

One Utah Center
201 South Main, Suite 2100
Salt Lake City, Utah 84140-0021
(801) 220-4140 • FAX (801) 220-4725



A Subsidiary of PacifiCorp

OK

HAND DELIVERED

November 27, 2002

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Incoming C/015/009
Copy C/015/017
Copy C/015/018
Copy C/015/019

RECEIVED

NOV 27 2002
Copy Pam FAX PFO
DIV. OF OIL, GAS & MINING

RE: Replacement Bonds for Des-Bee-Dove Mine C/015/017, Deer Creek Mine C/015/018, Cottonwood/Wilberg Mine C/015/019 and Trail Mountain Mine C/015/009 - Emery County, Utah

Dear Pam:

As we've previously discussed, PacifiCorp has been in the process of securing replacement bonds for its company-wide operations given the recent change in business by its present surety St. Paul Fire and Marine Insurance Company. St. Paul has elected to phase itself out of the surety bond business. Therefore, over the past few months, PacifiCorp has entered into an agreement with Travelers Casualty and Surety Company of America to provide replacement surety bonds for its operations and it becomes necessary to replace the existing reclamation bonds for all four (4) referenced coal mines.

Enclosed are four (4) original replacement bonds issued by Travelers which are intended to replace the respective St. Paul bonds listed in the table below. Each new replacement bond has been prepared on DOGM's Exhibit "B" form and each is accompanied with (1) the Surety's Power of Attorney, (2) a Certificate by PacifiCorp's Assistant Secretary, and (3) Affidavits of Qualification by both the Surety and Permittee. The Trail Mountain Mine bond has been increased to reflect the required bond amount per the Midterm Review letter dated September 5, 2002.

MINE NAME	MINE NUMBER	EXISTING BOND NO.'s	REPLACEMENT BOND NO.'s	AMOUNT
		ST. PAUL FIRE & MARINE INSURANCE COMPANY	TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA	
Des-Bee-Dove	C/015/017	400 JN 6139	103771512	\$1,837,712
Deer Creek	C/015/018	400 JN 6140	103908970	\$3,000,000
Cottonwood/Wilberg	C/015/019	400 JN 6138	103771497	\$3,082,587
Trail Mountain	C/015/009	400 JV 3710	103908971	\$1,254,000

2/15/18
Orig. Fireproof
Copy Inaug. ✓
ad plan

EXHIBIT "B"

Surety Bond
Deer Creek Mine
(Federal Coal)

Surety Bond Number 10390970
Mine Name Deer Creek
Permit Number C/015/018

Exhibit "B"
Federal Surety Bond
Federal

B-SUR-749

**SURETY BOND
(FEDERAL COAL)**

--ooOoo--

REPLACES ST. PAUL FIRE & MARINE BOND 400 JN 6140 EFFECTIVE 7/01/02

THIS SURETY BOND entered into and by and between the undersigned **PERMITTEE/PRINCIPAL PACIFICORP**, and **SURETY TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of **THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00)** (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Permit Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 7th day of December, 1990 by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Surety Bond Number 10390970
Mine Name Deer Creek
Permit Number C/015/018

Exhibit "B"
Federal Surety Bond
Federal

B-SUR-749

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

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

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 18th day of November, 2002.

PACIFICORP
PERMITTEE/PRINCIPAL
By: Jodi Johnson
Title: President & CEO

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 7th day of November, 2002.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
SURETY

By: Muriel M. van Veen

Muriel M. van Veen
Title: Attorney-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:

Jawee Braxton
Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent\or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: Edward M. Thompson, Jennifer Keene, Muriel M. van Veen, Richard A. Stevens, Charlene Eason, Gail A. Flynn, of Portland, Oregon, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity; and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 24th day of August 2001.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY

By George W. Thompson
Senior Vice President



STATE OF CONNECTICUT
} SS, Hartford
COUNTY OF HARTFORD

On this 24th day of August, 2001 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



Marie C. Tetreault
My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 7th day of November, 2002

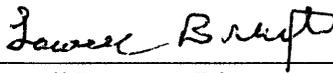
By Kori M. Johanson
Assistant Secretary, Bond



**AFFIDAVITS
OF
QUALIFICATION**

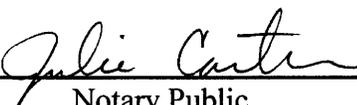
**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--**

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



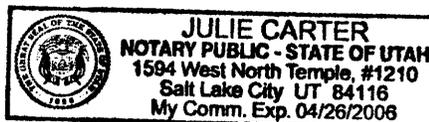
Lowell Braxton, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 12 day of December 2006.



Notary Public

My Commission Expires:
April 26, 2006.



Attest:

STATE OF Utah)

COUNTY OF Salt Lake)

) ss:

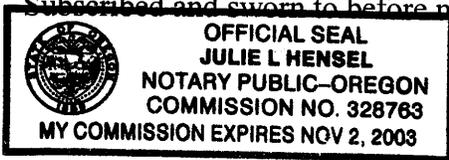
AFFIDAVIT OF QUALIFICATION
PERMITTEE

--ooOOoo--

I, JUDI JOHNSON, being first duly sworn under oath, deposes and says that ~~he~~/she is the (officer or agent) PRESIDENT AND C.E.O. of PACIFIC CORP; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Judi Johnson
(Signed) President & CEO
Name - Position

Subscribed and sworn to before me this 18th day of November, 2002.



Julie L. Hensel
Notary Public

My Commission Expires:

November 2, 2003.

Attest:

STATE OF Oregon)
COUNTY OF Multnomah) ss:

PACIFICORP

Certificate of Assistant Secretary

I, Jeffery B. Erb, the duly elected Assistant Secretary of PacifiCorp, an Oregon Corporation (the "Company"), HEREBY CERTIFY that the following person is a duly elected officer of the Company, elected President and Chief Executive Officer on June 4, 2001, and is authorized under the resolutions attached hereto as Exhibit A, duly adopted by the Board of Directors of the Company on February 11, 1998, to execute documents for and on behalf of the Company, and that she currently holds the position listed beside her name, and that the signature appearing opposite her name is her genuine signature:

Judith A. Johansen
President and Chief Executive Officer



IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of
November, 2002.



Jeffery B. Erb, Assistant Secretary

WHEREAS, the Board of Directors of PacifiCorp (the "Company") elects from time to time a slate of corporate officers of PacifiCorp (the "Corporate Officers"), and desires to authorize the President and Chief Executive Officer of the Company to appoint and prescribe the duties of certain Business Unit Vice Presidents (the "Business Unit Vice Presidents") and certain Assistant Vice Presidents (the "Assistant Vice Presidents") of the Company, who shall not be considered Corporate Officers for any purpose; and

WHEREAS, management of the Company has prepared a statement of fiscal controls, authorities and accountability (the "Policy Statement") and specific authorization guidelines (the "Guidelines") for transactions within the Corporate Finance Department, which Policy Statement and Guidelines have been reviewed by the Finance Committee of the Board of Directors; and

WHEREAS, it appears desirable for the Board of Directors to delineate the respective authorities of the Corporate Officers, the Business Unit Vice Presidents and the Assistant Vice Presidents in light of the Policy Statement and Guidelines; now, therefore, be it

Corporate Officers

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

RESOLVED, that the President and Chief Executive Officer and any Vice President who is a Corporate Officer be, and each of them hereby is, authorized, in the name and on behalf of the Company, to negotiate, execute and deliver, and the Secretary and any Assistant Secretary of the Company be, and each of them hereby is, authorized to attest, with or without affixing its corporate seal, any agreement, lease, permit, license, grant, deed or other instrument entered into by the Company in the ordinary course of its business and within the scope of the duties assigned to such officer by the President and Chief Executive Officer, or the Board of Directors; provided, however, that the foregoing shall not authorize any such Corporate Officer to negotiate, execute or deliver any agreement or instrument involving the issuance of securities by the Company or a

commitment by the Company in excess of \$5 million, except that contracts involving the purchase or sale of energy may involve commitments up to \$25 million; and further

RESOLVED, that the President and Chief Executive Officer, any Vice President to whom the responsibility shall be assigned, the Treasurer, and the Controller of the Company be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and file documents to be filed by the Company with the Securities and Exchange Commission and tax returns of the Company; and further

Business Unit Vice Presidents and Assistant Vice Presidents

RESOLVED, that the President and Chief Executive Officer be and hereby is authorized to appoint and prescribe the duties of such Business Unit Vice Presidents and Assistant Vice Presidents as he shall deem necessary or advisable; and further

RESOLVED, that the Business Unit Vice Presidents and Assistant Vice Presidents shall report to the Corporate Officer having responsibility for the operations of the Company to which the Business Unit Vice Presidents and Assistant Vice Presidents is assigned unless otherwise determined by the President and Chief Executive Officer; and further

RESOLVED, that subject to any limitations or restrictions imposed by the President and Chief Executive Officer, the Business Unit Vice Presidents and Assistant Vice Presidents be, and each of them hereby is, authorized, in the name and behalf of the Company, to negotiate, execute and deliver, and the Secretary and any Assistant Secretary of the Company be, and each of them hereby is, authorized to attest, with or without affixing its corporate seal, any agreement, lease, permit, license, grant, deed or other instrument entered into in the ordinary course of the business of the Company and within the scope of the duties prescribed for such Business Unit Vice President or Assistant Vice President; provided, however, that the foregoing shall not authorize any Business Unit Vice President or Assistant Vice President to negotiate, execute or deliver any agreement or instrument involving the issuance of securities by the Company or a commitment by the Company in excess of \$5 million, except that contracts involving the purchase or sale of energy may involve commitments up to \$25 million; and further

General

RESOLUTIONS RE DELEGATION
OF AUTHORITY TO OFFICERS

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PacifiCorp
Board of Directors Meeting
February 11, 1998
ATTACHMENT NO. 9, Page 2 of 3

RESOLVED, that the Board of Directors hereby recommends and requests that each subsidiary of the Company implement the Policy Statement through the adoption of resolutions and controls consistent with the Policy Statement as revised from time to time at the direction of the Chief Executive Officer of the Company, subject to the limitations set forth in these resolutions; and further

RESOLVED, that the foregoing resolutions shall supersede the resolutions adopted by the Board of Directors on August 9, 1995 with respect to the same subject matter; provided, that nothing herein shall affect the validity of actions taken in reliance on such resolutions adopted August 9, 1995; and further

RESOLVED, that (1) the resolutions with respect to banking matters, (2) the resolutions with respect to the investment authority of the Corporate Officers (together with any resolutions adopted by the Finance Committee pursuant thereto), and (3) any other resolutions adopted by the Board of Directors authorizing officers to enter into specific agreements or transactions on behalf of the Company shall not be affected by the foregoing resolutions.

EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
Deer Creek Mine
(Federal)**

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT

--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Change in Surety:

St. Paul Fire and Marine Insurance Company Bond No. 400 JN 6140, is replaced with Travelers Casualty and Surety Company of America Bond No. 103908970 effective July 1, 2002. Bond amount is unchanged at \$ 3,000,000.00.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

_____ Replace the Reclamation agreement in its entirety.

_____ Replace Exhibit "A"- permit area.

 X Replace Exhibit "B"- bonding agreement

_____ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ N/A to \$ N/A .

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

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

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

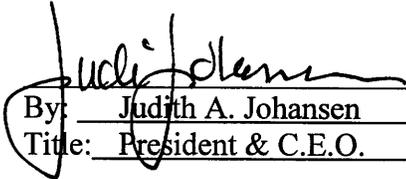
The liability insurance carrier is changed from N/A to N/A .

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

Permit Number C/015/018
Deer Creek Mine

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

IN WITNESS WHEREOF, PacifiCorp the PERMITTEE has
hereunto set its signature and seal this 18th day of November, 2002.


By: Judith A. Johansen
Title: President & C.E.O.

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where on signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.