fossils of significant scientific interest on the leased lands, the Lessee shall undertake the measures provided in the approval of the mining and reclamation plan or exploration plan.

(a) The Lessee shall not knowingly disturb, alter, destroy, or take any larger and more conspicuous fossils of significant scientific interest, and shall protect all such fossils in conformance with the measures included in the approval of the mining and reclamation plan or exploration plan.

(b) The Lessee shall immediately bring any such fossils that might be altered or destroyed by his operation to the attention of the Regional Director or the District Mining Supervisor, as appropriate. Operations may continue as long as the fossil specimen or specimens would not be seriously damaged or destroyed by the activity. The Regional Director or the District Mining Supervisor, as appropriate, shall evaluate or have evaluated such discoveries brought to his attention and, within five (5) working days, shall notify the Lessee what action shall be taken with respect to such discoveries.

(c) All such fossils of significant scientific interest shall remain under the jurisdiction of the United States until ownership is determined under applicable law. Copies of all paleontological resource data generated as a result of the lease term requirements will be provided to the Regional Director or the District Mining Supervisor, as appropriate.

(d) The cost of any required salvage of such fossils shall be borne by the United States.

(e) These conditions apply to all such fossils of significant scientific interest discovered within the lease area whether discovered in the overburden, interburden, or coal seam or seams. Fossils of significant scientific interest do not include those fossils commonly encountered during underground mining operations such as ferns and dinosaur tracks. Skeletal remains shall be considered significant.

7. The Lessee shall, prior to entry upon the lease, conduct an intensive field inventory for threatened and endangered plant and/or animal species, bald or golden eagles, or migratory species of high Federal interest on those areas to be disturbed and/or impacted including the access routes to the lease area. The inventory shall be conducted by a qualified specialist(s) approved by the Authorized Officer, Surface Management Agency, and a report of the inventory and recommendation for the protection of these species submitted to and approved by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate. An acceptable report of any findings shall include the specific location, distribution, and habitat requirements of the species. The Lessee shall protect these species within the lease area from any activities associated with operations conducted under the terms of the lease and shall undertake such protective measures as may be required by the Authorized Officer, Surface Management Agency, and Regional Director or District Mining Supervisor as appropriate.
8. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication "Suggested Practices for Raptor Protection on Powerlines" (Edison Electric Institute, 1975). When feasible, powerlines will be located at least 100 yards from public roads.
9. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal handling, transportation, and storage facilities in accordance with the regulatory requirements as contained in 30 CFR 817.95 (or 30 CFR 816.95 as applicable), dated December 31, 1979. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.
10. In order to avoid surface disturbance on steep canyon slopes and the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specific locations approved by the Regional Director with the concurrence of the Authorized Officer, Surface Management Agency and the District Mining Supervisor.
11. Prior to mining, the Lessee shall perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. The study will be established in consultation with and approved by the Authorized Officer, Surface Management Agency, the Regional Director, and the District Mining Supervisor and shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, all surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.
12. The Lessee shall establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground 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 sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director in consultation with and concurrence by the Authorized Officer, Surface Management Agency and District Mining Supervisor.

13. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with Forest Service regulations.
14. 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 unacceptable escarpment failure and landslides, (2) cause damage to surface structures, and (3) damage or alter the flow of perennial streams. The Lessee in his mining plan shall provide specific measures for the protection of escarpments. The Regional Director in consultation with and concurrence of the District Mining Supervisor and Authorized Officer, Surface Management Agency, shall approve such measures and may prescribe any additional measures to be employed such as mining methods, specifying the amount of coal recovered, and determining any corrective measures considered necessary to assure that escarpment failure does not occur except at specifically approved locations, or that hazardous conditions are not created.
15. Existing surface improvements required for the surface uses of the lease area will need to be protected or maintained to provide for the post-mining continuance of the current lands uses. Existing surface improvements whose utility may be lost or damaged as a result of mining activities are to be replaced, restored, or compensated for at the discretion of the Authorized Officer, Surface Management Agency.
16. The Lessee shall reclaim all areas disturbed as a result of mining and exploration operations to a land use capable of supporting the pre-mining levels of livestock grazing, big game winter range, and other wildlife habitat.
17. In order to minimize the impacts to the visual resources, alterations of the existing vegetation and land forms that involve roads, structures, drill sites, transmission lines, and portal facilities are to be located and/or constructed so as to visually blend with the natural surroundings. This requirement may be modified by the Regional Director or District Mining Supervisor with the concurrence of the Authorized Officer, Surface Management Agency, if a conflict with the technical requirements for mining and lease development occurs. All permanent structures and facilities associated with the mining of coal from the lease area shall be painted an earthen color that blends with the predominant background colors of the landscape. Upon completion of exploration, construction and mining activities, and as a part of the rehabilitation activities, the Lessee shall restore the landscape to its original visual character.
18. The Lessee will be responsible to replace any water lost or adversely affected by mining operations with water from an alternative source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock, and wildlife use.
19. Travel Right-of-Ways for vehicles and driveways for livestock must be maintained to current standards in Cottonwood Canyon.
20. The Lessee is responsible to rehabilitate any watershed adversely affected by subsidence resulting from mining activities.
21. The Lessee must comply to the special stipulations in Form 3109-3 (~~Department of the Interior, Bureau of Land Management~~) ~~for lands under~~ the jurisdiction of the Department of Agriculture.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
AUG - 9 1967  
R

Land Office Serial Number AUG 16 1967  
Utah 1358  
Salt Lake City, Utah

COAL LEASE

This lease, entered into on **August 1, 1967**, by the United States of America, the lessor,  
through the Bureau of Land Management, and **Sentry Royalty Company**  
301 North Memorial Drive  
St. Louis, Missouri 63102

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STATE & LAND DEPT  
SALT LAKE CITY  
1967 JUL 18 PM 2 5  
DEPT OF THE INTERIOR  
BUREAU OF LAND MGMT  
SALT LAKE CITY

pursuant and subject to the terms and provisions of the Act of February 25, 1920 (41 Stat. 437), as amended, hereinafter referred to as the Act, and to all reasonable regulations of the Secretary of the Interior now or hereafter in force which are made a part hereof.

WITNESSETH:

Sec. 1. *Rights of Lessee.* The lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the lessee the exclusive right and privilege to mine and dispose of all the coal in the following-described tracts of land, situated in the State of **Utah**:

**Salt Lake Meridian, Utah**  
**T. 17 S., R. 7 E.,**  
**Sec. 22, 23, 24, 25, 26, 27, 28, 29, 30,**  
**31, 32, 33, 34, 35, 36, 37, 38, 39, 40.**

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	A. L. Eng.			Per. Ctl.
	WC. Prof.			Per. Ctl.
	R. Prof.			R. Ctl.
	T. Prof.			T. Ctl.
	L. Arch.			Steno
	Eng. Prof.			Flis
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				Rec. For

Subject to attached stipulations.

containing **320.00** acres, more or less, together with the right to construct all such works, buildings, plants, structures, and appliances as may be necessary and convenient for the mining and preparation of the coal for market, the manufacture of coke or other products of coal, the housing and welfare of employees, and subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted.

Sec. 2. In consideration of the foregoing, the lessee hereby agrees:

(a) *Bond.* To maintain the bond furnished upon the issuance of this lease, which bond is conditioned upon compliance with all the provisions of the lease, and to increase the amount or furnish such other bond as may be required.

(b) *Rental.* To pay the lessor annually, in advance, for each acre or fraction thereof covered by this lease, beginning with the date hereof, the following rentals: 25 cents for the first year; 50 cents for the second, third, fourth, and fifth years, respectively; and \$1 for the sixth and each succeeding year during the continuance of the lease, such rental for any year to be credited against the first royalties as they accrue under the lease during the year for which the rental was paid. See Sec. 2(c) on last page of lease.

(c) *Royalty.* To pay the lessor a royalty of ~~cents on every ton of 2,000 pounds of coal mined during the first 10 years succeeding the expiration of this lease. Royalties shall be payable quarterly within~~

~~30 days from the expiration of the quarter in which the coal is mined.~~

(d) *Minimum production.* Beginning with the sixth year of the lease, except when operations are interrupted by strikes, the elements, or casualties not attributable to the lessee, or unless, on application and showing made, operations shall be suspended when market conditions are such that the lessee cannot operate except at a loss or suspended for the other reasons specified in Section 39 of the Act, to mine coal each year and pay a royalty thereon to a value of \$1 per acre or fraction thereof. Operations under this lease shall be continuous except in circumstances described or unless the lessee shall pay a royalty, less rent, on such minimum amount of the leased deposits, for one year in advance, in which case operations may be suspended for that year.

(e) *Payments.* To make rental payments to the Manager of the appropriate Land Office, except that when this lease becomes productive the rentals and

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royalties shall be paid to the appropriate Regional Mining Supervisor of the United States Geological Survey, with whom all reports concerning operations under the lease shall be filed. All remittances to the Manager of the Land Office shall be made payable to the Bureau of Land Management, those to the Geological Survey shall be made payable to the United States Geological Survey.

(f) *Plats, reports, maps.* At such times and in such form as the lessor may prescribe, to furnish a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs. To furnish in such form as the lessor may prescribe, within 30 days from the expiration of each quarter a report covering such quarter, certified by the superintendent of the mine, or by such other agent having personal knowledge of the facts as may be designated by the lessee for such purpose, showing the amount of leased deposits mined during the quarter, the character and quality thereof, amount of its products and byproducts disposed of and price received therefor, and amount in storage or held for sale. To keep and prepare maps of the leased lands in accordance with the appropriate regulations.

(g) *Weights.* To determine accurately the weight or quantity and quality of all leased deposits mined, and to enter accurately the weight or quantity and quality thereof in due form in books to be kept and preserved by the lessee for such purposes.

(b) *Inspection.* To permit at all reasonable times (1) inspection by any duly authorized officer of the Department, of the leased premises and all surface and underground improvements, works, machinery, equipment, and all books and records pertaining to operations and surveys or investigations under this lease; and (2) the lessor to make copies of and extracts from any or all books and records pertaining to operations under this lease, if desired.

(i) *Assignment.* To file for approval in the appropriate Land Office within 90 days from the date of execution, any assignment or transfer made of this lease, whether by direct assignment, operating agreement, working or royalty interest, or otherwise. Such instrument will take effect the first day of the month following its approval by the Bureau of Land Management, or if the assignee requests, the first day of the month of approval. The showing required to be made with an assignment or transfer is set forth in the appropriate regulations.

(j) *Equal Opportunity clause.* During the performance of this contract the lessee agrees as follows:

(1) The lessee will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) The lessee will, in all solicitations of advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the lessee's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* That in the event the lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interest of the United States.

(k) *Land disposed of with coal deposits reserved to the United States.* If the lands embraced herein have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, to comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

(l) *Operations, wages, freedom of purchase.* To comply with the appropriate operating regulations, to exercise reasonable diligence, skill, and care in the operations of the property, and to 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 of waste or damage to any water or mineral deposits; to fairly and justly weigh or measure the coal mined by each miner, to pay all wages due miners and employees, both above and below ground, at least twice each month in lawful money of the United States; to accord all miners and employees complete freedom of purchase; to restrict the workday to not exceeding eight hours in any one day for underground

without regard to age, in a mine below the surface; unless the laws of the State otherwise provide, in which case the State laws control.

(m) *Taxes.* To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, output of mines, or other rights, property, or assets of the lessee.

(n) *Overriding royalties.* Not to create, by assignment or otherwise, an overriding royalty interest in excess of 50 percent of the rate of royalty first payable to the United States under this lease or an overriding royalty interest which when added to any other outstanding overriding royalty interest exceeds that percentage, excepting, that where an interest in the leasehold or in an operating agreement is assigned, the assignor may retain an overriding royalty interest in excess of the above limitation if he shows to the satisfaction of the Bureau of Land Management, that he has made substantial investments for improvements on the land covered by the assignment.

(o) *Delivery of premises in case of forfeiture.* In case of forfeiture of this lease, to deliver up to the lessor in good order and condition the land leased, including all buildings, and underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit.

Sec. 3. The lessor expressly reserves:

(a) *Rights reserved.* The right to permit for joint or several use such easements or rights-of-way, including easements in tunnels upon, through, or in the land leased, occupied, or used as may be necessary or appropriate to the working of the same or other lands containing the deposits described in the Act, and the treatment and shipment of the products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) *Disposition of surface.* The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) *Monopoly and fair prices.* Full power and authority to promulgate and enforce all the provisions of Section 30 of the Act to insure the sale of the production of said leased lands to the United States and to the public at reasonable prices, to prevent monopoly, and to safeguard the public welfare.

(d) *Readjustment of terms.* The right reasonably to readjust and fix royalties payable hereunder and other terms and conditions at the end of 20 years from the date hereof and thereafter at the end of each succeeding 20-year period during the continuance of this lease unless otherwise provided by law at the time of the expiration of any such period. Unless the lessee files objections to the proposed terms or a relinquishment of the lease within 30 days after receipt of the notice of proposed terms for a 20-year period, he will be deemed to have agreed to such terms.

(e) *Waiver of conditions.* The right to waive any breach of the conditions contained herein, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the

waiver of any future breach; nor shall the waiver of a particular cause of forfeiture prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

Sec. 4. *Relinquishment of lease.* Upon a satisfactory showing that the public interest will not be impaired, the lessee may surrender the entire lease or any legal subdivision thereof. A relinquishment must be filed in duplicate in the appropriate Land Office. Upon its acceptance it shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to provide for the preservation of any mines or productive works or permanent improvements on the leased lands in accordance with the regulations and terms of the lease.

\*See amended Sec. 2 attached.  
Sec. 5. *Protection of the surface, natural resources, and improvements.* The lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by the United States or by its grazing permittees or lessees; and upon any partial or total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required by the lessor and to the extent deemed necessary by the lessor, to fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, restore the surface of the leased land to its former condition, including the removal of structures as and if required. The lessor may prescribe the steps to be taken and restoration to be made with respect to lands of the United States and improvements thereon.

Sec. 6. *Removal of equipment, etc., on termination of lease.* Upon termination of this lease, by surrender or forfeiture, the lessee shall have the privilege at any time within a period of 90 days thereafter of removing from the premises all machinery, equipment, tools and materials, except underground timbering placed by the lessee in or on the leased lands, which are necessary for the preservation of the mine. Any materials, tools, appliances, machinery, structures, and equipment, subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of the lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions, but the lessee shall remove any or all of such property where so directed by the lessor.

Sec. 7. *Proceedings in case of default.* If the lessee shall not comply with any of the provisions of the Act or the regulations thereunder or default in the performance or observance of any of the provisions of this lease, and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lessor may institute appropriate proceedings in a court of competent jurisdiction for the forfeiture and cancellation of this lease as provided in Section 31 of the Act. If the lessee fails to take prompt and necessary steps to prevent loss or damage to the mine, property, or premises, or danger to the employees, the lessor may enter on the premises and take such measures as may be deemed necessary to prevent such loss or damage or to correct the dangerous or unsafe condition of the mine or works thereof, which shall be at the expense of the lessee. However, the lessee shall

not be held responsible for delays or casualties occasioned by causes under the lessee's control.

Sec. 8. Heirs and successors in interest. Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest. No Member of, or Delegate to Congress, or Resident Commissioner, after his Sec. 2(a). To pay the lessor a royalty of 15 cents a short ton for coal mined by underground methods and 17 1/2 cents a short ton for coal mined by surface methods including sugar mining for the first 10-year period. A royalty of 17 1/2 cents a short ton for coal mined by underground methods and 20 cents a short ton for coal mined by surface methods including sugar mining for the second 10-year period. Royalties will be payable quarterly within 30 days from the expiration of the quarter in which the coal is mined.

Sec. 10. Mining or exploratory operations shall not be conducted which, in the opinion of the Regional Mining Supervisor, Geological Survey, would be hazardous to oil and gas production.

election or appointment, or either before or after he has qualified during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Section 3741 of the Revised Statutes of the United States, as amended (41 U.S.C. Sec. 22), and Sections 431, 432, and 433, Title 18, U.S.C., relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

or would unreasonably interfere with the orderly development and production under oil and gas leases issued for the same lands prior to the date of this lease. Nationwide bond on file.

THE UNITED STATES OF AMERICA

By F. S. Kirk

(Signing Officer)

F. S. Kirk

Chief, Adjudication Branch

(Title)

AUG 3, 1967

(Date)

WITNESS TO SIGNATURE OF LESSEE

ATTEST:

SENTRY ROYALTY COMPANY

(Signature of Lessee)

[Signature]  
Secretary

By: [Signature]  
(Signature of Lessee) President  
V.I.E.

(Signature of Lessee)

(If this lease is executed by a corporation, it must bear the corporate seal)

SPECIAL STIPULATIONS

To advise the Forest Supervisor and obtain his approval prior to undertaking any operations on the leased land; provided, that such approval may be conditioned on reasonable requirements to prevent erosion, water pollution, or damage to the surface resources, and to assure reasonable restoration or rehabilitation of the surface.

This lease does not authorize prospecting for or removal of any mineral deposits by stripping, rim cutting, open pit, or any other method involving the use of mechanical earth-moving equipment without the prior written approval of the Forest Supervisor. Such approval may be conditioned on stipulations for the protection of surface values.

The lessee will file a plan with the Forest Supervisor before any prospecting work other than by hand tools is undertaken showing the area to be worked and the methods of prospecting to be employed. No work other than with hand tools will be undertaken until approval in writing by the Forest Supervisor.

No roads or trails will be constructed without the advance written approval of the Forest Supervisor. The Supervisor may require drainage structures and other measures which in his opinion are essential to prevent soil erosion.

SENTRY ROYALTY COMPANY

By: [Signature]  
Permittee, lessee      President  
VICE

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE \*

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

(1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover; unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below depth.

(2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for such services shall be made at rates to be determined by the authorized representative of the Secretary of

Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power: *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so or on areas approved by such representative.

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the

\* This form of stipulation may be used in connection with leases and permits issued under the Acts of February 25, 1920, as amended (30 U.S.C. 181 *et seq.*), August 7, 1947 (30 U.S.C. 351 *et seq.*); February 7, 1927, as amended (30 U.S.C. 281 *et seq.*); April 17, 1926, as amended (30 U.S.C. 271 *et seq.*); October 20, 1914, as

amended (48 U.S.C. 432 *et seq.*); June 28, 1944 (58 Stat 463 *et seq.*); September 1, 1949 (30 U.S.C. 192c); June 30, 1950 (16 U.S.C. 508b); or under the authority of any of the Acts cited in Section 402 of the President's Reorganization Plan No. 3 of 1946 (5 U.S.C. 133y-16, Note).

exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder; to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to  
**Forest Supervisor**  
**Manti-Lajal National Forest**

at **350 East Main Street**  
**Price, Utah 84501**

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.

(Signature of Lessee)

exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder; to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to

**Forest Supervisor  
Manti-LaSal National Forest**

at  
**350 East Main Street  
Price, Utah 84501**

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.

(Signature of Lessee)

Sec. 5. Protection of the surface, natural resources, and improvements:

The lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) causing or contributing to soil erosion or damaging any forage and timber growth thereon, or on Federal and non-Federal lands in the vicinity; (2) polluting water; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging improvements whether owned by the United States or by its permittees or lessees; and upon any partial or total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required and to the extent deemed necessary by the lessor, to fill any sump holes, ditches, and other excavations, remove or cover all debris, and, so far as reasonably possible, restore the surface of the leased land and access roads to their former condition, including the removal of structures as and if required. The lessor may prescribe the steps to be taken and restoration to be made, with respect to lands of the United States and improvements thereon.

SENTRY ROYALTY COMPANY

By: H. D. Ryan  
Sentry Royalty Company Vice-President

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Salt Lake 070645-  
SERIAL NUMBER Utah 02292

DATE OF LEASE April 1, 1952

COAL LEASE READJUSTMENT

This lease between the United States of America (lessor) through the Bureau of Land Management (BLM) and

Estate of Malcolm N. McKinnon  
1300 Walker Bank Building  
175 South Main  
Salt Lake City, Utah 84111

(lessee) is readjusted, effective as of June 1, 1979.

Sec. 1. STATUTES AND REGULATIONS. This lease readjustment is subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, as amended (41 Stat. 437, 30 U.S.C. §§ 181-263), hereinafter referred to as the Act, and of the Surface Mining Control and Reclamation Act of 1977. This lease is also subject to all regulations of the Secretary of the Interior (including, but not limited to, 30 CFR Part 211 and 43 CFR Group 3000) and to all regulations of the Secretary of Energy promulgated pursuant to Section 302 of the Department of Energy Organization Act which are now or hereafter in force and which are made a part hereof. No amendment to the regulations made subsequent to the effective date hereof shall alter the rental and production royalty requirements in sections 5 and 6 of this lease until the next readjustment of this lease.

Sec. 2. RIGHTS OF LESSEE. The lessor, in consideration of the rents and royalty and other conditions hereinafter set forth, hereby grants to the lessee the exclusive right and privilege to mine and dispose of all coal in the following-described tracts (leased lands) situated in the State of Utah:

T. 17 S., R. 7 E., SLM, Utah Emery County  
Sec. 4, S $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 5, SE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 8, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Sec. 9, all;  
Sec. 10, W $\frac{1}{2}$ ;  
Sec. 15, N $\frac{1}{2}$ ;  
Sec. 16, N $\frac{1}{2}$ ;  
Sec. 17, NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ .

containing 2,560 acres, more or less, together with the right to construct all work, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for so long as this lease remains in full force and effect under any provisions of the law and the applicable regulations thereunder.

Sec. 3. DILIGENCE. The lessee shall engage in the diligent development of the coal resources subject to the lease by timely preparation for and initiation of production of coal from this lease or from the Logical Mining Unit (LMU) of which this lease is a part so that coal is actually produced in commercial quantities before June 1, 1986, except that the period of time during which production of coal in commercial quantities must be achieved may be extended as provided in the regulations (43 CFR 3520.2-5). After diligent development is achieved, the lessee shall maintain continued operation of the mine or mines on the leased lands as defined in the regulations.

Sec. 4. BOND. The lessee shall file with the appropriate BLM office a compliance bond in the amount of \$200,000 and a reclamation bond in the amount of N/A for the use and benefit of the United States, to insure payment of rentals and royalties and to insure compliance with all other terms of this lease, the exploration and mining plans, the regulations and the Act. An increase in the amount of either bond may be required by the lessor upon approval of the exploration or mining plan or upon approval of a change in either plan, or at any other time during the life of the lease to reflect changed conditions.

Sec. 5. RENTAL. An annual rental of \$3.00 for each acre or fraction thereof shall be paid in advance on or before the anniversary date of this lease. Rentals under this lease shall be payable for each and every year during the continuance of the lease. Rentals paid for any year prior to this readjustment shall be credited against the royalties for that year. Rentals due and payable on and after the lease year commencing on the effective date of this readjustment may not be credited against royalties (43 CFR 3503.3-1).

Sec. 6. PRODUCTION ROYALTY. The lessee shall pay a production royalty of 12 $\frac{1}{2}$  percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. The value of coal shall be determined as set forth in the regulations. Production royalties paid for a calendar month shall be reduced by the amount of any advance royalties paid under this lease to the extent that such advance royalties have not been used to reduce production royalties in a previous month. Production royalties shall be payable the final day of the month succeeding the calendar month in which the coal is mined.

Sec. 7. ADVANCE ROYALTY. Upon request by the lessee, the Mining Supervisor may accept, for a total of not more than ten years, the payment of advance royalties in lieu of the condition of continued operation for any particular year. Any payment of advance royalties in lieu of continued operation shall be pursuant to an agreement, signed by the lessee and the Mining Supervisor, which shall be made a part of this lease. The agreement shall include a schedule of payments and shall be subject to the advance royalty conditions set forth in the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons which shall be determined on a schedule sufficient to exhaust the leased reserves in 40 years from June 1, 1976.

Sec. 8. METHOD OF PAYMENTS. The lessee shall make rental payments to the appropriate BLM office until either production royalties or advance royalties become payable. Thereafter, all rentals, production royalties and advance royalties shall be paid to the Mining Supervisor. All remittances to BLM shall be made payable to the Bureau of Land Management; those to the Geological Survey shall be made payable to the United States Geological Survey.

Sec. 9. EXPLORATION PLAN. As specified in the regulations, the lessee shall submit to the Mining Supervisor an exploration plan before conducting any exploration on the leased lands, except casual use, between the effective date of this lease and the date of approval of the mining plan. The lessee shall not commence exploration until the Mining Supervisor has approved the exploration plan. Thereafter, the lessee shall conduct all exploration in accordance with the approved exploration plan.

Sec. 10. MINING PLAN. As specified in regulations 30 CFR 211.10(a)(1), the lessee shall submit a mining plan to the Mining Supervisor not later than 3 years after the date of readjustment of the lease unless a current mining plan which complies with 30 CFR 211.10(a)(1) has previously been submitted. Until the Mining Supervisor has approved the mining plan, the lessee shall not conduct any operations on the leased lands except casual use or, if an exploration plan has been approved, exploration. Thereafter, the lessee shall conduct all operations in accordance with the approved mining plan.

Sec. 11. LOGICAL MINING UNITS (LMU). This lease is automatically considered to be an LMU and may be combined with other land, including other Federal leaseholds and non-Federal interests in coal, to form a larger LMU. The mining plan for such enlarged LMU must include a production schedule that provides for the mining of all the LMU reserves, both Federal and non-Federal, in a period of not more than 40 years from the date of the approval of the plan. The definition of LMU and LMU reserves and other conditions applicable to them are set forth in the regulations (43 CFR 3520.2-6).

Sec. 12. OPERATIONS ON LEASED LANDS. In accordance with the conditions of this lease, the exploration and mining plans, the regulations and the Act, the lessee shall exercise reasonable diligence, skill and care in all operations on the leased lands. The lessee's obligations shall include, but not be limited to the following:

(a) The lessee shall conduct all operations on the leased lands so as to avoid injury to life, health, or property;

(b) The lessee shall conduct operations in such a manner as may be needed to avoid or, where avoidance is impracticable, to minimize and where practicable, to repair damage to: (1) any forage and timber growth on Federal or non-Federal lands in the vicinity of the leased lands; (2) crops, including forage and timber, or improvements of a surface owner; or (3) improvements, whether owned by the United States or by its permittees, licensees, or lessees. The lessor must approve the steps to be taken and the restoration to be made in the event of the occurrence of damage described in this subsection.

(c) The lessee shall minimize to the maximum extent possible wasting of the mineral deposits and other resources, including, but not limited to, surface resources which may be found in, upon, or under such lands.

Sec. 13. CULTURAL RESOURCES. (a) Before the approval of a mining plan, the authorized officer may require a survey of all or part of the leased land to provide an inventory of any historical, cultural, and archeological values. The survey shall be conducted by a qualified professional archeologist, approved by the authorized officer, and a report of the survey shall be submitted to the authorized officer. The approval of an exploration or mining plan or the continuation of lease operations may be conditioned on the approval of the survey report and the approval of measures to protect the historical, cultural, and archeological values. The cost of any survey or measures to protect such values discovered as a result of the survey shall be borne by the lessee, and items and features of historical, cultural, or archeological value shall remain under the jurisdiction of the United States.

(b) If any items or features of historical, cultural, or archeological value are discovered during lease operations, the lessee shall immediately notify the Mining Supervisor and shall not disturb such items or features until the Mining Supervisor issues instructions. If the lessee is ordered to take measures to protect any items or features of historical, cultural, or archeological value discovered during lease operations, the cost of the measures shall be borne by the lessor, and such items and features shall remain under the jurisdiction of the United States.

Sec. 14. AUTHORIZATION OF OTHER USES AND DISPOSITION OF LEASED LANDS. (a) The lessor reserves the right to authorize other uses of the leased lands by regulation or by issuing, in addition to this lease, leases, licenses, permits, easements or rights-of-way, including leases for the development of minerals other than coal under the Act. The lessor may authorize any other uses of the leased lands that do not unreasonably interfere with the exploration and mining operations of the lessee, and the lessee shall make all reasonable efforts to avoid interference with such authorized uses.

(b) The lessor reserves the right: (1) to sell or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or (2) to dispose of any resources in such lands if such disposal will not unreasonably interfere with the exploration and mining operations of the lessee.

(c) If the leased lands have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, the lessee shall comply with

all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

Sec. 15. EQUAL OPPORTUNITY CLAUSE. The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

Sec. 16. CERTIFICATION OF NONSEGREGATED FACILITIES. By entering into this lease, the lessee certifies that he does not and will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not and will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race,

color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such proposed contractors and subcontractors (except where proposed contractor or subcontractor has submitted identical certifications for specific time periods). Notice is to be provided by lessee to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. Certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 17. EMPLOYMENT PRACTICES. The lessee shall pay all wages due persons employed on the leased lands at least twice each month in lawful money of the United States. The lessee shall grant all miners and other employees complete freedom to purchase goods and services of their own choice. The lessee shall restrict the workday to not more than 8 hours in any one day for underground workers, except in case of emergency. The lessee shall employ no person under the age of 16 years in any mine below the surface. If the laws of the State in which the mine is situated provides for a minimum age restriction for mining below the surface, other than the requirements of Federal law, the laws of the State shall prevail.

Sec. 18. MONOPOLY AND FAIR PRACTICES. The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 30 and 32 of the Act (30 U.S.C. §§ 187 and 189) necessary to insure that any sale of the production from the leased lands to the United States or to the public is at reasonable prices, to prevent monopoly, and to safeguard the public welfare, and such regulations shall upon promulgation be binding upon lessee.

Sec. 19. ASSIGNMENT. This lease may be assigned, upon approval of the authorized officer in accordance with the provisions of 43 CFR Subpart 3506. An assignment will become effective on the first day of the month following approval by the authorized officer or, if the assignee requests, the first day of the month of the approval.

Sec. 20. RELINQUISHMENT OF LEASE. The lessee may file a request to relinquish all or any legal subdivision of this lease. The request shall be filed in duplicate with the authorized officer. The authorized officer shall approve the relinquishment if he determines that the lessee has complied with the requirements of the lease, the exploration and mining plans, the regulations and the Act. Upon approval, the relinquishment shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to pay all accrued rentals and royalties and to comply with all other requirements of the lease, the exploration and mining plans, the regulations and the Act.

Sec. 21. NONCOMPLIANCE. Any failure to comply with the conditions of this lease, the exploration and mining plans, the regulations, or the Act shall be dealt with in accordance with the procedures set forth in the regulations.

Sec. 22. WAIVER OF CONDITIONS. The lessor reserves the right to waive any breach of the conditions contained in this lease, except the breach of such conditions as are required by the Act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular breach prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

Sec. 23. READJUSTMENT OF TERMS AND CONDITIONS. (a) This lease is subject to reasonable readjustment of any conditions of this lease, including royalty rates, at the end of this readjustment period on April 1, 1992, and subject to readjustment at the end of each 10-year period thereafter. The lessor shall notify the lessee whether he intends to readjust conditions and, if he intends to readjust, the nature of the readjustments. If it is feasible, the lessor shall give such notice 120 days before the effective date of the readjustment. In any event, until the lessee has been notified either that the lease terms will be readjusted or that they will not be readjusted, the lessor reserves the right to require readjustment. Unless the lessee, within 30 days after receipt of such notice, files with the lessor an objection to the proposed readjustment conditions or relinquishes the lease as of the effective date of the readjustment, the lessee shall be deemed conclusively to have agreed to such conditions.

(b) If the lessee files objections to the proposed readjusted conditions with the lessor, and agreement cannot be reached between the lessor and the lessee within a period of 60 days after the filing of the objections, the lease may be terminated by either party upon giving 30 days notice to the other party; however, the lessor's right to terminate the lease shall be suspended by the lessee's filing of a notice of appeal pursuant to section 29 of this lease, and if the lessee is ultimately successful in his appeal, the lease shall continue without the change in the provisions, the imposition of which, the lessee appealed. If the lessee is unsuccessful in his appeal and, within 30 days after receipt of the decision on appeal notifies the lessor that he accepts the decision rendered upon such appeal, then the lease shall continue as amended by the decision.

(c) If the lessee files objections to the proposed adjusted conditions, the existing conditions, except those concerning royalties, shall remain in effect until there has been an agreement between the lessor and the lessee on the new conditions to be incorporated in the lease, or until the lessee has exhausted his rights of appeal under section 29 of this lease, or until the lease is terminated; however, the readjusted royalty provisions shall be effective until there is either agreement between the lessor and the lessee or until the lease is terminated. If the readjusted royalty provisions are subsequently rescinded or amended, the lessee shall be permitted to credit any excess royalty payments against royalties subsequently due to the lessor.

Sec. 24. DELIVERY OF PREMISES. Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit, and shall be in accordance with all other applicable provisions of the regulations for the completion of operations and abandonment.

Sec. 25. PROPRIETARY INFORMATION. Geological and geophysical data and information, including maps, trade secrets, and commercial and financial information which the lessor obtains from the lessee shall be treated in accordance with 43 CFR Part 2.

Sec. 26. LESSEE'S LIABILITY TO LESSOR. (a) The lessee shall be liable to the United States for any damage suffered by the United States in any way arising from or connected with the lessee's activities and operations under this lease, except where damage is caused by employees of the United States acting within the scope of their authority.

(b) The lessee shall indemnify and hold harmless the United States from any and all claims arising from or connected with the lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the lessee pursuant to this section, and the damages involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damages occurred.

Sec. 27. INSPECTIONS AND INVESTIGATIONS. (a) All books and records maintained by the lessee showing information required by this lease or regulations must be kept current and in such manner that the books and records can be readily checked, upon request, by the Mining Supervisor or his representative at the place where they are customarily maintained.

(b) The lessee shall permit any duly authorized officer or representative of the lessor at any reasonable time (1) to inspect or investigate the leased lands and all surface and underground improvements, works, machinery, and equipment, and all books and records pertaining to the lessee's obligations to the lessor under this lease and regulations and (2) copy, and make extracts from any such books and records.

Sec. 28. UNLAWFUL INTEREST. No member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified and during his continuance in office, and no officer, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(3), shall hold any share or part in this lease or derive any benefit therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. Section 22, and the Act of June 25, 1948, (62 Stat. 702, as amended, 18 U.S.C. §§ 431-433), relating to contracts, enter into and form a part of this lease insofar as they may be applicable.

Sec. 29. APPEALS. The lessee shall have the right to appeal (a) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management (b) under 30 CFR Part 290 from an action, order, or decision of any official of the United States Geological Survey, or (c) under applicable regulation from any action or decision of any other official of the Department of the Interior arising in connection with this lease, including any action or decision pursuant to Section 23 of this lease with respect to the readjustment of conditions.

Sec. 30. SPECIAL STIPULATIONS.

Definition

The Area Mining Supervisor shall mean the authorized representative of the U.S. Geological Survey. The authorized officer of the surface management agency shall mean the Forest Supervisor, Manti-LaSal National Forest, 350 East Main, Price, Utah 84501.

Lease Stipulations

1. All operations will be conducted to protect the aesthetic and scenic values. Consideration will be given site selections to reduce adverse visual impacts. Where alternative sites are available, the alternative involving the least damage to the scenery and other resources shall be selected if it is comparable from a technical standpoint with the proposed development site. Permanent structures and facilities will be designed to be architecturally compatible with the surrounding landscape, where possible, and will harmonize with the natural landscape. Screening techniques will be employed to reduce scenic impacts. The use of a qualified landscape architect may be required by the area mining supervisor in consultation with the authorized officer to design and achieve a final landscape compatible with the natural surroundings. Alteration or removal of the vegetative cover, specifically trees or shrubs, is to be accomplished to achieve the effect of natural-occurring vegetative openings. The creation of unusual, objectionable, or unnatural land forms and vegetative landscape features will be avoided.
2. The lessee shall perform an adequate hydrologic study to secure baseline data concerning the surface and subsurface water occurring on or flowing through the lease area. The results of the study shall be furnished to the area mining supervisor prior to approval of the mining plan. The study shall provide such data and information as considered necessary by the mining supervisor and authorized officer.
3. The lessee will be required to establish a surface subsidence monitoring system to measure the effects of the underground mining activities on the land surface. A satisfactory series of monitoring points shall be established on the lease area. The monitoring shall be conducted by a method and in a manner approved by the area mining supervisor. The results of the monitoring shall be reported periodically to the mining supervisor and authorized officer. The area mining supervisor may require the lessee to employ such measures and precautions deemed necessary, including mining methods and extent and manner of coal extraction to assure that neither damage to surface facilities or loss of perennial streams occurs nor hazardous conditions are created.
4. All lease operations shall be conducted so as to comply with the Federal Water Pollution Control Act (33 U.S.C. 1151-1157) and the Clean Air Act (42 U.S.C. 1857 and following).
5. 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.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Land Office

AUG 11 1964

Salt Lake City, Utah

MANTI-LASAL N.F.  
CASTLE DALE, UTAH

Serial Number

Utah 034924

COAL LEASE  
Act of February 25, 1920 (41 Stat. 437), as amended

This lease, entered into on August 1, 1964, by the United States of America, the lessor, through the Bureau of Land Management, and Malcolm N. McKinnon, 1222 South Main St., Salt Lake City 1, Utah

the lessee, pursuant and subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437), as amended, hereinafter referred to as the act, and to all reasonable regulations of the Secretary of the Interior now in force which are made a part hereof,

Witnesseth:

Section 1. *Rights of lessee.* The lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the lessee the exclusive right and privilege to mine and dispose of all the coal in the following-described tracts of land, situated in the State of Utah:

T. 17 S., R. 6 E., SE Mer., Utah

Sec. 1: Lots 1, 2, 3, ~~S&W~~, ~~SW~~, ~~SE~~

Sec. 12: ~~E~~, ~~SW~~

Sec. 13: ~~NE~~, ~~SW~~

containing 1211.85 acres, more or less, together with the right to construct all such works, buildings, plants, structures, and appliances as may be necessary and convenient for the mining and preparation of the coal for market, the manufacture of coke or other products of coal, the housing and welfare of employees, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted.

Sec. 2. In consideration of the foregoing, the lessee hereby agrees:

(a) *Bond.* To maintain the bond furnished upon the issuance of this lease, which bond is conditioned upon compliance with all the provisions of the lease, and to increase the amount or furnish such other bond as may be required.

(b) *Rental.* To pay the lessor annually, in advance, for each acre or part thereof covered by this lease, beginning with the date hereof, the following rentals: 25 cents for the first year, 50 cents for the second, third, fourth, and fifth years, respectively, and \$1 for the sixth and each succeeding year during the continuance of the lease, such rental for any year to be credited against the first royalties as they accrue under the lease during the year for which the rental was paid.

(c) *Royalty.* To pay the lessor a royalty of 15 cents on every ton of 2,000 pounds of coal mined during the first 20 years succeeding the execution of this lease. Royalties shall be payable quarterly within 30 days from the expiration of the quarter in which the coal is mined.

(d) *Minimum production.* Beginning with the sixth year of the lease, except when operations are interrupted by strikes, the elements, or casualties not attributable to the lessee, or unless on application and showing made, operations shall be suspended when market conditions are such that the lessee cannot operate except at a loss or suspended for the other reasons specified in section 39 of the act, to mine coal each year and pay a royalty thereon to a value of \$1 per acre or fraction thereof. Operations under this lease shall be continuous except in the circumstances described or unless the lessee shall pay a royalty, less rent, on such minimum amount of the leased deposits, for one year in advance, in which case operations may be suspended for that year.

(e) *Payments.* To make rental payments to the Manager of the appropriate Land Office, except that when this lease becomes productive the rentals and royalties shall be paid to the appropriate Regional Mining Supervisor of the United States Geological Survey, with whom all reports concerning operations under the lease shall be filed. All remittances to the Manager of the Land Office shall be made payable to the Bureau of Land Management, those to the Geological Survey shall be made payable to the United States Geological Survey.

(f) *Plats, reports, maps.* At such times and in such form as the lessor may prescribe, to furnish a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs. To furnish in such form as the lessor may prescribe, within 30 days from the expiration of each quarter a report covering such quarter, certified by the superintendent of the mine, or by such other agent having personal knowledge of the facts as may be designated by the lessee for such purpose, showing the amount of mineral deposited, the nature, the character and quality thereof, amount of its products and byproducts disposed of and price received therefor, and amount in storage or held for sale. To keep and prepare maps of the leased lands in accordance with the regulations in 30 CFR, part 211.

(g) *Weights.* To determine accurately the weight or quantity and quality of all leased deposits mined, and to enter

accurately the weight or quantity and quality thereof in due form in books to be kept and preserved by the lessee for such purposes.

(h) *Inspection.* To permit at all reasonable times (1) inspection by any duly authorized officer of the Department, of the leased premises and all surface and underground improvements, works, machinery, equipment, and all books and records pertaining to operations and surveys or investigations under this lease; and (2) the lessor to make copies of and extracts from any or all books and records pertaining to operations under this lease, if desired.

(i) *Assignment.* To file for approval in the appropriate Land Office within 90 days from the date of execution, any assignment or transfer made of this lease, whether by direct assignment, operating agreement, working or royalty interest, or otherwise. Such instrument will take effect the first day of the month following its approval by the Bureau of Land Management, or if the assignee requests, the first day of the month of approval. The showing required to be made with an assignment or transfer is set forth in the regulations, 43 CFR 193.25.

(j) *Nondiscrimination.* In connection with the performance of work under this lease, the lessee agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee also agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The lessee further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(k) *Land disposed of with coal deposits reserved to the United States.* If the lands embraced herein have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, to comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

(l) *Operations, wages, freedom of purchase.* To comply with the operating regulations (30 CFR, part 211), to exercise reasonable diligence, skill, and care in the operations of the property, and to 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 of waste or damage to any water or mineral deposits, to both, and jointly, employ the miners and employees, both above and below ground, at least twice each month in lawful money of the United States; to accord all miners and employees complete freedom of purchase; to restrict the workday to not exceeding eight hours in any one day for underground workers, except in cases of emergency; to employ no boy under the age of sixteen and no girl or woman.

without regard to... in any mine... the surface, unless the laws of the State otherwise provide, in which case the State laws control.

(m) Taxes. To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, output of mines, or other rights, property, or assets of the lessee.

(n) Overriding royalties. Not to create, by assignment or otherwise, an overriding royalty interest in excess of 50 percent of the rate of royalty first payable to the United States under this lease or an overriding royalty interest which when added to any other outstanding overriding royalty interest exceeds that percentage, excepting, that where an interest in the leasehold or in an operating agreement is assigned, the assignor may retain an overriding royalty interest in excess of the above limitation if he shows to the satisfaction of the Bureau of Land Management, that he has made substantial investments for improvements on the land covered by the assignment.

(o) Delivery of premises in case of forfeiture. In case of forfeiture of this lease, to deliver up to the lessor in good order and condition the land leased, including all buildings, and underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit.

Sec. 3. The lessor expressly reserves:

(a) Rights reserved. The right to permit for joint or several use such easements or rights-of-way, including easements in tunnels upon, through, or in the land leased, occupied, or used as may be necessary or appropriate to the working of the same or other lands containing the deposits described in the act, and the treatment and shipment of the products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) Disposition of surface. The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) Monopoly and fair prices. Full power and authority to promulgate and enforce all the provisions of section 30 of the act to insure the sale of the production of said leased lands to the United States and to the public at reasonable prices, to prevent monopoly, and to safeguard the public welfare.

(d) Readjustment of terms. The right reasonably to readjust and fix royalties payable hereunder and other terms and conditions at the end of 20 years from the date hereof and thereafter at the end of each succeeding 20-year period during the continuance of this lease unless otherwise provided by law at the time of the expiration of any such period. Unless the lessee files objections to the proposed terms or a relinquishment of the lease within 30 days after receipt of the notice of proposed terms for a 20-year period, he will be deemed to have agreed to such terms.

(e) Waiver of conditions. The right to waive any breach of the conditions contained herein, except the breach of such conditions as are required by the act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular cause of forfeiture prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

Sec. 4. Relinquishment of lease. Upon a satisfactory showing that the public interest will not be impaired, the lessee may surrender the entire lease or any legal subdivision thereof. A relinquishment must be filed in duplicate in the appropriate Land Office. Upon its acceptance it shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to provide for the preservation of any mines or productive works or permanent improve-

ments on the leased land in accordance with the regulations and terms of the lease.

Sec. 5. Protection of the surface, natural resources, and improvements. The lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) Causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by the United States or by its grazing permittees or lessees; and upon any partial or total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required by the lessor and to the extent deemed necessary by the lessor, to fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, restore the surface of the leased land to its former condition, including the removal of structures as and if required. The lessor may prescribe the steps to be taken and restoration to be made with respect to lands of the United States and improvements thereon.

Sec. 6. Removal of equipment, etc., on termination of lease. Upon termination of this lease, by surrender or forfeiture, the lessee shall have the privilege at any time within a period of 90 days thereafter of removing from the premises all machinery, equipment, tools and materials, other than underground timbering placed by the lessee in or on the leased lands, which are not necessary for the preservation of the mine. Any materials, tools, appliances, machinery, structures, and equipment, subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of the lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions, but the lessee shall remove any or all of such property where so directed by the lessor.

Sec. 7. Proceedings in case of default. If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or default in the performance or observance of any of the provisions of this lease, and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lessor may institute appropriate proceedings in a court of competent jurisdiction for the forfeiture and cancellation of this lease as provided in section 31 of the act (30 USC, sec. 188). If the lessee fails to take prompt and necessary steps to prevent loss or damage to the mine, property, or premises, or danger to the employees, the lessor may enter on the premises and take such measures as may be deemed necessary to prevent such loss or damage or to correct the dangerous or unsafe condition of the mine or works thereof, which shall be at the expense of the lessee. However, the lessee shall not be held responsible for delays or casualties occasioned by causes beyond the lessee's control.

Sec. 8. Heirs and successors in interest. Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest. No Member of, or Delegate to, Congress or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, as amended (41 USC, sec. 22), and sections 431, 432, and 433, title 18, U. S. Code, relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

IN WITNESS WHEREOF:

THE UNITED STATES OF AMERICA

By:   
G. H. Priddy (Signing Officer)

WITNESSES TO SIGNATURE OF LESSEE

Acting Chief, Minerals Section JUL 14 1964  
(Title) (Date)

  
(Signature of Lessee)

(Signature of Lessee)

(Signature of Lessee)

(If this lease is executed by a corporation, it must bear the corporate seal)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE\*

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

(1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover; unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below plow depth.

(2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for

such services shall be made at rates to be determined by the authorized representative of the Secretary of Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power: *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so on areas approved by such representative.

\*This form of stipulation may be used in connection with leases and permits issued under the acts of February 23, 1920, as amended (50 U.S.C. 181 et seq.), August 7, 1927 (50 U.S.C. 351 et seq.), February 7, 1927, as amended (50 U.S.C. 281 et seq.), April 17, 1926, as amended (50 U.S.C. 271 et seq.), October 20, 1914, as

amended (48 U.S.C. 432 et seq.), June 28, 1934 (58 Stat. 463 et seq.), September 1, 1949 (50 U.S.C. 192), June 30, 1950 (16 U.S.C. 595b), or under the authority of any of the acts cited in section 402 of the President's Reorganization Plan No. 3 of 1956 (5 U.S.C. 133y-16, Note).

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder; to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings

Coal lease  
U-434924

made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to Forest Supervisor \_\_\_\_\_  
\_\_\_\_\_ National Forest  
\_\_\_\_\_ District  
at \_\_\_\_\_, Utah

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.

See paragraphs 12, 13 and 14 attached.

*Melvin H. Morrison*  
Special Agent in Charge

Coal Lease  
Utah 004924

ALSO, the following stipulations are included in the lease:

- (12) The lessee will not undertake any drilling, pipeline or road construction, or any other activity which involves removal of vegetation without the approval of the authorized representative of the Secretary of Agriculture. Such approval will be conditioned on requirements to prevent erosion and assure adequate maintenance and may be further conditioned upon the posting of a bond.
- (13) This lease does not authorize prospecting for or removal of any mineral deposits by stripping, rim cutting, open pit, or any other method involving the use of mechanical earth-moving equipment without the prior written approval of the Forest Supervisor. Such approval may be conditioned on stipulations for the protection of surface values and may require a bond to insure compliance.
- (14) No roads or trails will be constructed without the advance written approval of the Forest Supervisor. The Supervisor may require drainage structures and other measures which in his opinion are essential to prevent soil erosion.

  
Lessee

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Land Office

AUG 11 1964

State of Utah, County of Kane, MANTI-LASAL N.E. CASTLE DALE, UTAH

Serial Number

Utah 0173

COAL LEASE  
Act of February 25, 1920 (41 Stat. 437), as amended

This lease, entered into on August 1, 1964, by the United States of America, the lessor, through the Bureau of Land Management, and WALCOEN H. MC HURTON, 1221 S. Main St., Salt Lake City, Utah

the lessee, pursuant and subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437), as amended, hereinafter referred to as the act, and to all reasonable regulations of the Secretary of the Interior now in force which are made a part hereof,

Witnesseth:

Section 1. *Rights of lessee.* The lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the lessee the exclusive right and privilege to mine and dispose of all the coal in the following-described tracts of land, situated in the State of Utah:

- T. 17 S., R. 7 E., S. 2 N., Utah
- Section 4: Lots 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100
- Section 5: Lots 1 thru 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100
- Section 6: Lots 1 thru 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100
- Section 7: Lots 1 thru 4, 25 (All)
- Section 8: 1/4
- Section 9: Lots 1 & 2, NE 1/4
- Section 17: 1/4

containing 122.7 acres, more or less, together with the right to construct all such works, buildings, plants, structures, and appliances as may be necessary and convenient for the mining and preparation of the coal for market, the manufacture of coke or other products of coal, the housing and welfare of employees, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted.

Sec. 2. In consideration of the foregoing, the lessee hereby agrees:

- (a) *Bond.* To maintain the bond furnished upon the issuance of this lease, which bond is conditioned upon compliance with all the provisions of the lease, and to increase the amount or furnish such other bond as may be required.
- (b) *Rental.* To pay the lessor annually, in advance, for each acre or part thereof covered by this lease, beginning with the date hereof, the following rentals: 25 cents for the first year, 50 cents for the second, third, fourth, and fifth years, respectively, and \$1 for the sixth and each succeeding year during the continuance of the lease, such rental for any year to be credited against the first royalties as they accrue under the lease during the year for which the rental was paid.
- (c) *Royalty.* To pay the lessor a royalty of 15 cents on every ton of 2,000 pounds of coal mined during the first 20 years succeeding the execution of this lease. Royalties shall be payable quarterly within 30 days from the expiration of the quarter in which the coal is mined.
- (d) *Minimum production.* Beginning with the sixth year of the lease, except when operations are interrupted by strikes, the elements, or casualties not attributable to the lessee, or unless on application and showing made, operations shall be suspended when market conditions are such that the lessee cannot operate except at a loss or suspended for the other reasons specified in section 39 of the act, to mine coal each year and pay a royalty thereon to a value of \$1 per acre or fraction thereof. Operations under this lease shall be continuous except in the circumstances described or unless the lessee shall pay a royalty, less rent, on such minimum amount of the leased deposits, for one year in advance, in which case operations may be suspended for that year.
- (e) *Payments.* To make rental payments to the Manager of the appropriate Land Office, except that when this lease becomes productive the rentals and royalties shall be paid to the appropriate Regional Mining Supervisor of the United States Geological Survey, with whom all reports concerning operations under the lease shall be filed. All remittances to the Manager of the Land Office shall be made payable to the Bureau of Land Management, those to the Geological Survey shall be made payable to the United States Geological Survey.
- (f) *Plats, reports, maps.* At such times and in such form as the lessor may prescribe, to furnish a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs. To furnish in such form as the lessor may prescribe, within 30 days from the expiration of each quarter a report covering such quarter, certified by the superintendent of the mine, or by such other agent having personal knowledge of the facts as may be designated by the lessee for such purpose, showing the amount of bonded deposits mined during the quarter, the character and quality thereof, amount of its products and byproducts disposed of and price received therefor, and amount in storage or held for sale. To keep and prepare maps of the leased lands in accordance with the regulations in 30 CFR, part 211.
- (g) *Weighing.* To determine accurately the weight or quantity and quality of all bonded deposits mined, and to enter

accurately the weight or quantity and quality thereof in due form in books to be kept and preserved by the lessee for such purposes.

(h) *Inspection.* To permit at all reasonable times (1) inspection by any duly authorized officer of the Department, of the leased premises and all surface and underground improvements, works, machinery, equipment, and all books and records pertaining to operations and surveys or investigations under this lease; and (2) the lessor to make copies of and extracts from any or all books and records pertaining to operations under this lease, if desired.

(i) *Assignment.* To file for approval in the appropriate Land Office within 90 days from the date of execution, any assignment or transfer made of this lease, whether by direct assignment, operating agreement, working or royalty interest, or otherwise. Such instrument will take effect the first day of the month following its approval by the Bureau of Land Management, or if the assignee requests, the first day of the month of approval. The showing required to be made with an assignment or transfer is set forth in the regulations, 43 CFR 193.25.

(j) *Nondiscrimination.* In connection with the performance of work under this lease, the lessee agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The lessee also agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The lessee further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(k) *Land disposed of with coal deposits reserved to the United States.* If the lands embraced herein have been or shall hereafter be disposed of under laws reserving to the United States the deposits of coal therein, to comply with all conditions as are or may hereafter be provided by the laws and regulations reserving such coal.

(l) *Operations, wages, freedom of purchase.* To comply with the operating regulations (30 CFR, part 211), to exercise reasonable diligence, skill, and care in the operations of the property, and to 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 of waste or damage to any water, mineral deposits, to timber and forest, except as necessary, the coal mined by each mine, to pay all wages due miners and employees, both above and below ground, at least twice each month in lawful money of the United States, to accord all miners and employees complete freedom of purchase; to restrict the workday to not exceeding eight hours in any one day for underground workers, except in cases of emergency, to employ no boy under the age of sixteen and no girl or woman.

State laws control.

(m) Taxes. To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, output of mines, or other rights, property, or assets of the lessee.

(n) Overriding royalties. Not to create, by assignment or otherwise, an overriding royalty interest in excess of 50 percent of the rate of royalty first payable to the United States under this lease or an overriding royalty interest which when added to any other outstanding overriding royalty interest exceeds that percentage, excepting, that where an interest in the leasehold or in an operating agreement is assigned, the assignor may retain an overriding royalty interest in excess of the above limitation if he shows to the satisfaction of the Bureau of Land Management, that he has made substantial investments for improvements on the land covered by the assignment.

(o) Delivery of premises in case of forfeiture. In case of forfeiture of this lease, to deliver up to the lessor in good order and condition the land leased, including all buildings, and underground timbering and such other supports and structures as are necessary for the preservation of the mine or deposit.

Sec. 3. The lessor expressly reserves:

(a) Rights reserved. The right to permit for joint or several use such easements or rights-of-way, including easements in tunnels upon, through, or in the land leased, occupied, or used as may be necessary or appropriate to the working of the same or other lands containing the deposits described in the act, and the treatment and shipment of the products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) Disposition of surface. The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the coal therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) Monopoly and fair prices. Full power and authority to promulgate and enforce all the provisions of section 30 of the act to insure the sale of the production of said leased lands to the United States and to the public at reasonable prices, to prevent monopoly, and to safeguard the public welfare.

(d) Readjustment of terms. The right reasonably to readjust and fix royalties payable hereunder and other terms and conditions at the end of 20 years from the date hereof and thereafter at the end of each succeeding 20-year period during the continuance of this lease unless otherwise provided by law at the time of the expiration of any such period. Unless the lessee files objections to the proposed terms or a relinquishment of the lease within 30 days after receipt of the notice of proposed terms for a 20-year period, he will be deemed to have agreed to such terms.

(e) Waiver of conditions. The right to waive any breach of the conditions contained herein, except the breach of such conditions as are required by the act, but any such waiver shall extend only to the particular breach so waived and shall not limit the rights of the lessor with respect to any future breach; nor shall the waiver of a particular cause of forfeiture prevent cancellation of this lease for any other cause, or for the same cause occurring at another time.

Sec. 4. Relinquishment of lease. Upon a satisfactory showing that the public interest will not be impaired, the lessee may surrender the entire lease or any legal subdivision thereof. A relinquishment must be filed in duplicate in the appropriate Land Office. Upon its acceptance it shall be effective as of the date it is filed, subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to provide for the preservation of any mines or productive works or permanent improve-

Sec. 5. Protection of the surface, natural resources, and improvements. The lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) Causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by the United States or by its grazing permittees or lessees; and upon any partial or total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required by the lessor and to the extent deemed necessary by the lessor, to fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, restore the surface of the leased land to its former condition, including the removal of structures as and if required. The lessor may prescribe the steps to be taken and restoration to be made with respect to lands of the United States and improvements thereon.

Sec. 6. Removal of equipment, etc., on termination of lease. Upon termination of this lease, by surrender or forfeiture, the lessee shall have the privilege at any time within a period of 90 days thereafter of removing from the premises all machinery, equipment, tools and materials, other than underground timbering placed by the lessee in or on the leased lands, which are not necessary for the preservation of the mine. Any materials, tools, appliances, machinery, structures, and equipment, subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of the lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions, but the lessee shall remove any or all of such property where so directed by the lessor.

Sec. 7. Proceedings in case of default. If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or default in the performance or observance of any of the provisions of this lease, and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lessor may institute appropriate proceedings in a court of competent jurisdiction for the forfeiture and cancellation of this lease as provided in section 31 of the act (30 USC, sec. 188). If the lessee fails to take prompt and necessary steps to prevent loss or damage to the mine, property, or premises, or danger to the employees, the lessor may enter on the premises and take such measures as may be deemed necessary to prevent such loss or damage or to correct the dangerous or unsafe condition of the mine or works thereof, which shall be at the expense of the lessee. However, the lessee shall not be held responsible for delays or casualties occasioned by causes beyond the lessee's control.

Sec. 8. Heirs and successors in interest. Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest. No Member of, or Delegate to, Congress or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, as amended (41 USC, sec. 22), and sections 431, 432, and 433, title 18, U. S. Code, relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

IN WITNESS WHEREOF:

THE UNITED STATES OF AMERICA

By: G. M. Prisbrey  
(Signing Officer)

JUL 10 1950

Acting Chief, Minerals Section  
(Title)

Malcolm N. McKinnon  
(Signature of Lessee)

WITNESSES TO SIGNATURE OF LESSEE

T. C. Mulhall

(Signature of Lessee)

(Signature of Lessee)

(If this lease is executed by a corporation, it must bear the corporate seal)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE\*

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

(1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover, unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below plow depth.

(2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for

such services shall be made at rates to be determined by the authorized representative of the Secretary of Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power: *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so or on areas approved by such representative.

\*This form of stipulation may be used in connection with leases and permits issued under the acts of February 25, 1920, as amended (30 U.S.C. 131 et seq.); August 7, 1947 (30 U.S.C. 351 et seq.); February 7, 1927, as amended (30 U.S.C. 231 et seq.); April 17, 1926, as amended (30 U.S.C. 271 et seq.); October 20, 1914, as

amended (18 U.S.C. 432 et seq.); June 28, 1934 (58 Stat. 453 et seq.); September 1, 1919 (30 U.S.C. 192a); June 30, 1959 (16 U.S.C. 208b), or under the authority of any of the acts cited in section 902 of the President's Reorganization Plan No. 3 of 1936 (5 U.S.C. 1337-16, Note).

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder, to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings

made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to Forest Supervisor  
Monti-LaSal National Forest  
Forrester's Bldg.  
at Price, Utah

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.

See paragraphs 12, 13 and 14 attached.

Coal lease  
U-034923

*Malcolm N. McKinnon*  
Malcolm N. McKinnon (see)

ALSO, the following stipulations are included in the lease:

- (12) The lessee will not undertake any drilling, pipeline or road construction, or any other activity which involves removal of vegetation without the approval of the authorized representative of the Secretary of Agriculture. Such approval will be conditioned on requirements to prevent erosion and assure adequate maintenance and may be further conditioned upon the posting of a bond.
- (13) This lease does not authorize prospecting for or removal of any mineral deposits by stripping, rim cutting, open pit, or any other method involving the use of mechanical earth-moving equipment without the prior written approval of the Forest Supervisor. Such approval may be conditioned on stipulations for the protection of surface values and may require a bond to insure compliance.
- (14) No roads or trails will be constructed without the advance written approval of the Forest Supervisor. The Supervisor may require drainage structures and other measures which in his opinion are essential to prevent soil erosion.

  
Lessee/Permittee

