

*C/015/025 Incoming*  
**J. E. STOVER & ASSOCIATES, INC.**

2352 NORTH 7<sup>th</sup> SREET, UNIT B  
GRAND JUNCTION, COLORADO 81501  
PHONE: (970) 245-4101, FAX 242-7908

*#3654*  
*α*

MINE ENGINEERING  
MINE RECLAMATION

CIVIL ENGINEERING  
CONST. MANAGEMENT

**COPY**

December 28, 2010

Utah Division of Oil, Gas & Mining  
Coal Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Re: Castle Valley Mining LLC  
Permit Transfer  
Permit No. C/015/0025

Dear People:

By letter dated December 16, 2010, DOGM gave notice of approval of the permit transfer for the Bear Canyon Mine. The letter requested 8 clean copies of the Chapter 1 revisions that were submitted with the permit transfer for incorporation into the MRP. On behalf of Castle Valley Mining LLC, enclosed are 8 clean copies of the following:

1. Revised Chapter I, pages 1-ii, 1-iii, 1iv, 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9 and 1-13
2. Castle Valley Mining LLC certificate of insurance
3. New Appendix H, Ownership and Control - 19 pages
4. New Appendix I, Right of Entry - 69 pages

Please call with any questions.

Sincerely,



J. E. Stover, P.E.  
Consulting Engineer

File in:

- Confidential
- Shelf
- Expandable

In C/ *0150025 Incoming*  
Date: *01042011*, For additional information

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JAN 04 2011

DIV. OF OIL, GAS & MINING

COPY

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change [ ] New Permit [ ] Renewal [ ] Exploration [ ] Bond Release [ ] Transfer [x]

Permittee: Castle Valley Mining LLC

Mine: Castle Valley Mines

Permit Number: C/015/0025

Title: Permit Transfer

Description, Include reason for application and timing required to implement:

Castle Valley Mining LLC purchased the mine from the bankruptcy court.

Instructions: If you answer yes to any of the first eight questions, this application may require Public Notice publication.

- 1. Change in the size of the Permit Area? Acres: \_\_\_\_\_ Disturbed Area: \_\_\_\_\_ [ ] increase [ ] decrease.
2. Is the application submitted as a result of a Division Order? DO# \_\_\_\_\_
3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
4. Does the application include operations in hydrologic basins other than as currently approved?
5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
6. Does the application require or include public notice publication?
7. Does the application require or include ownership, control, right-of-entry, or compliance information?
8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
9. Is the application submitted as a result of a Violation? NOV # \_\_\_\_\_
10. Is the application submitted as a result of other laws or regulations or policies? \_\_\_\_\_

Explain: \_\_\_\_\_

- 11. Does the application affect the surface landowner or change the post mining land use?
12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
13. Does the application require or include collection and reporting of any baseline information?
14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
15. Does the application require or include soil removal, storage or placement?
16. Does the application require or include vegetation monitoring, removal or revegetation activities?
17. Does the application require or include construction, modification, or removal of surface facilities?
18. Does the application require or include water monitoring, sediment or drainage control measures?
19. Does the application require or include certified designs, maps or calculation?
20. Does the application require or include subsidence control or monitoring?
21. Have reclamation costs for bonding been provided?
22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
23. Does the application affect permits issued by other agencies or permits issued to other entities?
24. Does the application include confidential information and is it clearly marked and separated in the plan?

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) copies, thank you. (These numbers include a copy for the Price Field Office)

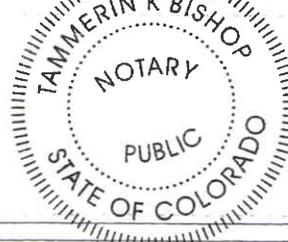
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Corey Heaps Vice President 10-6-10 Corey Heaps
Print Name Position Date Signature (Right-click above to choose certify then have notary sign below)

Subscribed and sworn to before me this 6th day of October, 2010

Notary Public: TAMMERIN K. BISHOP, state of COLORADO

My commission Expires: 1/22/2011
Commission Number: N/A
Address: 1002 PRITCHARD MESA COURT
City: GRAND JCT. State: CO Zip: 81505



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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OCT 12 2010

DIV. OF OIL, GAS & MINING



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# **R645-301-100 GENERAL CONTENTS**

## **R645-301-112 Identification of Interests**

### **112.100 Statement of corporation**

Castle Valley Mining LLC is a foreign limited liability company registered in the state of Utah. Castle Valley Mining LLC is the payer of the abandoned mine reclamation fee. Federal Identification Number: 27-2909495.

### **112.200-230 Names, addresses, and telephone numbers of the applicant, and the applicant's resident agent who will accept service of process.**

Applicant: Castle Valley Mining LLC  
2352 North 7th Street, Unit B  
Grand Junction, CO 81501  
(970) 245-2987

Correspondence should be sent to the Applicant.

Resident Agent Tony Welch  
5550 W Bear Canyon Rd.  
Huntington, UT 84528  
435-687-5454

Person paying the abandoned mine land reclamation fee

Corey Heaps  
Castle Valley Mining LLC  
2352 North 7th Street, Unit B  
Grand Junction, CO 81501

### **112.300 For each person who owns or controls the applicant:**

### **112.310 Name and address of each officer, partner, principal, principal shareholder, and director or other person performing a function similar to a director**

See Appendix H Ownership and Control pages 1H-3 through 1H-17.

**112.320 The person's ownership and control relationship to the applicant including percentage ownership and location in the organizational structure.**

See Appendix H Ownership and Control.

**112.330 The title of the person's position, date position was assumed, and when submitted under R645-300-147.**

See Appendix H Ownership and Control

**112.340 All names under which the applicant operates or previously operated a coal mine and reclamation operation in the United States within the 5 years preceding the date of application.**

See Appendix H Ownership and Control 1H-18 and 1H-19.

**112.350 The Application number or other identifier of, and the regulatory authority for, any other pending coal mine operation permit application filed by the person in any State in the United States.**

See Appendix H Ownership and Control, page 1H-19.

**112.400 - 420**

**Coal mining and reclamation operations owned or controlled by the Applicant or by persons who own or control the Applicant**

See Appendix H Ownership and Control, pages 1H-18 and 1H-19.

Table 1-2 Permits and Licenses

Agency and Address	Permit/License	Reference	ID #	Approval Date
Utah State Division of Oil, Gas & Mining 1594 West Temple Suite 1210 Salt Lake City, Utah 84108-1203	Surface Mining Control and Reclamation Permit	Reclamation Permits	ACT/015/021	11/02/89
			ACT/015/025	11/04/85
U.S. Environmental Protection Agency 999 18 <sup>th</sup> street, Suite 500 Denver, Colorado 80202-2405	Prevention of Significant Deterioration Permit (PSD)	Clean Air Act Amendments of 1977	Potential emissions less than 100 tons per year. PSD not required	
	Spill Prevention Control & Countermeasure Plan	Federal Water Pollution Control Act		
State of Utah Division of Water Quality 288 North 1460 West P.O. Box 144870 Salt Lake City, Utah 84114-4870	Utah Pollutant Discharge Elimination System, Utah General Permit for Coal Mining	Utah Water Pollution Control Act	UTH040006	05/04/89
	Construction Permits for Sediment Ponds.			11/19/85 01/20/93
Utah Division of Water Rights 1636 West North Temple Salt Lake City, Utah 74116-0690	Stream Alteration Permits	Section 73-3-29 UCA	92-93-02SA 00-93-01SA 01-93-07SA	09/02/92 04/10/02 08/28/02
	Water Rights Appropriation of Record of Diversion		93-3657 93-1067	07/02/92 07/25/86
	Dam Design Review	Section 73-5-12 UCA	92-93-16MD	04/13/92
Industrial Commission of Utah 160 East 300 South SLC, Utah 84151	General Safety Notice of Intent to Mine Coal	Orders Utah Coal Mines		
State of Utah Division of Air Quality 150 North 1950 West SLC, Utah 84114-4820	Air Quality Approval Order	Utah Air Conservation Regulation	DAQE-145-02	02/22/02
U.S. Department of Labor Mine Safety & Health P.O. Box 25367, D.F.C. Denver, Co 80225-0367	Mine Permit	Mine Safety and Health Act	42-00081-0 42-01697 42-02095 42-02263 42-02335	12/22/78 09/27/80 03/09/94 12/14/99 03/08/02
U.S. Department of Interior, Bureau of Land Management, Moab Dist. P.O. Box 970 Moab, Utah 84532	Resource Recovery and Protection Plan	43 CFR 3482	UT-070	12/20/01
	Logical Mining Unit		UTU-73342	04/20/90
Emery County Zoning Commission P.O. Box 297 Castle Dale, Utah 84513	Zoning Approval			04/07/80 06/20/01

**112.500 & 112.600 Surface ownership, subsurface ownership and description of permit area.**

Plate 1-1 shows the Permit Area, Plate 1-2 shows Surface Ownership, Plate 1-3 shows Sub-Surface Ownership. The initials COP on the plates stand for C.O.P. Coal Development Company. Table 1-3 lists the owners of the surface and mineral property rights within the permit area.

Table 1-3 Property Ownership

	<u>Surface</u>	<u>Coal</u>	<u>Minerals</u>	<u>Grazing</u>	<u>Oil &amp; Gas</u>
A	1	1	1	1	1
B	2	3	3	2	3
C	1	3	3	1	3
D	3	3	3	3	3
E	2	1	1	2	1

1. C.O.P. Coal Development Co.  
3212 South State Street  
Salt Lake City, Utah 84115
2. U.S. Forest Service  
599 W. Price River Drive  
Price, Utah 84501
3. Bureau of Land Management  
125 South 600 West  
Price, Utah 84501

See Plate 1-2 for location of areas A, B, C, D, and E.

Plate 1-1 shows the Permit Area, Plate 1-2 shows Surface Ownership, Plate 1-3 shows Sub-Surface Ownership. The initials COP on the plates stand for C.O.P. Coal Development Company. Table 1-3 lists the owners of the surface and mineral property rights within the permit area.

Federal leases U-024316, U-024318, U-020668, U-38727, U-46484, U-61048, U-61049 and a Fee Ground are held by C.O.P. Coal Development Co.

Federal leases SL-025431 SL-069985, U-51923 and Fee Ground are held by ANR Inc.

A total of 10,991.83 acres are included in the permit area. This includes 6,615.43 acres of federal coal and 4,376.40 acres of private coal owned by C. O. P. Development. Following is a description of the Permit Area.

- A. T16S, R7E SLBM      Sec. 14: S1/2  
                                   Sec. 23: E1/2, E1/2 W1/2  
                                   Sec. 24: W1/2, W1/2 E1/2  
                                   Sec. 25: NW1/4 NW1/4, E1/2 NW1/4, SW1/4 SW1/4,  
   E1/2 SW1/4  
                                   Sec. 26: NE1/4 NE1/4, NW1/4 NE1/4, N1/2 SW1/4  
   NE1/4 and the access/haul road and topsoil  
   storage area as shown on Plate 2-1.
- T16S, R8E SLBM      Sec. 7: NE1/4 NE1/4  
                                   Sec. 8: NW1/2, W1/4 E1/2, N1/2 SW1/4, SE1/4 SW1/4  
                                   Sec. 16: All  
                                   Sec. 17: All  
                                   Sec. 21: E1/2 NW1/4, NE1/4, N1/2 SE1/4
- B. T16S, R7E SLBM      Sec. 1: Lots 1 and 2, S1/2 NE1/4, SE1/4  
                                   Sec. 10: N1/2, N1/2 S1/2, SE1/4 SW1/4, S1/2 SE1/4  
                                   Sec. 11: All  
                                   Sec. 12: All  
                                   Sec. 13: All  
                                   Sec. 14: NE1/4, E1/2 NW1/4  
                                   Sec. 24: E1/2 E1/2  
                                   Sec. 25: E1/2
- T16S, R8E SLBM      Sec. 18: SW1/4, SW1/4  
                                   Sec. 19: S1/2 NW1/4, SW1/4, SW1/4 SE1/4, N1/2SE1/4,  
   S1/2 NE1/4  
                                   Sec. 20: S1/2 NW1/4, N1/2 SW1/4  
                                   Sec. 30: W1/2, W1/2 NE1/4, NW1/4 SE1/4
- C. T16S, R7E SLBM      Sec. 25: SW1/4 NW1/4, NW1/4 SW1/4  
   T16S, R8E SLBM      Sec. 6: Lots 11-14, E1/2 SW1/4, W1/2 SE1/4, SE1/4 SE1/4  
                                   Sec. 7: all except NE1/4 NE1/4  
                                   Sec. 8: SW1/4 SW1/4  
                                   Sec. 18: N1/2, SE1/4, N1/2 SW1/4, SE1/4 SW1/4
- D. T16S, R8E SLBM      Sec. 31: NE1/4 NW1/4, NW1/4 NE1/4
- E. T16S, R8E SLBM      Sec. 19: Lot 1, NE1/4 NW1/4, N1/2 NE1/4  
                                   Sec. 20: N1/2 NW1/4, NE1/4, NE1/4, NE1/4  
                                   Sec. 21: W1/2 NW1/4, N1/2 SW1/4, SE1/4 SW1/4, S1/2SE1/4

Note: Letters (A, B, C, D & E) correspond to ownership shown in Table 1-3.

**112.700 Mine associated structures MSHA numbers**

<u>Structure</u>	<u>MSHA ID No.</u>
Castle Valley Mine #3	Mine MSHA # 42-02263
Castle Valley Mine #4	Mine MSHA # 42-02335

**112.800 Interest in Lands, options, or bids for lands contiguous to the permit area.**

There are no current interests, options or pending bids for lands contiguous to the permit area.

**112.900 Not Applicable**

**R645-301-113 Violation Information**

**113.100 A statement as to whether the applicant has:**

**113.110 Had a federal or state coal mining permit revoked**

Castle Valley Mining LLC has had no federal or state mining and reclamations permits revoked.

**113.120 Forfeited a performance bond or security deposit**

Castle Valley Mining LLC has never forfeited a performance bond.

**113.200-240 Not Applicable**

**113.300-350 For any violation include the date of issuance and identity of the issuing regulatory authority. A brief description of the violation alleged in the notice. The date and location of any judicial proceeding initiated concerning the violation. The current status of the proceedings and of the violation notice. The actions taken by any person identified to abate the violation.**

Violation information for Castle Valley Mining LLC is given in Appendix 1-A

## **R645-301-114 Right of Entry Information**

### **114.100-300 A description of the documents upon which the legal right to enter and begin coal mining and reclamation is based.**

The Applicant's right to enter the lands and to conduct operations in the permit area is based on the documents listed below. (See Appendix 1-I)

1. Trustee's Assignment of Rights Under BLM Logical Mining Unit Decision for Bear Canyon Mine dated August 25, 2010.
2. Trustee's Assignment and Buyers Assumption of Coal Operating Agreement with C.O.P. Coal Development Company dated August 25, 2010.
3. Coal Operating Agreement with C.O.P. Coal Development Company dated March 1997.
4. Trustee's Assignment and Buyers Assumption of Coal Operating Agreement with ANR Company Inc. dated August 25, 2010.
5. Coal Operating Agreement with ANR Company Inc. d.b.a. ANR Inc. dated September 1999.
6. Right-of-way U-52411 for the Bear Canyon Road. Appendix (1-B)

The coal operating agreements grant Castle Valley Mining LLC the exclusive authority to operate and control specific tracts of land owned and leased by C.O.P. Coal Development Company and ANR Company Inc. Castle Valley Mining LLC has the exclusive right to, and use of the property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Castle Valley Mining LLC also has unrestricted use of all access roads leading to and from the property.

The April 24, 1985 letter from C.O.P. Coal Development Company to Co-Op Mining Company located in Appendix 2-A granted Co-Op Mining Company permission to store topsoil on C.O.P. property in the ball park area at Bear Canyon.

## **R645-301-115 Status of Unsuitability Claims**

### **115.100 Information as to whether the permit area is within an area designated as unsuitable for coal mining and reclamation operations.**

No portion of the area to be permitted is within an area designated as unsuitable for mining under the provision of 30 CFR 764 and 765. To the best of the applicant's knowledge, no portion of the area to be permitted is under study of designation as unsuitable for mining in an administrative proceeding under 30 CFR 764 and 765.

In preparing this application, Co-Op has conducted the most comprehensive study known to date of the suitability of the permit area. That study makes up the chapters that follow in this report.

State and Federal regulations allow an area to be unsuitable for the mining of coal if:

1. Reclamation is not economically or technologically feasible.

Reclamation at the Bear Canyon Mine is economically and technologically feasible. Reclamation plans are detailed in R645-301-240.

2. Coal mining is incompatible with state and local land use.

Coal mining is compatible with present and future land use of the permit area. R645-301-411 describes land use in detail.

## **R645-301-117 Insurance, Proof of Publication and Facilities or Structures Used in Common**

### **117.100 Proof of liability insurance.**

A copy of Castle Valley Mining LLC certificate of insurance is provided (Appendix 1-C).

### **117.200 Proof of publication in newspapers for permit, significant revision, and permit renewal.**

As required with the filing of this application with Division of Oil, Gas, and Mining, the applicant has filed an advertisement with the Emery County Progress and Salt Lake Tribune, local newspapers with circulation in Emery & Carbon countries sufficient to cover the locality of the applicant's operations. This advertisement follows the format required under 30 CFR 786.11 9aO and R645-300-121. Proof of publication can be found with a copy of the publication in Appendix 1-D.

### **117.300 Facilities Shared With Other Operations**

Not Applicable



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
12/01/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Insurance Services West, Inc. Fresno CA Office 5260 North Palm Avenue Suite 400 Fresno CA 93704 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (559) 449-7200      FAX (A/C. No.): (559) 439-0863	
	<b>E-MAIL ADDRESS:</b> PRODUCER CUSTOMER ID #: 570000031836	
<b>INSURED</b> Castle Valley Mining LLC P.O. Box 1169 Pikeville KY 41502 USA	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A:</b> Illinois Union Insurance Company	NAIC # 27960
	<b>INSURER B:</b> National Union Fire Ins Co of Pittsburgh	NAIC # 19445
	<b>INSURER C:</b> Lexington Insurance Company	NAIC # 19437
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

Holder Identifier :

Certificate No : 570040930577

**COVERAGES**      **CERTIFICATE NUMBER: 570040930577**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.      *Limits shown are as requested*

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Blasting GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC			GL0936045 General Liability	12/01/2010	06/01/2012	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPOP AGG \$2,000,000
B	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON OWNED AUTOS			CA0935830 Business Auto	12/01/2010	06/01/2012	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION			013136615 Umbrella (\$4M) SIR applies per policy terms & conditions	12/01/2010	06/01/2012	EACH OCCURRENCE \$4,000,000 AGGREGATE \$4,000,000
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in HI) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A				WC STATUTORY LIMITS      OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT
A	Pollutn/Env Imp			PPLG24889853001 Pollution	06/01/2010	06/01/2012	Aggregate Limit \$1,000,000 Per Claim Limit \$1,000,000 SIR/Deductible \$25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Castle Valley Mine, Permit C/015/025

**CERTIFICATE HOLDER**

**CANCELLATION**

Utah Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City UT 84114-5801 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  <i>Aon Risk Insurance Services West Inc</i>

APPENDIX 1H  
OWNERSHIP AND CONTROL



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**Castle Valley Mining LLC**

P O Box 1169  
265 Hambley Boulevard  
Pikeville, KY 41502

FEIN 27-2909495  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Mark Zand	Chairman	N/A	6/10/2010	
David Zatezalo	Chief Executive Officer	N/A	6/10/2010	
Chad Hunt	President	N/A	6/10/2010	
Richard Boone	Senior Vice President & Chief Financial Officer	N/A	6/10/2010	
Christopher N. Moravec	Senior Vice President, Business Development	N/A	6/10/2010	
Joseph Miller	Vice President & Asst. Secretary	N/A	6/10/2010	
Elizabeth Branham	Vice President, Controller, Assistant Secretary	N/A	6/10/2010	
Andrew Cox	Vice President Sales	N/A	6/10/2010	
Arthur Amron	Vice President and Assistant Secretary	N/A	6/10/2010	
Jay Maymudes	Vice President, Secretary and Treasurer	N/A	6/10/2010	
Paul Jacobi	Vice President	N/A	6/10/2010	
Gary Isaac	Vice President and Assistant Secretary	N/A	6/10/2010	
Corey Heaps	Vice President			
Rhino Energy LLC	Member, Shareholder - 100%		6/10/2010	

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**Rhino Energy LLC**3120 Wall Street, Suite 310  
Lexington, KY 40513FEIN 59-3762498  
Phone 859-389-6500

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Mark Zand	Chairman	N/A	6/26/2003	
David Zatezalo	President & CEO	N/A	9/4/2009	
Richard Boone	Senior Vice President & Chief Financial Officer	N/A	2/1/2005	
Christopher N. Moravec	Senior Vice President, Business Development	N/A	3/23/2007	
Joseph Miller	Vice President and Assistant Secretary	N/A	1/3/2007	
Elizabeth Branham	Vice President, Controller and Assistant Secretary	N/A	1/1/2007	
Andrew Cox	Vice President of Sales	N/A	1/22/2007	
Arthur Amron	Vice President and Assistant Secretary	N/A	6/26/2003	
Jay Maymudes	Vice President, Secretary and Treasurer	N/A	6/26/2003	
Paul Jacobi	Vice President	N/A	6/26/2003	
Chad Hunt	Vice President	N/A	8/26/2008	
Corey Heaps	Vice President of Western Operations	N/A	9/1/2010	
Wexford Capital LLC	Member, Manager 0%	N/A	4/30/2003	
Taurus Investors LLC	Member, Shareholder <10%	N/A	4/30/2003	
Valentis Investors LLC (Class A)	Member, Shareholder >10%	N/A	4/30/2003	
Artis Investors LLC (Class A)	Member, Shareholder <10%	N/A	4/30/2003	
Artis Investors LLC (Class B)	Member, Shareholder <10%	N/A	4/30/2003	
Callidus Investors, LLC	Member, Shareholder <10%	N/A	10/1/2003	
Solitar Corporation	Member, Shareholder >10%	N/A	7/15/2003	
Wexford Spectrum Investors LLC	Shareholder >10%	N/A	11/1/2004	
Nick Glancy	CEO & President	N/A	10/4/2005	3/5/2009
David Zatezalo	Senior Vice President & COO	N/A	3/1/2007	9/4/2009
Thomas Hanley	Senior Vice President	N/A	9/1/2007	9/4/2009

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**Wexford Capital LLC**265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1442624  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Charles Davidson	Chairman, Principal, Shareholder	1/26/1995	5/5/1994	
Joseph Jacobs	President, Principal, Shareholder	1/26/1996	5/4/1994	
Robert Holtz	Principal, Asst Secretary, Shareholder	1/26/1995	5/5/1994	
Jay Maymudes	Principal, Treasurer, CFO, Shareholder	1/13/1998	7/11/1994	
Arthur Amron	Principal, Secretary, Shareholder	1/3/2000	11/14/1994	
Kenneth Rubin	Principal, Shareholder	1/1/2002	8/5/1996	
Fredrick Simon	Principal, Shareholder	1/1/2002	10/16/1995	
Mark Zand	Principal, Shareholder	1/1/2002	2/22/1996	
Paul Jacobi	Vice President	N/A	7/1/1996	
Joseph Curran	Vice President	N/A	3/31/1997	
Mark Leferman	Vice President	N/A	7/8/1996	
Ethan Silverman	Vice President	N/A	3/29/2004	
John V. Doyle	Vice President	N/A	5/7/2004	
Daniel P. DeBono	Vice President	N/A	6/20/2004	
Ken Clemmens	Vice President	N/A	1/3/2005	
Anne Marie Segal	Vice President	N/A	3/28/2005	
Eric Wood	Vice President	N/A	5/1/2005	
Peter Chan	Vice President	N/A	4/18/2006	
Thomas Hanley	Vice President	N/A	11/1/2008	
Susan O'Donovan	Vice President	N/A	7/16/2006	
Anita Post - Deceased	Vice President	N/A	3/6/1995	5/1/06
Gary Jacobi	Vice President	N/A	2/7/2002	8/11/06
Robert Pontibrand	Vice President	N/A	2/3/2003	4/30/06

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**Solitair LLC**265 Hambley Boulevard  
Pikeville KY 41502FEIN 03-0522389  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Joseph Jacobs	President		7/15/2003	
Jay Maymudes	VP, Secretary & Treasurer		7/15/2003	
Arthur Amron	VP and Assistant Secretary		7/15/2003	
Robert Holtz	Vice President		7/15/2003	
Wexford Special Situations 1996, LP	Stockholder - 100%	11/13/2002	11/13/2002	
Imprimis Investors LLC				
Wexford Advisors LLC				

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**Wexford Special Situations 1996, L.P.**

265 Hambley Boulevard  
Pikeville KY 41502

FEIN 06-1448086  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford Advisors LLC 67 Limited Partners as of 03/31/03	General Partner, Shareholder - 1% Limited Partners - <10%	7/15/2003	7/15/2003	

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**Wexford Advisors LLC**

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265 Hambley Boulevard  
Pikeville KY 41502

FEIN 06-1442615  
Phone 606-432-3900

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Officers and Directors

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Charles Davidson	Chairman, Shareholder	1/1/1996	1/1/1996	
Joseph Jacobs	President, Shareholder	1/1/1996	1/1/1996	
Robert Holtz	Vice President, Shareholder	1/1/1996	1/1/1996	
Jay Maymudes	Vice President, Sec., Treas., Shareholder	1/1/1996	1/1/1996	
Arthur Amron	Vice President, Assist. Secretary	N/A	1/1/1996	

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**Imprimis Investors, LLC**

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265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1486378  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford Special Situations 1997, L.P.	Stockholder - 78.1684%	7/15/2003	7/15/2003	
Wexford Special Situations 1997, Institutional, L.P.	Stockholder - 21.8316%	7/15/2003	7/15/2003	
Joseph Jacobs	President	N/A	7/15/2003	
Robert Holtz	Vice President	N/A	7/15/2003	
Jay Maymudes	Vice President, Secretary, Treasurer	N/A	7/15/2003	
Arthur Amron	Vice President, Assistant Secretary	N/A	7/15/2003	
Kenneth Rubin	Vice President	N/A	7/15/2003	

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**Wexford Special Situations 1997, L.P**

411 West Putnam Ave.  
Greenwich, CT 06830

FEIN 06-1476147  
Phone 203-862-7000

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Officers and Directors

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford 97 Advisors LLC 95 Limited Partners as of 03/31/03	General Partner Sharholder - 1% Limited Partners - <10%	7/15/2003	7/15/2003	

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**Wexford 97 Advisors LLC**265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1476150  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN	BEGIN	END
		DATE	DATE	DATE
		OWNERSHIP	AFFILIATION	
Charles Davidson	Chairman, Shareholder	5/1/1997	5/1/1997	
Joseph Jacobs	President, Shareholder	5/1/1997	5/1/1997	
Robert Holtz	Vice President, Shareholder	5/1/1997	5/1/1997	
Jay Maymudes	Vice President, Sec., Treas., Shareholder	5/1/1997	5/1/1997	
Arthur Amron	Vice Presidnet, Assist. Secretary	N/A	5/1/1997	

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**Wexford Special Situations 1997 Institutional, L.P.**

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265 Hambley Boulevard  
Pikeville KY 41502

FEIN 06-1483925  
Phone 606-432-3900

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Officers and Directors

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford 97 Advisors LLC 7 Limited Partners as of 03/31/03	General Partner, Shareholder Limited Partners - <10%	7/15/2003	7/15/2003	

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**Wexford Sprectrum Fund L.P.**

265 Hambley Boulevard  
Pikeville KY 41502

FEIN 06-1478510  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford Sprectrum Advisers LLC There are no officers of Wexford Spectrum Fund, L.P. only numerous partners owning less than 10%.	Member Shareholder	11/1/2004	11/1/2004	

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**Wexford Sprectrum Advisors, LLC**

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265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1478510  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Charles Davidson	Chairman, Shareholder	6/1/1997	6/1/1997	
Joseph Jacobs	President, Shareholder	6/1/1997	6/1/1997	
Robert Holtz	Vice President, Shareholder	6/1/1997	6/1/1997	
Jay Maymudes	Vice President, Sec., Treas., Shareholder	6/1/1997	6/1/1997	
Arthur Amron	Vice President, Assist. Secretary	6/1/1997	6/1/1997	
Fredrick Simon	Vice President, Shareholder	1/1/2002	1/1/2002	
Kenneth Rubin	Vice President, Shareholder	1/1/2002	1/1/2002	
Mark Zand	Vice President, Shareholder	1/1/2002	1/1/2002	

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**Valentis Investors LLC (Class A)**

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265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1499817  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN	BEGIN	END
		DATE	DATE	DATE
		OWNERSHIP	AFFILIATION	
Wexford Paratners V, L.P.	Member, Shareholder - 100%	5/1/1999	5/1/1999	
Wexford Capital LLC	Managing Member	N/A	5/1/1999	
Joseph Jacobs	President	N/A	5/1/1999	
Robert Holtz	Vice President	N/A	5/1/1999	
Jay Maymudes	VP, Secretary & Treasurer	N/A	5/1/1999	
Arthur Amron	VP and Assistant Secretary	N/A	5/1/1999	
Fredrick Simon	Vice President	N/A	5/1/1999	
Mark Zand	Vice President	N/A	9/1/2002	

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**Wexford Partners V, L.P.**

265 Hambley Boulevard  
Pikeville KY 41502

FEIN 06-1556499  
Phone 606-432-3900

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Officers and Directors

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Wexford V Advisors LLC 78 Limited Partners as of 03/31/03	General Partner Shareholder - 1% Limited Partners - <10%	8/1/1999	8/1/1999	

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**Wexford V Advisors, LLC**265 Hambley Boulevard  
Pikeville KY 41502FEIN 06-1497979  
Phone 606-432-3900

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**Officers and Directors**

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OFFICER	TITLE	BEGIN DATE OWNERSHIP	BEGIN DATE AFFILIATION	END DATE
Charles Davidson	Chairman, Shareholder	8/1/1999	8/1/1999	
Joseph Jacobs	President, Shareholder	8/1/1999	8/1/1999	
Robert Holtz	Vice President, Shareholder	8/1/1999	8/1/1999	
Jay Maymudes	Vice President, Sec., Treas., Shareholder	8/1/1999	8/1/1999	
Arthur Amron	Vice Presidnet, Assist. Sec., Shareholder	8/1/1999	8/1/1999	

### Mine Identification Numbers

Mine	Address	MID#	Inactivation Date	Inactivation Code
Hopedale Mine	86900 Sinfield Road Hopedale, OH 43976	33-00968	unknown	D-0424
Nelms Preparation Plant	86900 Sinfield Road Hopedale, OH 43976	33-04187	3/1/1990	NH-196
Big Valley Mine	38701 St. Rte. 160 Hamden, OH 45634	33-01358	unknown	D-2114
Stanton Mine	38701 St. Rte. 160 Hamden, OH 45634	33-01358	unknown	D-2311
Hamden Plant	38701 St. Rte. 160 Hamden, OH 45634	33-01358	unknown	D-0169
Kanauga Dock	948 State Route 7 North Gallipolis, Ohio 45631	33-02044	unknown	
Clinton Stone	38701 St. Rte. 160 Hamden, OH 45634	33-04041	1/1/1986	
Mine #23	394 Three Mile Road Jenkins, KY 41537	15-18368	4/1/2001	18060-4
Mine #28	150 Rob Fork Caney Highway Pikeville, KY 41501	15-18911	8/9/2005	18574-1
Mine #30	12278 Elkhorn Creek Shelby Gap, KY 41563	15-18964	1/31/2006	18677-1
Dorton E3	600 Coal Branch Jenkins, KY 41537	15-19249	6/18/2008	18750-1
Bevins Branch	15767 St. Hwy. 194 W Pikeville, KY 41501	15-18570	9/13/2002	18482-11
Calloway North	249 Carter Branch Phelps, KY 41553	15-19199	3/13/2008	18750
Calloway South	600 KY 632 Phelps, KY 41553	15-19312	9/24/2008	18779
Marion Branch	1840 Marion Branch Rd. Pikeville, KY 41501	15-18100	9/1/1998	18358-1
Rob Fork Contour	150 Rob Fork Caney Highway Pikeville, KY 41501	15-18977	3/17/2006	18620-1
Three Mile Mine #1	120 Upper Pigeon Road Shelby Gap, KY 41563	15-17659	4/1/1995	09984-63
Grapevine South	St. Rte. 49 Grapevine Creek Rd. Edgerton, WV 25672	46-08930	11/15/2001	
Remining No. 1	St. Rte. 49 Grapevine Creek Rd. Edgerton, WV 25672	46-08860	11/1/2000	
Remining No. 3	St. Rte. 49 Grapevine Creek Rd. Edgerton, WV 25672	46-09345	7/7/2009	
Rob Fork Processing	150 Rob Fork Caney Highway Pikeville, KY 41501	15-14468	2/1/1984	
Jamboree Loadout	35461 St. Hwy 194 E. Phelps, KY 41553	15-12896	6/1/1981	
Point Rock Plant	40104 St. Hwy. 194 E. Phelps, KY 41553	15-07010	1/1/1974	
Munger Canyon Mine	P.O. Box 98. Loma, CO 81524	N/A	None Mine is Inactive	C-1981-020

### Mine Identification Numbers

Mine	Address	MSR#	Issue Date	Notes
<b>Deane Mining Co. (2000-2002)</b>				
Deane #1	11664 Highway 7 North Deane, KY 41812	15-18569	9/13/2002	18514-1
Love Branch	695 Love Branch Neon, KY 41840	15-19191	2/27/2008	18746
TRC Mining Corp (Contract Miner)	681 Razorblade Road Neon, Ky 41840	15-17720	10/1/1995	17781-18
Deane Plant (Mill Creek Prep Plant)	10711 Highway 7 North Deane, KY 41812	15-16577	3/1/1989	
<b>Eagle Mining Co. (2000-2007)</b>				
Eagle #1	State Route 99 Bolt, WV 25817	46-08758	2/1/1999	U4005-91-B
Eagle #2	700 Glen Rogers Road Glen Rogers, WV 25848	46-09201	2/9/2007	U4005-91-C
Sewell #1	600 Glen Rogers Road Glen Rogers, WV 25848	46-02166	unknown	
<b>McClane Mining Co. (2000-2004)</b>				
McClane Canyon Mine	3148 Highway 139 Loma, CO 81524	05-03013	2/1/1977	C-1980-004
<b>Fruita Loadout LLC (2010-2011)</b>				
Fruita Loadout (Pending)	2352 N 7th St Unit B Grand Junction, CO 81501	Not Issued		N/A C-2010-088
<b>Castle Valley Mining Co. (2000-2015)</b>				
Castle Valley Mine #3	5550 W Bear Canyon Rd Huntington, Utah 84528	42-02263	12/15/1999	C/015/025
Castle Valley Mine #4	5550 W Bear Canyon Rd Huntington, Utah 84528	42-02335	3/20/2002	C/015/025
Bear Canyon Loading Facility	5550 W Bear Canyon Rd Huntington, Utah 84528	42-02395	11/21/2004	C/015/025

APPENDIX 1I  
RIGHT OF ENTRY

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***Trustee's Assignment  
of Rights Under BLM Logical Mining Unit Decision for Bear Canyon Mine***

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This ASSIGNMENT OF LMU RIGHTS ("Assignment") is entered into the 25<sup>th</sup> day of August, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20105 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee"); and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION OF the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively, the "Sale Agreement"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "Sale Order"), the parties agree as follows:

1. **Defined Terms.** Capitalized terms not otherwise defined herein shall have the meanings as provided to them in the Sale Order.

2. **Assignment.** Trustee hereby grants, bargains, sells and assigns to Buyer all right, title and interest of Debtor and the Estate in, under and created by ("LMU Decision Rights"):

(a) the LMU Decision, comprising the June 16, 2010 Bureau of Land Management ("BLM") approval letter and the June 17, 2010 decision by the BLM approving a logical mining unit encompassing the following federal coal leases and fee lands held by or owned by C.O.P. Coal Development Company or ANR Company, Inc. in connection with the Bear Canyon Mine located in Emery County, Utah and Carbon County, Utah, see Exhibit A attached hereto and incorporated herein for a description of the lands included within the logical mining unit. A copy of the LMU Decision is attached hereto as Exhibit B.

(b) Any submittal applications and supporting documentation prepared by Trustee with respect to the foregoing, whether or not filed with the BLM.

3. **Assumption.** Buyer hereby accepts the foregoing assignment and assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, with respect to the LMU Decision Rights arising from and after the Closing Date, subject to any other filings or submissions required by any applicable governmental entities.

4. *Free and Clear.* As set forth more particularly in the Sale Order, Trustee assigns and otherwise transfers the interest of Debtor and the Estate in the LMU Decision Rights free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

5. *General Provisions.*

(a) *Binding Effect.* This Assignment shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

(b) *Conflict.* This Assignment is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

(c) *Entire Agreement.* All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment, the Sale Agreement, and the Sale Order.

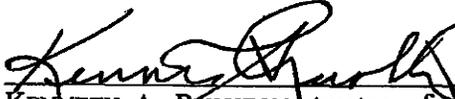
(d) *Further Assurances.* Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment.

(e) *Governing Law.* Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment shall be governed by and construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment agree that the Bankruptcy Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment.

(f) *Severability.* If any provision of this Assignment or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

(g) *Headings.* Section headings are not to be considered part of this Assignment, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment or any provision in it.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

  
KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By:   
Joseph R. Miller, Vice President

*Exhibit A to  
Trustee's Assignment of of Rights Under BLM Logical Mining Unit Decision for Bear  
Canyon Mine*

Lands Covered by LMU Decision

Part I: Land Covered by COP Coal Operating Agreement located in Emery County, Utah:

**LEASED GROUND**

**BEAR CANYON**

**U-024316**                      Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 13: W2W2  
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

**U-024318**                      Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 26: E2NW

Containing 80 acres, more or less.

**MOHRLAND**

**U-61048**                      Revised:      10-29-92

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 1, SENE, E2SE  
Sec. 12: E2NE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 6: Lots 11-14, E2SW, W2SE, SESE  
Sec. 7: Lots 1, 2, E2NW, W2NE, SENE, SE  
Sec. 8: SWSW

Containing 1,108.27 acres, more or less.

**U-61049**                      Modified:      6-19-2002

Tract 1:                      T. 16 S., R. 7 E., SLM, Utah

Sec. 1: Lot 2, SWNE, W2SE  
Sec. 12: W2NE, E2W2, SE  
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7: Lots 3, 4, E2SW  
Sec. 18: Lots 1-4, E2, E2W2  
Sec. 19: SWNE, NWSE  
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: SENE, NESE  
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

**McCADDEN HOLLOW**

U-46484                      Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah  
Sec. 10: N2, N2S2, SESW, S2SE  
Sec. 11: ALL  
Sec. 12: W2W2

Containing 1,400 acres, more or less.

**WILD HORSE RIDGE**

U-020668                      Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah  
Sec. 25: SENE, NESE  
  
T. 16 S., R. 8 E., SLM, Utah  
Sec. 30: Lots 1-4, W2NE, E2W2, NWSE  
Sec. 31: NENW, NWNE

Containing 626.32 acres, more or less.

U-038727                      Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah  
Sec. 24: SENE, E2SE  
Sec. 25: N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: Lots 2-4, SENW, E2SW, SWSE

Tract 2: T. 16 S., R. 7 E., SLM, Utah  
Sec. 24: NENE

Containing 780.39 acres, more or less.

### FEE GROUND

T. 16S, R. 7E, SLB&M  
Section 14: S  $\frac{1}{2}$ , W  $\frac{1}{2}$  NW  $\frac{1}{4}$ ,  
Section 23: All  
Section 24: W  $\frac{1}{2}$ , W  $\frac{1}{2}$  E  $\frac{1}{2}$   
Section 25: NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ , E  $\frac{1}{2}$  NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$  SW  $\frac{1}{4}$   
Section 26: NE  $\frac{1}{4}$

T. 16S, R. 8E, SLB&M  
Section 7: E  $\frac{1}{2}$  NE  $\frac{1}{4}$   
Section 8: N  $\frac{1}{2}$  SW  $\frac{1}{4}$ , SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ , W  $\frac{1}{2}$  SE  $\frac{1}{4}$   
Section 16: W  $\frac{1}{2}$  W  $\frac{1}{2}$   
Section 17: All  
Section 19: Lot 1, NE  $\frac{1}{4}$  NW  $\frac{1}{4}$ , N  $\frac{1}{2}$  NE  $\frac{1}{4}$   
Section 20: N  $\frac{1}{2}$  NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ , NE  $\frac{1}{4}$  SE  $\frac{1}{4}$

U-61049 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 2, SWNE, W2SE  
Sec. 12: W2NE, E2W2, SE  
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7: Lots 3, 4, E2SW  
Sec. 18: Lots 1-4, E2, E2W2  
Sec. 19: SWNE, NWSE  
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: SENE, NESE  
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

Part II: Land Covered by ANR Coal Operating Agreement located in Carbon County, Utah or Emery County, Utah:

**LEASED GROUND**

**Federal Coal Lease SL – 025431:**

Township 15S, Range 7E, SLB&M  
Section 36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E  
Section 31: E1/2, E1/2 W1/2, Lots 1, 2, 3 and 4

Township 16S, Range 8E  
Section 5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)  
Section 6: lots 1 through 10

**Federal Coal Lease SL – 069985:**

Township 15S, Range 7E  
Section 25: W1/2 E1/2  
Section 36: N1/2 NE1/4, W1/2 SE1/4

**Federal Coal Lease U-51923:**

Township 15S, Range 8E, SLB&M  
Section 20: NW1/4

**FEE GROUND**

Township 15S, Range 7E, SLB&M  
Section 24: SE1/4 SE1/4  
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB&M  
Section 19: All  
Section 20: SW1/4  
Section 29: W1/2  
Section 30: All  
Section 32: W1/2

Township 16S, Range 8E, SLB&M  
Section 5: Lots 2, 3, 4, 6, 7, 9, 10, 11, S1/2  
Section 6: NE1/4 SE1/4  
Section 8: E1/2 NE1/4; E1/2 SE1/4

*Exhibit B to  
Trustee's Assignment of of Rights Under BLM Logical Mining Unit Decision for Bear  
Canyon Mine*

LMU Decision



## United States Department of the Interior

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



JUN 17 2010

IN REPLY REFER TO:

3480  
UTU-73342  
UTU-024316  
UTU-024318  
UTU-46484  
UTU-020668  
UTU-38727  
UTU-51923  
UTU-61048  
UTU-61049  
SL-025431  
SL-069985  
(UT-923)

Received 6.17.10  
By Ken A. NORIS  
*[Signature]*

CERTIFIED MAIL—Return Receipt Requested

### DECISION

Mr. Kenneth Rushton, Trustee	:	LMU
C. W. Mining Company	:	UTU-73342
99 West Main Street	:	Coal Leases
P.O. Box 212	:	SL-025431, SL-069985,
Lehi, UT 84043	:	UTU-020668, UTU-024316,
	:	UTU-024318, UTU-38727, UTU-46484
	:	UTU-61048 and UTU-61049
	:	

Logical Mining Unit Approved  
Logical Mining Unit Modifications Approved

The Bear Canyon Logical Mining Unit (LMU) application UTU-73342 was filed April 20, 1990, along with Modification 1 filed August 27, 1997, Modification 2 filed September 15, 1999 and Modification 3 filed April 27, 2001. The initial Bear Canyon Logical Mining Unit application is hereby approved effective May 1, 1990. In accordance with our letter dated June 16, 2010, the modifications to this Logical Mining Unit are approved effective August 27, 1997, September 15, 1999 and June 19, 2002. The BLM has determined that it is in conformance with the approval criteria as per 43 CFR 3487.

The Bear Canyon LMU stipulations were executed by Mr. Kenneth Rushton, trustee for C. W. Mining Company on June 16, 2010. The approved Bear Canyon LMU contains 13,861.80 acres and is comprised of Federal coal leases SL-025431, SL-069985, UTU-020668, UTU-024316, UTU-024318, UTU-38727, UTU-46484, UTU-61048 and UTU-61049 and fee land.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards.

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.



Kent Hoffman  
Deputy State Director  
Lands and Minerals

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115  
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115  
Resource Development Coordinating Committee, ATTN: Mineral Leasing Taskforce,  
116 State Capital Building, Salt Lake City, Utah 84114 (w/encl.)  
Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801  
(w/encl.)  
Price Coal Office (w/encl.)  
MMS, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165,  
Denver, CO 80225-0165



## United States Department of the Interior

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



IN REPLY REFER TO:  
3480  
UTU-73342  
UTU-024316  
UTU-024318  
UTU-46484  
UTU-020668  
UTU-38727  
UTU-61048  
UTU-61049  
UTSL-025431  
UTSL-069985  
UTU-51923  
(UT-923)

*Copy received  
6-16-2010  
Kenneth Rushton  
Bankruptcy Trustee  
C.W. Mining Company*

JUN 16 2010

CERTIFIED MAIL—Return Receipt Requested 7009 1410 0001 9070 3736

Mr. Kenneth Rushton, Trustee  
C. W. Mining Company  
99 West Main Street  
P.O. Box 212  
Lehi, UT 84043

Dear Mr. Rushton:

We have completed our review of the Bear Canyon Logical Mining Unit (LMU) application UTU-73342 (originally submitted by C.W. Mining Company doing business as (DBA) Co-Op Mining Company (Co-Op) dated April 20, 1990, along with modification 1 dated August 27, 1997, Modification 2 dated September 15, 1999, and Modification 3 dated April 27, 2001, as stated in the Bear Canyon Logical Mining Unit applications. We have taken into account the comments that were brought forward in the May 20, 2010, public hearing conducted in Price, Utah. The BLM has determined that the LMU is in conformance with the approval criteria as per 43 CFR 3487. This determination is based upon the following:

1. The LMU recoverable reserves are capable of being developed in an efficient, economical and orderly manner, as a unit, with due regard to the conservation of the recoverable coal reserves and other resources.

Approval of the LMU will not affect the recovery, sequencing or development schedule of the contained Federal coal reserves with respect to the approved Resource Recovery and Protection Plan (R2P2).

2. All lands in the LMU are operated by and under the effective control of C.W. Mining Company by agreement with COP Development (March 1, 1997 – February 28, 2022) and ANR (September 1, 1999 – August 21, 2024) who are the Lessees. This was affirmed by court order dated February 10, 2010.
3. All lands within the LMU application will be developed and operated as a single operation which will include multiple portals. C.W. Mining Company will mine coal from the Bear Canyon LMU and ship coal to user locations.
4. All lands within the proposed LMU are contiguous. The BLM has conducted an in-depth review of the legal land-descriptions for all lands contained in the Bear Canyon Logical Mining Unit application (including modifications) which show that there is at least one point in common on all lands.
5. Mining operations will achieve maximum economic recovery (MER) of the Federal Coal reserves within the LMU. The amount of coal that can be obtained by creation of the LMU is larger than if the LMU was not formed. BLM has approved the life-of-mine R2P2 for the LMU and an MER determination was made. This approval is dated September 22, 2006.
6. No Federal coal leases included in this LMU are included in any other LMU. There are no other active LMU's in the area.
7. The Bear Canyon LMU contains 13,861.80 acres and therefore does not exceed the 25,000-acre limit.
8. A portion of Federal Coal Lease USL-025431 (T. 16 S., R. 8 E. Section 5: Lotsland 8, for 60.43 acres) was not included into the Bear Canyon LMU because it is not contiguous with other lands contained in the LMU. These lands will be segregated from the parent lease upon approval of the LMU. The lessee may apply to relinquish these lands.
9. A portion of T. 16 S., R. 8 E., Section 8: NW1/4, W1/2NE1/4, (240 acres) of fee coal was not included into the Bear Canyon LMU because the lands are not under the control of C. W. Mining Company.

Enclosed are two copies of the Bear Canyon LMU with stipulations for your approval. If you concur with the LMU and stipulations, please sign and date both copies and return one original to this office. Upon receipt by this office of the signed copy of the LMU, a decision approving the Bear Canyon LMU effective May 1, 1990, will be issued.

If we do not receive a response from you within 30 days of your receipt of this letter, we will assume that you no longer want to have the LMU formed, and the Federal coal leases will remain subject to their individual Federal lease terms. If you have any questions please contact Mr. Stan Perkes at (801) 539-4036.

Sincerely,

A handwritten signature in black ink, appearing to be 'Selma Sierra', with a long horizontal stroke extending to the right.

Selma Sierra  
State Director

**Enclosure**

2 copies of LMU with Stipulations (15 pages)

cc: C.O.P. Development Company, 53 West Angelo Ave., Salt Lake City, Utah 84115  
ANR Company, 3212 South State Street, Salt Lake City, Utah 84115

## **Bear Canyon Logical Mining Unit**

The Mineral Leasing Act (MLA) of February 25, 1920, as amended by the Federal Coal Leasing Amendments Act (FCLAA) of 1976, authorizes the consolidation of coal leases into a logical mining unit (LMU). A LMU is an area of land which the coal resources can be developed in an efficient, economical and orderly manner as a unit with due regard to conservation of coal resources and other resources.

As a result of an application and three modifications for a LMU designation filed by Co-OP Mining Company, the Bear Canyon LMU is approved effective 1 May, 1990, modification 1 approved effective August 27, 1997, modification 2 approved effective September 7, 1999, and modification 3 approved effective June 19, 2002, and provides as follows:

1. **Bear Canyon Logical Mining Unit Area:** The area specified on the map attached hereto marked Exhibit A being hereby designated the Bear Canyon LMU area through the June 19, 2002, modification 3, containing 13,861.80 acres as described as follows:

### **Original Area:**

#### **Federal Coal Lease U-024318**

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R 07E, SLM, SLM, Utah  
Sec. 26, E ½NW ¼;  
Contains 80.00 acres more or less.

#### **Federal Coal Lease U-024316**

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R07E, SLM, Utah  
Sec. 13, W½W½;  
Sec. 14, NE¼, E½ NW¼;  
Containing 400.0 acres, more or less.

#### **Private Lands:**

T. 16 S., R 07 E, SLM, Utah  
Sec. 14, S ½;  
Sec. 23, E ½ W ½, E ½;  
Sec. 26, N ½ NE ¼, N ½ SW ¼ NE ¼;  
Sec. 24, W½W½, Excluding area to East of Bear Canyon Fault  
(Approximately 18.18 acres excluded)  
Containing 1041.82 acres, more or less.

**August 27, 1997 Modification 1:**

**Federal Coal Lease U-61048**

Lease Effective Date: February 8, 1923

Lessee: COP Coal Dev. Co.

T.16 S., R 07E, SLM, SLM, Utah  
Sec. 1, Lot 1, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 12, E $\frac{1}{2}$ NE $\frac{1}{4}$ ;

T. 16 S., R 8 E, SLM, Utah  
Sec. 6; lots 11-14, E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 7, lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ ;  
Sec. 8, SW $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Containing 1,108.27 acres, more or less.

**Federal Coal Lease U-61049**

Lease Effective Date: November 1, 1949

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1, lot 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 12, W $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ ;  
Sec. 13, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ ;

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7, lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
Sec. 18, lots 1-4, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Sec. 19, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 20 SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Containing 2,036.09 acres, more or less.

**Federal Coal Lease U-46484**

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah  
Sec. 10; N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Sec. 11, All;  
Sec. 12, W $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Containing 1,400 acres, more or less.

**Federal Coal Lease U-020668**

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah  
Sec. 25, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;

T. 16 S., R. 8 E., SLM, Utah  
Sec. 30, lots 1-4, W $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Containing 546.32 acres, more or less

**State Lease ML-48264** (Land exchange and segregated on January 15, 1999 which was part of U-020668)

Sec. 31, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$   
Containing 80 acres, more or less.

**Federal Coal Lease U-038727**

Lease Effective Date: May 1, 1958

Lessee: COP Coal Dev. Co.

T. 16 S., R. 7 E., SLM, Utah  
Sec. 24, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 25, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ,  
SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;

T. 16 S., R. 8 E., SLM, Utah  
Sec. 19, lots 2-4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Containing 740.39 acres, more or less.

**Private Lands :**

T. 16 S. R. 7 E., SLM, Utah  
Sec. 14, W $\frac{1}{2}$ NW $\frac{1}{4}$ ;  
Sec. 23, W $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Sec. 24, E $\frac{1}{2}$ W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ ; Including (Approximately 18.18 acres East of  
Bear Canyon Fault in W $\frac{1}{2}$ W $\frac{1}{2}$ )  
Sec. 25 NW $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Sec. 26, S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ ;

T. 16 S., R. 8 E., SLM, Utah  
Sec. 8, N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Sec. 16, W $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Sec. 17, All;  
Sec. 19, lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ ;  
Sec. 20, N $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Containing 2205.11 acres, more or less.

**September 7, 1999 Modification 2:**

**Federal Coal Lease SL-025431**

Lease Effective Date: February 8, 1923

Lessee: ANR Co. Inc.

T. 15 S., R. 7 E., SLM, Utah  
Sec. 36, S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ ;

T. 15 S., R. 8 E., SLM, Utah  
Sec. 31, lots 1-4, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ ;

T. 16 S., R. 8 E., SLM, Utah  
Sec. 5, lots 5, 12;  
Sec. 6, lots 1-10;  
Containing 1201.56 acres, more or less.

**Federal Coal Lease SL-069985**

Lease Effective Date: November 1, 1949

Lessee: ANR Co. Inc.

T. 15 S., R. 7 E., SLM, Utah  
Sec. 25, W $\frac{1}{2}$ E $\frac{1}{2}$ ;  
Sec. 36, N $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
Containing 320.00 acres, more or less.

**April 27, 2001 Modification 3.**

**Modification to Federal Coal Lease U-38727 (Modification filed October 2, 2000-approved June 19, 2002)**

T. 16 S., R. 7 E., SLM, Utah  
Sec. 24, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
Containing 40 acres, more or less.

**Modification to Federal Coal Lease U-61049 (Modification filed October 2, 2000-approved June 19, 2002)**

T. 16 S., R. 8 E., SLM, Utah  
Sec. 19; SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 20, SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Containing 160 acres, more or less.

**Federal Coal Lease U- 51923**

Lease Effective Date: October 1, 1985

Lessee: ANR Co. Inc.

T. 15 S., R. 8 E., SLM, Utah  
Sec. 20, NW¼;  
Containing 160 acres, more or less.

**Private Lands:**

T. 16 S., R. 8 E., SLM, Utah  
Sec. 8, E½E½;

T. 15 S., R. 7 E., SLM, Utah  
Sec. 24, SE¼SE¼;  
Sec. 25, E½E½;

T. 15 S., R. 8 E., SLM, Utah  
Sec. 19, All;  
Sec. 20 S½SW¼;  
Sec. 29, W½;  
Sec. 30, All;  
Sec. 32, W½

Containing 2342.24 acres, more or less.

**All Coal Lands approved to be within the LMU.**

T. 15 S., R. 7 E., SLM, Utah  
Sec. 24, SE¼SE¼;  
Sec. 25, E½;  
Sec. 36; E½;

T. 15 S., R. 8 E., SLM, Utah  
Sec. 19, All;  
Sec. 20, NW¼, S½SW¼;  
Sec. 29, W½;  
Sec. 30, lots 1-4, E½, E½W½;  
Sec. 31, lots 1-4, E½, E½W½;  
Sec. 32, W½;

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1, lots 1,2, S½NE¼, SE¼;  
Sec. 10, N½, N½S½, SE¼SW¼, S½SE¼;  
Sec. 11, All;  
Sec. 12, All;

Sec. 13, All;  
Sec. 14, All;  
Sec. 23, All;  
Sec. 24, All;  
Sec. 25, N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;  
Sec. 26, E $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ ;

T. 16 S., R. 8 E., SLM, Utah

Sec. 5, lots 5, 12;  
Sec. 6, lots 1-14, E $\frac{1}{2}$  SW, W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 7, lots 1-4 W $\frac{1}{2}$ NE $\frac{1}{4}$  SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ ;  
Sec. 8, E $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ ;  
Sec. 16, W $\frac{1}{2}$ W $\frac{1}{2}$ ;  
Sec. 17; All;  
Sec. 18, All;  
Sec. 19, lots 1-4, E $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 20, N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 30, lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
Sec. 31, NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ .

Containing 13,861.80 acres more or less.

2. **Unit Operator:**

C. W. Mining Company  
99 West Main Street  
P.O. Box 212  
Lehi, UT 84043

3. **Stipulations:** As a consideration to the approval of the LMU, the operator/lessee consents to the following stipulations which make all Federal leases within the LMU subject to uniform requirements of the approved Resource Recovery and Protection Plan (R2P2), LMU recoverable reserves exhaustion, diligent development, continued operation, maximum economic recovery, advance royalty and royalty reporting periods. As of May 1, 1990, the diligence terms and conditions of the Federal lease are subject to or are superseded by the diligence requirements imposed on the LMU.

- a. **Supervision:** Bureau of Land Management  
Utah State Office  
440 West 200 South  
Suite, 500  
Salt Lake City, UT 84101-1345  
OR  
Mailing Address  
Bureau of Land Management  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

The authorized officer (AO) which is the Chief, Branch of Minerals located at the above location is responsible for the review and approval of exploration plans, mining plans, and modifications thereto, prior to the commencement of mining operations within a permit area approved pursuant to the Surface Mining Control and Reclamation Act (SMCRA) of 1977. The AO is also responsible for review and approval of the R2P2 and any modifications thereto, and is also responsible for inspection and enforcement, including production verification, of such operations on all lands and all coal within the LMU, and for implementing all other applicable provisions of the 43 CFR 3400 rules for the LMU.

b. **Resource Recovery and Protection Plan:** In accordance with 43 CFR 3482.1(b and c) the LMU must have a life-of-mine R2P2. This life-of-mine LMU R2P2 was approved by the BLM on September 22, 2006. Prior to commencement of mining on the Bear Canyon LMU, an update to the R2P2 shall be required. The update must be approved by the AO prior to commencement of mining operations.

c. **Diligent Development and Continued Operation requirements:** Pursuant to 43 CFR 3480.0-5 (a)(13)(B), the LMU must meet "diligence" development requirement of production of commercial quantities (1% of the recoverable coal reserves) by the "diligence due date" (date by which diligence must be met). This is ten years after the most recently issued or readjusted lease after August 4, 1976, in the original LMU application. Continued operations must be maintained after diligence has been met and this begins on the month after diligence has been achieved. Each 12 month period after diligence has been met is designated as a continued operation year (COY). Commercial quantities must be mined in every COY after diligence has been met. Coal must be mined anywhere within the boundaries of the LMU in order to be credited toward meeting these requirements.

The diligent development period for the Bear Canyon LMU began on August 1, 1980, which is the date in which the most recently readjusted federal coal lease became "subject to diligence" (based on the original LMU application as dated April 20, 1990). (See Exhibit B) Therefore the LMU diligence due date is August 1, 1990. The commercial quantities requirement to be mined was 88,400 tons for the original LMU application. As lands are added or removed from the LMU, or as geologic information changes, the commercial quantities requirement can change.

C. W. Mining met the "diligence" development requirement (of mining 88,400 tons) in June 1990. The LMU must maintain continued operation requirements (mining commercial quantities). Since the LMU met the requirement for diligent development in June 1990, the first COY for this LMU began on July 1, 1990. The LMU has met the COY requirements for every year through COY 18 (See Exhibit C). Based on the September 22, 2006 R2P2, the continued operation requirement for this LMU is currently 506,700 tons per COY.

c. **Advance Royalty:** 43 CFR 3483.4 allows for advance royalty to be paid in lieu of continued operation requirements. Advance royalty may be paid in lieu of continued operation, after diligent development is achieved, at any time during the life of the lease or LMU. In accordance with 30 U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug. 8, 2005) payment of advance royalties shall reduce the amount of production royalty to be paid for any year (but not below zero) to the extent that the advance royalties have not been used to reduce production royalties for a prior year. The aggregate number of years during the life of the lease or LMU that advance royalty can be paid is twenty (20).

d. **Reporting Period:** The rental amount for the Federal coal leases is to be prorated to the effective date of the LMU. Thereafter, rental for Federal coal leases contained in the LMU will be due, in a lump sum, annually on the anniversary date of the LMU approval, May 1, 1990. The rentals will be required to be prorated. The lessee will be required to pay the amount of rentals on each lease

anniversary date by the amount shown to bring its payments up to May 1, 2011. At that point in time the rental for the LMU will be required which will include all Federal leases. This will be pro-rated as per Exhibit D.

Royalties for Federal recoverable reserves produced within the LMU will be paid on the appropriate Minerals Management Service (MMS) Production and Operations reports for every royalty reporting period. The LMU royalty reporting period will be on a monthly basis beginning with the royalty period after the date that coal is first produced following the effective date of the LMU. If coal is being produced on the effective date of the LMU approval, the first royalty reporting period will begin on the first day of the month following the effective date of the LMU.

e. **Recoverable Coal Reserves Exhaustion:** The 40-year LMU recoverable coal reserves exhaustion period commences the date the coal is first produced from the LMU which will be following the effective date of LMU approval (May 1, 1990). If there is production occurring within the LMU on the effective date of LMU approval, the 40-year mine out period begins on the effective date of LMU approval. In accordance with U.S.C. § 207 (b) (2010) (109 P.L. No. 58 § 434, Aug.8, 2005), the 40 year limit on the LMU may be extended.

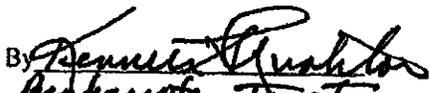
f. **Other:** If the LMU fails for whatever reason, the Federal coal leases contained in this LMU approval (UTU-UTU-024316, UTU-024318, UTU-46484, UTU-020668, UTU-38727, UTU-61048, UTU-61049, UTSL-025431, UTSL-069985, and UTU-51923) will revert to their original terms and conditions and will be treated as if they were never in the LMU.

g. **Regulations:** This LMU is subject to the regulations at 43 CFR 3480 and will be subject to any changes in the regulations as of the date they are published in the Federal Register.

h. **Non-Federal Production:** All production within an LMU is credited to the entire LMU, a certified record of all non-Federal LMU coal production must be provided to the AO on an annual basis. Progress maps and reports required by 43 CFR 3483.2 will show all Federal and non-Federal production from anywhere within the LMU. The certified record of production and the progress maps must be submitted to the BLM at the above address by February 15<sup>th</sup> of each calendar year.

Accepted by:

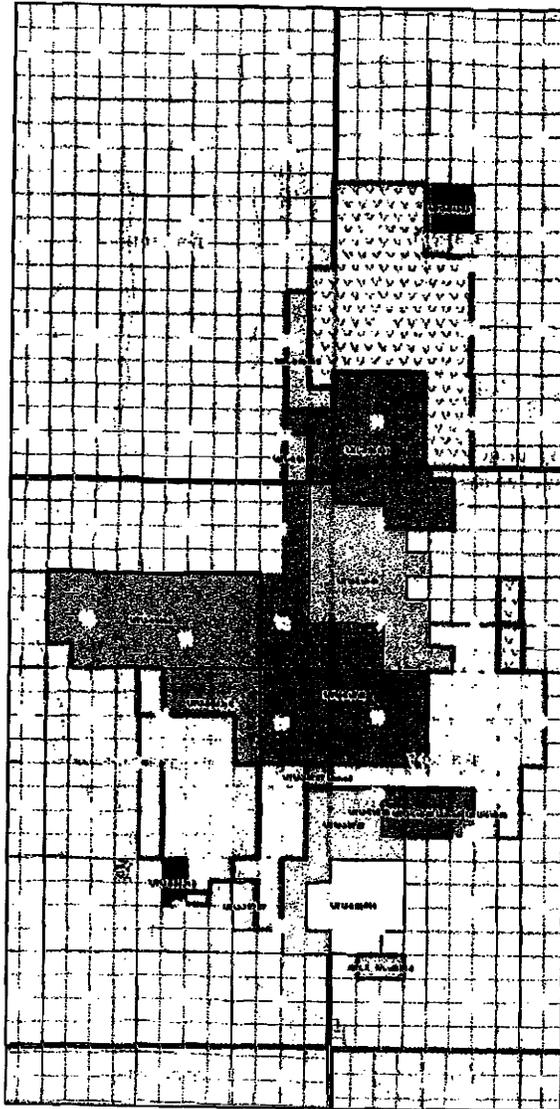
C. W. Mining Company

By   
Bankruptcy Trustee  
C. W. Mining Company  
Title

June 16, 2010  
Date

BEAR CANYON LMU

Bear Canyon Logical Mining Unit  
 Original 1990, Mod. 1 1997,  
 Mod. 2 1999, Mod. 3 2001



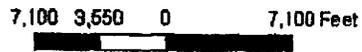
**Legend**

- BCLMU\_PRTLNDSD\_MOD1
- BCLMUO\_privlands
- BCLMU\_PRTLNDSD\_MOD3

**BearCanyonCoalLeases**

**Lease\_Numb**

- UTU-61823
- SITLA ML-48284
- USL-026431
- USL-068986
- UTU-020668
- UTU-024316
- UTU-024318
- UTU-38727
- UTU-38727 Lsmod
- UTU-48484
- UTU-81048
- UTU-81048
- UTU-81048 Lsmod



Scale



Exhibit "A"

**BEAR CANYON LMU  
EXHIBIT "B"**

Diligence Development/Continued Operations:

Lease Number	Total Recoverable Reserves as of LMU Application	Subject to Diligence Date	LMU Application Date	LMU Application Status
<b>Original LMU Application</b>				
UTU-024316		Aug. 1, 1980	Apr. 20, 1990	Original
UTU-024318		Aug. 1, 1980	Apr. 20, 1990	Original
Private Lands		NA	Apr. 20, 1990	Original
	<b>8,843,800</b>			
<b>Modification 1, August 27, 1997</b>				
UTU-46484		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-020668		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-38727		May 1, 1988	Aug. 27, 1997	Modification 1
UTU-61048		Feb. 8, 1983	Aug. 27, 1997	Modification 1
UTU-61049		Nov. 1, 1989	Aug. 27, 1997	Modification 1
Additional Private Lands Mod. 1		NA		Modification 1
	<b>41,010,579</b>			
<b>Modification 2, September 15, 1999</b>				
USL-025431		Feb. 8, 1983	Sep. 15, 1999	Modification 2
USL-069985		Nov. 1, 1989	Sep. 15, 1999	Modification 2
Additional Private Lands Mod. 2		NA		Modification 2
	<b>45,019,320</b>			
<b>Modification 3, April 27, 2001</b>				
UTU-51923		Oct 1, 1985	April 27, 2001	Modification 3
UTU-61049 Modification		Feb. 8, 1983	April 27, 2001	Modification 3
UTU-38727 Modification		Nov. 1, 1989	April 27, 2001	Modification 3
Private Lands Mod. 3		NA	April 27, 2001	Modification 3
	<b>50,674,313</b>			



**BEAR CANYON LMU**

**EXHIBIT "D"**

The lease rental payment schedule will be as follows for the LMU approval date of 1 May 1990:

Lease Number	Lease Issuance Date	Anniversary Date	Amt. Due on Anniversary Date	Months	Amt. Due May 1, 2011
UTU-024316	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-024318	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-46484	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-020668	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-38727	May 1, 1958	May 1	Regular Rental	0	Regular Rental
UTU-61048	Feb 8, 1923	Feb 8	Paid for 2010	2.71	\$751.35
UTU-61049	Nov 1, 1949	Nov 1	Paid for 2009	6	\$3,295.50
USL-025431	Feb 8, 1923	Feb 8	Paid for 2010	2.71	\$814.36
USL-069985	Nov 1, 1949	Nov 1	Paid for 2009	6	\$480.00
UTU-51923	Oct 1, 1985	Oct 1	Paid for 2009	7	\$280.00

Note: The acreage of the 2 lots (lot 1 & 8, T. 16 S., R. 8 E., Section 5) for a total of 60.43 acres in lease USL-025431 was removed because they are not contiguous in the LMU and thus the rental was adjusted accordingly.

Ent 397921 Page 1 of 2  
Date: 25-AUG-2010 4:13:23PM  
Fee: \$144.00 Charge  
Filed By: 98  
DIXIE SWASEY, Recorder  
EMERY COUNTY CORPORATION  
For: SOUTHEASTERN UTAH TITLE CO

Recorded at the request of,  
and after recording return to:

Castle Valley Mining LLC  
c/o Mary Elisabeth Naumann, Esq.  
Jackson Kelly PLLC  
175 East Main Street, Suite 500  
P. O. Box 2150  
Lexington, Kentucky 40588-2150

*Trustee's Assignment and Buyer's Assumption of  
Coal Operating Agreement with C.O.P. Coal Development Company*

THIS AGREEMENT (the "Assignment and Assumption Agreement") is entered into the 25<sup>th</sup> day of August, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20105 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee"); and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION OF the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively the "Sale Agreement"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "Sale Order"), which Sale Order is filed of record in the Emery County Recorder's Office in Aug 26, 2010 Entry # 317918, Trustee and Buyer hereby agree as follows:

1. *Assignment.* Trustee hereby conveys, grants, bargains, sells, assigns and delivers to Buyer all right, title, estates and interest of Debtor and the Estate in and to, and delegates to Buyer all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising from and after the Closing Date in connection with that certain Coal Operating Agreement dated March 1997 by and between C.O.P. Coal Development Company ("COP") and Debtor, granting Debtor the exclusive right to and use of the property covered thereby (as described more particularly in Exhibit A attached hereto and made a part hereof) for purposes reasonably incident to the mining and removal of coal ("Coal Operating Agreement"), together with: (a) that certain Amendment to Coal Operating Agreement dated June 2000 by and between COP and Debtor; (b) that certain Second Amendment to Coal Operating Agreement dated June 2002 by and between COP and Debtor; and (c) any water rights that are appurtenant to the land covered by the foregoing agreements, including Utah Division of

Water Rights no. 93-1067 (a34006) (collectively, the "COP Coal Operating Agreement"). Pursuant to a Notice of Coal Operating Agreement, the COP Coal Operating Agreement is filed of record in the Emery County Recorder's Office in \_\_\_\_\_.

2. *Assumption.* Buyer hereby accepts the foregoing conveyance, grant, bargain, sale, assignment, and delivery of the COP Coal Operating Agreement and hereby assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising under the COP Coal Operating Agreement from and after the Closing Date.

3. *Free and Clear.* As set forth more particularly in the Sale Order, Trustee assigns the interest of Debtor and the Estate in the COP Coal Operating Agreement free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

4. *General Provisions.*

(a) *Binding Effect.* This Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

(b) *Conflict.* This Assignment and Assumption Agreement is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment and Assumption Agreement. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment and Assumption Agreement, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

(c) *Entire Agreement.* All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order.

(d) *Further Assurances.* Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment and Assumption Agreement.

(e) *Governing Law.* Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment and Assumption Agreement shall be governed by and construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment and Assumption Agreement agree that the Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment and Assumption Agreement.

(f) *Counterparts.* This Assignment may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Assignment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Assignment by facsimile or e-mail transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or e-mail transmission.

(g) *No Third Party Beneficiaries.* Except for COP, this Assignment and Assumption Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended or shall be construed to convey upon any person other than the parties hereto and their respective successors and permitted assigns any rights, remedies or claims under, or by any reason of, this Assignment and Assumption Agreement or any term, covenant or condition hereof.

(h) *Severability.* If any provision of this Assignment and Assumption Agreement or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment and Assumption Agreement is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

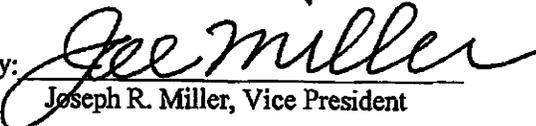
(i) *Headings.* Section headings are not to be considered part of this Assignment and Assumption Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment and Assumption Agreement or any provision in it.

**[Remainder of Page Intentionally Left Blank,  
Signature Page Follows.]**

IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Assignment and Assumption Agreement as of the date first set forth above.

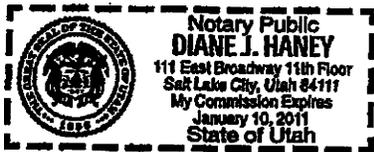
  
KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By:   
Joseph R. Miller, Vice President

STATE OF UTAH )  
 )  
:SS  
COUNTY OF SALT LAKE )

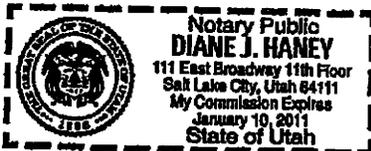
The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of August, 2010 by KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, sometimes d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah.



Diane Haney  
Notary Public

STATE OF UTAH )  
 )  
:SS  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of August, 2010 by JOSEPH R. MILLER, as the Vice President of and on behalf of, Castle Valley Mining LLC.



Diane Haney  
Notary Public

*Exhibit A to Trustee's Assignment and Buyer's Assumption  
of Coal Operating Agreement with C.O.P. Coal Development Company*

Land Covered by COP Coal Operating Agreement

The following parcels of land that are located in Emery County, Utah:

**LEASED GROUND**

**BEAR CANYON**

U-024316            Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 13: W2W2  
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318            Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 26: E2NW

Containing 80 acres, more or less.

**MOHRLAND**

U-61048            Revised:        10-29-92

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 1, SENE, E2SE  
Sec. 12: E2NE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 6: Lots 11-14, E2SW, W2SE, SESE  
Sec. 7: Lots 1, 2, E2NW, W2NE, SENE, SE  
Sec. 8: SWSW

Containing 1,108.27 acres, more or less.

U-61049            Modified:       6-19-2002

Tract 1:        T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 2, SWNE, W2SE  
Sec. 12: W2NE, E2W2, SE

Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7: Lots 3, 4, E2SW  
Sec. 18: Lots 1-4, E2, E2W2  
Sec. 19: SWNE, NWSE  
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: SENE, NESE  
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

**McCADDEN HOLLOW**

U-46484                      Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah  
Sec. 10: N2, N2S2, SESW, S2SE  
Sec. 11: ALL  
Sec. 12: W2W2

Containing 1,400 acres, more or less.

**WILD HORSE RIDGE**

U-020668                      Readjusted: 5-1-88

T. 16 S., R. 7 E., SLM, Utah  
Sec. 25: SENE, NESE  
  
T. 16 S., R. 8 E., SLM, Utah  
Sec. 30: Lots 1-4, W2NE, E2W2, NWSE  
Sec. 31: NENW, NWNE

Containing 626.32 acres, more or less.

U-038727                      Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah  
Sec. 24: SENE, E2SE  
Sec. 25: N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: Lots 2-4, SENW, E2SW, SWSE

Tract 2: T. 16 S., R. 7 E., SLM, Utah  
Sec. 24: NENE

Containing 780.39 acres, more or less.

**FEE GROUND**

T. 16S, R. 7E, SLB&M

Section 14: S  $\frac{1}{2}$ , W  $\frac{1}{2}$  NW  $\frac{1}{4}$ ,  
Section 23: All  
Section 24: W  $\frac{1}{2}$ , W  $\frac{1}{2}$  E  $\frac{1}{2}$   
Section 25: NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ , E  $\frac{1}{2}$  NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$  SW  $\frac{1}{4}$   
Section 26: NE  $\frac{1}{4}$

T. 16S, R. 8E, SLB&M

Section 7: E  $\frac{1}{2}$  NE  $\frac{1}{4}$   
Section 8: N  $\frac{1}{2}$  SW  $\frac{1}{4}$ , SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ , W  $\frac{1}{2}$  SE  $\frac{1}{4}$   
Section 16: W  $\frac{1}{2}$  W  $\frac{1}{2}$   
Section 17: All  
Section 19: Lot 1, NE  $\frac{1}{4}$  NW  $\frac{1}{4}$ , N  $\frac{1}{2}$  NE  $\frac{1}{4}$   
Section 20: N  $\frac{1}{2}$  NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ , NE  $\frac{1}{4}$  SE  $\frac{1}{4}$

U-61049 Modified: 6-19-2002

Tract 1: T. 16 S., R. 7 E., SLM, Utah  
Sec. 1: Lot 2, SWNE, W2SE  
Sec. 12: W2NE, E2W2, SE  
Sec. 13: E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7: Lots 3, 4, E2SW  
Sec. 18: Lots 1-4, E2, E2W2  
Sec. 19: SWNE, NWSE  
Sec. 20: SENW, NESW

Tract 2: T. 16 S., R. 8 E., SLM, Utah  
Sec. 19: SENE, NESE  
Sec. 20: SWNW, NWSW

Containing 2,196.09 acres, more or less.

## COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of March, 1997, by and between C.O.P. Coal Development Company, a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator";

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning March 1, 1997, and extending to February 28, 2022:

See Exhibit "A" attached hereto and made a part hereof

### 1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

### 2. ROYALTIES

Operator shall pay a royalty equal to the lesser of 8% or the maximum royalty allowed by law of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

### 3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from

the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage's of coal removed.

#### 4. CONDITION OF PROPERTY

2 It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

#### 5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

#### 6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by

reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

3  
7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS

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.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

C.O.P. Coal Development Company  
Owner

C. W. Mining Company  
Operator

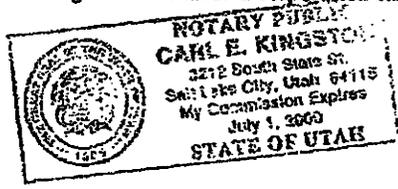
By: Joseph O. King

D. J. Sanders

STATE OF UTAH )

County of Salt Lake )

On this 11 day of March, 1997, personally appeared before me Joseph O. Kingston  
\_\_\_\_\_, who being by duly sworn, did say that he is the President of C.O.P. Coal Development  
Company, Inc. and that the within and foregoing instrument was signed on behalf of said  
corporation by authority of a resolution of its board of directors, and said Joseph O. Kingston duly  
acknowledged to me that said corporation executed the same.

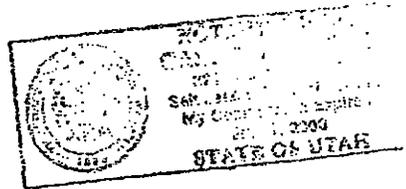


Carl E. Kingston  
Notary Public

STATE OF UTAH )

County of Salt Lake )

On this 11 day of \_\_\_\_\_, 1997, personally appeared before me D.J. Sanders  
\_\_\_\_\_, who being by duly sworn, did say that he is the President of C. W. Mining Company and  
that the within and foregoing instrument was signed on behalf of said corporation by authority of a  
resolution of its board of directors, and said D.J. Sanders duly acknowledged to me that  
said corporation executed the same.



Carl E. Kingston  
Notary Public

BEAR CANYON

U-024316 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 13: W2W2  
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec 26: E2NW

Containing 80 acres, more or less.

MOHRLAND

U-61048 Revised: 10-29-92

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1; Lot 1, SENE, E2SE  
Sec. 12; E2NE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 6; Lots 11-14, E2SW, W2SE, SESE  
Sec. 7; Lots 1, 2, E2NW, W2NE, SENE, SE  
Sec. 8; SWSW

Containing 1,108.27 acres, more or less.

U-61049 Revised: 11-1-89

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1; Lot 2, SWNE, W2SE  
Sec. 12; W2NE, E2W2, SE  
Sec. 13; E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7; Lots 3, 4, E2SW  
Sec. 18; lots 1-4, E2, E2W2  
Sec. 19; SWNE, NWSE  
Sec. 20; SENW, NESW

Containing 2,036.09 acres, more or less.

McCADDEN HOLLOW

U-46484                      Readjusted: 5-1-88

T.16 S., R.7 E. SLM, Utah  
Sec 10; N2, N2S2, SESW, S2SE  
Sec 11; ALL  
Sec 12; W2W2

Containing 1,400 acres, more or less.

WILD HORSE RIDGE

U-020668                      Readjusted: 5-1-88

T.16 S., R.7 E., SLM, Utah  
Sec 25; SENE, NESE

T.16 S., R.8 E., SLM, Utah  
Sec 30; Lots 1 - 4, W2NE, E2W2, NWSE  
Sec 31; NENW, NWNE

Containing 626.32 acres, more or less

U-038727                      Readjusted: 5-1-88

T.16 S., R.7 E., SLM, Utah  
Sec 24; SENE, E2SE  
Sec 25; N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T.16 S., R.8 E., SLM, Utah  
Sec 19; Lots 2-4, SENW, E2SW, SWSE

Containing 740.39 acres, more or less

FEE GROUND

T. 16S, R. 7E, SLB&M

Section 14: S 1/2, W 1/2 NW 1/4,  
Section 23: All  
Section 24: W 1/2, W 1/2 E 1/2  
Section 25: NW 1/4 NW 1/4, E 1/2 NW 1/4, NE 1/4 SW 1/4  
Section 26: NE 1/4

T. 16S, R. 8E, SLB&M

Section 7: E 1/2 NE 1/4  
Section 8: N 1/2 SW 1/4, SE 1/4 SW 1/4, W 1/2 SE 1/4  
Section 16: W 1/2 W 1/2  
Section 17: All  
Section 19: Lot 1, NE 1/4 NW 1/4, N 1/2 NE 1/4  
Section 20: N 1/2 NW 1/4, NE 1/4, NE 1/4 SE 1/4

## COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of March, 1997, by and between C.O.P. Coal Development Company, a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator";

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning March 1, 1997, and extending to February 28, 2022:

See Exhibit "A" attached hereto and made a part hereof

### 1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

### 2. ROYALTIES

Operator shall pay a royalty equal to the lesser of 8% or the maximum royalty allowed by law of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

### 3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from

the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage's of coal removed.

#### 4. CONDITION OF PROPERTY

2 It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

#### 5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

#### 6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by

CDP BK Docs014

reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

3  
7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS

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.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

C.O.P. Coal Development Company  
Owner

C. W. Mining Company  
Operator

By: *D. Kingston*

*B. W. Stoddard*

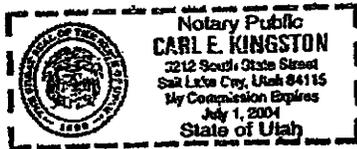
COP BK Docs015

STATE OF UTAH )

County of Utah )

On this 11<sup>th</sup> day of March, 1997, personally appeared before me J. O. Kingston who being by duly sworn, did say that he is the President of C.O.P. Coal Development Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said J. O. Kingston duly acknowledged to me that said corporation executed the same.

4



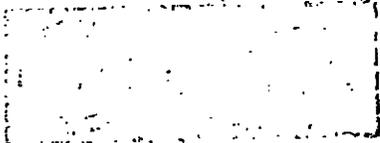
Carl E. Kingston  
Notary Public

STATE OF UTAH )

County of )

On this day of \_\_\_\_\_, 1997, personally appeared before me D.W. Stoddard who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said D.W. Stoddard duly acknowledged to me that said corporation executed the same.

Dwaine Stone 3/24/97  
Notary Public



COP BK Docs016

BEAR CANYON

U-024316 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec. 13: W2W2  
Sec. 14: NE, E2NW

Containing 400 acres, more or less.

U-024318 Issued: 8-1-80

T. 16 S., R. 7 E., SLM, Utah  
Sec 26: E2NW

Containing 80 acres, more or less.

MOHRLAND

U-61048 Revised: 10-29-92

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1; Lot 1, SENE, E2SE  
Sec. 12; E2NE

T. 16 S., R. 8 E., SLM, Utah  
Sec. 6; Lots 11-14, E2SW, W2SE, SESE  
Sec. 7; Lots 1, 2, E2NW, W2NE, SENE, SE  
Sec. 8; SWSW

Containing 1,108.27 acres, more or less.

U-61049 Revised: 11-1-89

T. 16 S., R. 7 E., SLM, Utah  
Sec. 1; Lot 2, SWNE, W2SE  
Sec. 12; W2NE, E2W2, SE  
Sec. 13; E2, E2W2

T. 16 S., R. 8 E., SLM, Utah  
Sec. 7; Lots 3, 4, E2SW  
Sec. 18; lots 1-4, E2, E2W2  
Sec. 19; SWNE, NWSE  
Sec. 20; SENW, NESW

Containing 2,038.09 acres, more or less.

COP BK Docs017

Exhibit A

**McCADDEN HOLLOW**

**U-46484**      Readjusted: 5-1-88

T.16 S., R.7 E. SLM, Utah  
Sec 10; N2, N2S2, SESW, S2SE  
Sec 11; ALL  
Sec 12; W2W2

Containing 1,400 acres, more or less.

**WILD HORSE RIDGE**

**U-020668**      Readjusted: 5-1-88

T.16 S., R.7 E., SLM, Utah  
Sec 25; SENE, NESE

T.16 S., R.8 E., SLM, Utah  
Sec 30; Lots 1 - 4, W2NE, E2W2, NWSE  
Sec 31; NENW, NWNE

Containing 626.32 acres, more or less

**U-038727**      Readjusted: 5-1-88

T.16 S., R.7 E., SLM, Utah  
Sec 24; SENE, E2SE  
Sec 25; N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T.16 S., R.8 E., SLM, Utah  
Sec 19; Lots 2-4, SENW, E2SW, SWSE

Containing 740.39 acres, more or less

COP BK Docs018

*P 2*

FEE GROUND

T. 16S, R. 7E, SLB&M

- Section 14: S 1/2, W 1/2 NW 1/4,
- Section 23: All
- Section 24: W 1/2, W1/2 E 1/2
- Section 25: NW 1/4 NW 1/4, E 1/2 NW 1/4, NE 1/4 SW 1/4
- Section 26: NE 1/4

T. 16S, R. 8E, SLB&M

- Section 7: E 1/2 NE 1/4
- Section 8: N 1/2 SW 1/4, SE 1/4 SW 1/4, W 1/2 SE 1/4
- Section 16: W 1/2 W 1/2
- Section 17: All
- Section 19: Lot 1, NE 1/4 NW 1/4, N 1/2 NE 1/4
- Section 20: N 1/2 NW 1/4, NE 1/4, NE 1/4 SE 1/4

P. 3

AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this \_\_\_\_ day of June, 2000, to that certain Coal Operating Agreement by and between C.O.P. COAL DEVELOPMENT COMPANY, and C. W. MINING COMPANY, dated March \_\_\_\_\_, 1997, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged agree that the above referenced Agreement is amended as follows:

Paragraph 2. ROYALTIES is hereby amended to read:

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

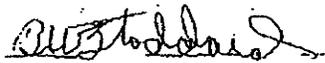
Operator shall be responsible for paying all royalties on the Federal Coal Leases at the rate determined by the Lessor. For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

C.O.P Coal Development Company, Inc.      C. W. Mining Company

By 

By 

**SECOND AMENDMENT TO COAL OPERATING AGREEMENT**

THIS AMENDMENT, made and entered into this \_\_\_\_ day of June, 2002, to that certain Coal Operating Agreement by and between C.O.P. COAL DEVELOPMENT COMPANY, and C. W. MINING COMPANY, dated March, 1997, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged agree that the above referenced Agreement is amended as follows:

The operator is granted exclusive authority to operate and control the 40.00 acres added to Federal Lease UTU-38727 and the 160.00 acres added to Federal Lease UTU-61049.

In Exhibit A the legal description of Federal Leases UTU-38727 and UTU-61049 is amended as follows:

U-61049 Modified: 6-19-2002

Track 1: T16 S., R. 7 E., SLM, Utah  
 Sec. 1, Lot 2; SWNE, W2SE;  
 Sec. 12; W2NE, E2W2, SE;  
 Sec. 13; E2, E2W2

T16 S., R. 8 E., SLM, Utah  
 Sec. 7; Lots 3, 4, E2SW  
 Sec. 18; Lots 1-4, E2, E2W2  
 Sec. 19; SWNE, NWSE  
 Sec. 20; SENW, NESW

Track 2:  
 T16 S., R. 8 E., SLM, Utah  
 Sec. 19, SENE, NESE;  
 Sec. 20, SWNW, NWSW

Containing 2,196.09 acres, more or less.

U-038727 Modified: 6-19-2002

Track 1: T16 S., R. 7 E., SLM, Utah  
Sec. 24, SENE, E2SE  
Sec. 25, N2NE, SWNE, SWNW, NWSW, W2SE, SESE

T16 S., R. 8 E., SLM, Utah  
Sec. 19; Lots 2-4, SENW, E2SW, SWSE

Track 2: T16 S., R. 7 E., SLM, Utah  
Sec. 24, NENE.

Containing 780.39 acres, more or less.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

C.O.P Coal Development Company, Inc.

C. W. Mining Company

*[Signature]*  
By

*[Signature]*  
By

Recorded at the request of,  
and after recording return to:

Castle Valley Mining LLC  
c/o Mary Elisabeth Naumann, Esq.  
Jackson Kelly PLLC  
175 East Main Street, Suite 500  
P. O. Box 2150  
Lexington, Kentucky 40588-2150

Ent 807062 # 729 Pg 15  
Date: 26-AUG-2010 4:12:09PM  
Fee: \$40.00 Charge  
Filed By: KR  
VIKki BARNETT, Recorder  
CARBON COUNTY CORPORATION  
For: SOUTH EASTERN UTAH TITLE CO

*Trustee's Assignment and Buyer's Assumption of  
Coal Operating Agreement with ANR Company, Inc.*

<sup>25</sup> THIS AGREEMENT (the "Assignment and Assumption Agreement") is entered into August 25, 2010 (the "Closing Date") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "Estate") of C. W. Mining Company, d/b/a Co-Op Mining Company ("Debtor"), Bankruptcy Case No. 08-20105 RKM (Chapter 7) ("Bankruptcy Case"), United States Bankruptcy Court for the District of Utah (the "Court") ("Trustee") and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("Buyer").

FOR AND IN CONSIDERATION OF the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively the "Sale Agreement"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "Sale Order"), which Sale Order is filed of record in the Emery County Recorder's Office in August 26, 2010, Book 152 page 103 and in the Carbon County Recorder's Office in August 26, 2010, Book 152 page 103. Trustee and Buyer hereby agree as follows:

1. *Assignment.* Trustee hereby conveys, grants, bargains, sells, assigns and delivers to Buyer all right, title, estates and interest of Debtor and the Estate in and to, and delegates to Buyer all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising from and after the Closing Date in connection with that certain Coal Operating Agreement dated September 1999 by and between ANR Company, Inc. d/b/a ANR, Inc. ("ANR") and Debtor, granting Debtor the exclusive right to and use of the property covered thereby (as described more particularly in *Exhibit A* attached hereto and made a part hereof) for purposes reasonably incident to the mining and removal of coal ("Coal Operating Agreement"), together with: (a) that certain Amendment to Coal Operating Agreement dated June 30, 2000 by and between ANR and Debtor; (b) that certain Second Amendment to Coal Operating Agreement dated April 2001 by and between ANR and Debtor; and (c) any water

Ent 397922 Page 1 of 7  
Date: 26-AUG-2010 4:15:09PM  
Fee: \$52.00 Charge  
Filed By: SB  
DIXIE SWASEY, Recorder  
EMERY COUNTY CORPORATION  
For: SOUTHEASTERN UTAH TITLE CO

Recorded at the request of,  
and after recording return to:

Castle Valley Mining LLC  
w/o Mary Elisabeth Naumann, Esq.  
Jackson Kelly PLLC  
175 East Main Street, Suite 500  
P. O. Box 2150  
Lexington, Kentucky 40588-2150

*Trustee's Assignment and Buyer's Assumption of  
Coal Operating Agreement with ANR Company, Inc.*

25<sup>th</sup> THIS AGREEMENT (the "*Assignment and Assumption Agreement*") is entered into August 25<sup>th</sup>, 2010 (the "*Closing Date*") between KENNETH A. RUSHTON, trustee of the bankruptcy estate (the "*Estate*") of C. W. Mining Company, d/b/a Co-Op Mining Company ("*Debtor*"), Bankruptcy Case No. 08-20105-RKM (Chapter 7) ("*Bankruptcy Case*"), United States Bankruptcy Court for the District of Utah (the "*Court*"), ("*Trustee*") and CASTLE VALLEY MINING LLC, a Delaware limited liability company ("*Buyer*").

FOR AND IN CONSIDERATION OF the payments and other consideration set forth in that certain Asset Sale Agreement dated May 3, 2010 by and between Trustee and Buyer's predecessor-in-interest, Rhino Energy LLC, as amended (collectively the "*Sale Agreement*"), the receipt, adequacy and sufficiency of which is hereby expressly acknowledged, and pursuant to: (1) the Sale Agreement; and (2) the Court's "Amended Findings of Fact and Conclusions of Law" entered on August 9, 2010 at Docket No. 1574 in the Bankruptcy Case and "Order Authorizing Sale of Mine Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Authorizing the Assumption and Assignment of Executory Contracts Under 11 U.S.C. §§ 363 and 365" entered on August 4, 2010 at Docket No. 1558 in the Bankruptcy Case (collectively, the "*Sale Order*"), which Sale Order is filed of record in the Emery County Recorder's Office in Aug. 24, 2010 Entry # 897918 and in the Carbon County Recorder's Office in Aug. 24, 2010 Entry # 897918. Trustee and Buyer hereby agree as follows:

1. *Assignment.* Trustee hereby conveys, grants, bargains, sells, assigns and delivers to Buyer all right, title, estates and interest of Debtor and the Estate in and to, and delegates to Buyer all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising from and after the Closing Date in connection with that certain Coal Operating Agreement dated September 1999 by and between ANR Company, Inc. d/b/a ANR, Inc. ("*ANR*") and Debtor, granting Debtor the exclusive right to and use of the property covered thereby (as described more particularly in Exhibit A attached hereto and made a part hereof) for purposes reasonably incident to the mining and removal of coal ("*Coal Operating Agreement*"), together with: (a) that certain Amendment to Coal Operating Agreement dated June 30, 2000 by and between ANR and Debtor; (b) that certain Second Amendment to Coal Operating Agreement dated April 2001 by and between ANR and Debtor; and (c) any water

rights that are appurtenant to the land covered by the foregoing agreements, including Utah Division of Water Rights nos. 91-105, 91-174, 91-251, 91-316, 91-322 and 93-970 (collectively the "ANR Coal Operating Agreement"). Pursuant to a Notice of Coal Operating Agreement, the ANR Coal Operating Agreement is filed of record in the Emery County Recorder's Office in \_\_\_\_\_ and in the Carbon County Recorder's Office in \_\_\_\_\_.

2. *Assumption.* Buyer hereby accepts the foregoing conveyance, grant, bargain, sale, assignment, and delivery of the ANR Coal Operating Agreement and hereby assumes and agrees to perform all duties and obligations of Debtor and the Estate, as those duties and obligations have been interpreted by the Sale Order, arising under the ANR Coal Operating Agreement from and after the Closing Date.

3. *Free and Clear.* As set forth more particularly in the Sale Order, Trustee assigns the interest of Debtor and the Estate in the ANR Coal Operating Agreement free and clear of all Encumbrances, as that term is defined in the Sale Order, pursuant to 11 U.S.C. §§ 363 and 365.

4. *General Provisions.*

(a) *Binding Effect.* This Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns.

(b) *Conflict.* This Assignment and Assumption Agreement is subject to all the terms and conditions of the Sale Agreement and the Sale Order and all of the indemnities, covenants and agreements contained therein, all of which shall survive the execution and delivery of this Assignment and Assumption Agreement. In the event of any conflict or inconsistency between the terms of the Sale Order or the Sale Agreement, on the one hand, and the terms of this Assignment and Assumption Agreement, on the other hand, the terms of the Sale Order, first, and the Sale Agreement, next, shall govern.

(c) *Entire Agreement.* All prior negotiations and agreements by and among the parties hereto with respect to the subject matter hereof are superseded by this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order, and there are no representations, warranties, understandings or agreements with respect to the subject matter hereof other than those expressly set forth in this Assignment and Assumption Agreement, the Sale Agreement, and the Sale Order.

(d) *Further Assurances.* Each party hereto agrees, with reasonable dispatch and without any further compensation, upon the reasonable request of the other party hereto to make, execute and deliver any and all documents or instruments of any kind or character, and to perform all such other actions, that may be reasonably necessary or proper to effectuate, confirm, perform or carry out the terms or provisions of this Assignment and Assumption Agreement.

(e) *Governing Law.* Except to the extent inconsistent with the United States Bankruptcy Code, this Assignment and Assumption Agreement shall be governed by and

construed according to the laws of the State of Utah, without regard to or application of its conflict of laws rules. The parties to this Assignment and Assumption Agreement agree that the Bankruptcy Court shall have exclusive jurisdiction, and the parties hereby submit to such jurisdiction, of any dispute arising under or related to this Assignment and Assumption Agreement.

(f) *Counterparts.* This Assignment and Assumption Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto. Delivery of an executed counterpart of a signature page to this Assignment and Assumption Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Assignment and Assumption Agreement by facsimile or e-mail transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or e-mail transmission.

(g) *No Third Party Beneficiaries.* Except for ANR, this Assignment and Assumption Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended or shall be construed to convey upon any person other than the parties hereto and their respective successors and permitted assigns any rights, remedies or claims under, or by any reason of, this Assignment and Assumption Agreement or any term, covenant or condition hereof.

(h) *Severability.* If any provision of this Assignment and Assumption Agreement or its application will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision, and of all other provisions and applications hereof, will not in any way be affected or impaired. If any court shall determine that any provision of this Assignment and Assumption Agreement is in any way unenforceable, such provision shall be reduced to whatever extent is necessary to make such provision enforceable.

(i) *Headings.* Section headings are not to be considered part of this Assignment and Assumption Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Assignment and Assumption Agreement or any provision in it.

**[Remainder of Page Intentionally Left Blank,  
Signature Page Follows.]**

IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Assignment and Assumption Agreement as of the date first set forth above.

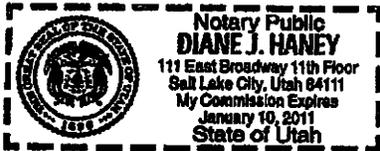
  
KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah

CASTLE VALLEY MINING LLC, a Delaware limited liability company

By:   
Joseph R. Miller, Vice President

STATE OF UTAH )  
 :SS  
COUNTY OF SALT LAKE )

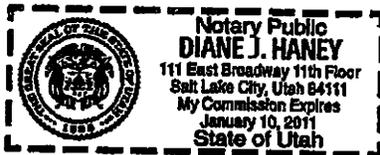
The foregoing instrument was acknowledged before me this <sup>25<sup>th</sup></sup> day of August, 2010 by KENNETH A. RUSHTON, trustee of the bankruptcy estate of C. W. Mining Company, sometimes d/b/a Co-Op Mining Company, Bankruptcy Case No. 08-20105 RKM (Chapter 7), United States Bankruptcy Court for the District of Utah.



Diane Haney  
Notary Public

STATE OF UTAH )  
 :SS  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this <sup>25<sup>th</sup></sup> day of August, 2010 by JOSEPH R. MILLER, as the Vice President of and on behalf of, Castle Valley Mining LLC.



Diane Haney  
Notary Public

*Exhibit A to Trustee's Assignment and Buyer's Assumption  
of Coal Operating Agreement with ANR Company, Inc.*

Land Covered by ANR Coal Operating Agreement

The following parcels of land that are located in Carbon County, Utah or Emery County, Utah:

**LEASED GROUND**

**Federal Coal Lease SL – 025431:**

Township 15S, Range 7E, SLB&M  
Section 36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E  
Section 31: E1/2, E1/2 W1/2, Lots 1, 2, 3 and 4

Township 16S, Range 8E  
Section 5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)  
Section 6: lots 1 through 10

**Federal Coal Lease SL – 069985:**

Township 15S, Range 7E  
Section 25: W1/2 E1/2  
Section 36: N1/2 NE1/4, W1/2 SE1/4

**Federal Coal Lease U-51923:**

Township 15S, Range 8E, SLB&M  
Section 20: NW1/4

**FEE GROUND**

Township 15S, Range 7E, SLB&M  
Section 24: SE1/4 SE1/4  
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB&M  
Section 19: All  
Section 20: SW1/4  
Section 29: W1/2  
Section 30: All  
Section 32: W1/2

Township 16S, Range 8E, SLB&M  
Section 5: Lots 2, 3, 4, 6, 7, 9, 10, 11, S1/2  
Section 6: NE1/4 SE1/4  
Section 8: E1/2 NE1/4; E1/2 SE1/4

## COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of September, 1999, by and between ANR, Inc., a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator";

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning September 1, 1999, and extending to August 31, 2024:

Federal Coal Lease SL - 025431:

Township 15S, Range 7E, SLB&M

§36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E

§31: E1/2, E1/2 W1/2. Lots 1,2,3 and 4

Township 16S, Range 8E

§5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)

§6: lots 1 through 10

Federal Coal Lease SL - 069985:

Township 15S, Range 7E

§25: W1/2 E1/2

§36: N1/2 NE1/4, W1/2 SE1/4

### 1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

### 2. ROYALTIES

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

### 3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage's of coal removed.

### 4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

### 5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

3  
6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS

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.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

4

ANR Company, Inc.  
Owner

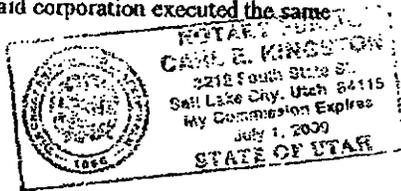
C. W. Mining Company  
Operator

By Jesse O. Kingston

DJ Sanders

STATE OF UTAH )  
County of Salt Lake )

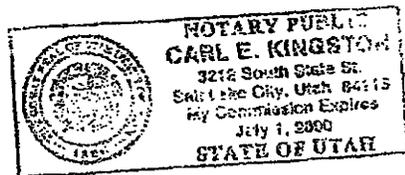
On this 3 day of September, 1999, personally appeared before me Jesse O. Kingston, who being by duly sworn, did say that he is the President of ANR Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said Jesse O. Kingston duly acknowledged to me that said corporation executed the same.



Carl E. Kingston  
Notary Public

STATE OF UTAH )  
County of Salt Lake )

On this 3 day of September, 1999, personally appeared before me DJ Sanders, who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said DJ Sanders duly acknowledged to me that said corporation executed the same.



Carl E. Kingston  
Notary Public

## COAL OPERATING AGREEMENT

THIS AGREEMENT made and entered into this day of September, 1999, by and between AMR, Inc., a Utah corporation, hereinafter referred to as "Owner", and C. W. Mining Company, a Utah corporation, hereinafter referred to as "Operator".

WITNESSETH, that:

In consideration of the covenants and agreements hereinafter contained, the parties hereto mutually and severally agree as follows:

Owner, in consideration of the royalties to be paid and conditions to be observed as hereinafter set forth, does hereby grant unto Operator the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the term of 25 years, beginning September 1, 1999, and extending to August 31, 2024:

Federal Coal Lease SL - 025431:

Township 15S, Range 7E, SLB&M

§36: S1/2 NE1/4, E1/2 SE1/4

Township 15S, Range 8E

§31: E1/2, E1/2 W1/2, Lots 1,2,3 and 4

Township 16S, Range 8E

§5: lots 8 and 12 (Excepting from the above Federal Coal Lease, Lots 1 and 5)

§6: lots 1 through 10

Federal Coal Lease SL - 069985:

Township 15S, Range 7E

§25: W1/2 E1/2

§36: N1/2 NE1/4, W1/2 SE1/4

### 1. USE OF PROPERTY

Operator shall have the exclusive right to, and use of the described property for purposes reasonably incident to the mining and removal of coal, including any existing underground workings or facilities heretofore placed in or upon the leased area. Operator shall also have unrestricted use of all access roads leading to and from the described property.

### 2. ROYALTIES

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

### 3. STATEMENTS AND MINE MAPS

Operator shall make and furnish to the Owner on or before the twentieth day of each month during the term of this Agreement, a statement of the amount of coal removed from said coal lands, such statement to be made under the hand and certificate of the Operator. Operator shall also make and furnish the Owner, at least once each year, an up-to-date mine map of workings on the premises. Operator agrees to keep a true, correct and accurate account of coal removed from the premises, and a true and accurate map of all mines or workings now or hereafter opened or used on the premises. The properly authorized representatives of Owner shall have free and full access to the accounts, books, and records of the Operator relating to tonnage's of coal removed.

### 4. CONDITION OF PROPERTY

It is expressly understood that the property herein referred to is delivered to Operator in its present condition and that the Operator is familiar with said property and accepts the same in its present condition and assumes full responsibility for all known or unknown defects.

### 5. OPERATION OF MINE

Operator shall diligently and continuously operate the subject property for the term hereof unless the operation thereof prevented by strike, car shortages, government regulation, any act of God, or similar cause beyond the control of Operator, or unless all of the merchantable coal in said premises is sooner extracted, mined and removed. Operator shall conduct all operations hereunder in a good and minerlike manner and in a manner which will result in the ultimate maximum economic recovery of coal from the property. Operator agrees to hold harmless Owner from any and all damages, claims, costs and expenses arising from or by reason of the caving or subsidence of the surface when such caving or subsidence is caused directly or indirectly by the operations of the Operator.

Operator shall pay all operating expenses for Operator's mining operation, including mining machinery, lumber, timber, permits, etc.

Operator shall, in the operation and development of the premises, comply with all applicable Federal, State, and local laws, that apply to Operator's mining operation and shall conduct its mining operations and take all actions and perform all duties required to maintain the Federal and State mining permits and approvals relating to the Premises.

Operator shall hold Owner harmless from and against any and all damages, claims, costs, and expenses arising from or growing out of any injuries to, or death of, the employees of the Operator or any other person whomsoever, where such injury, death or damage occurs of or in connection with the possession, use or operation in any manner of the property.

3  
6. SURVEYS AND INSPECTIONS

Owner or its agents may and shall at all reasonable times have free access to said premises and the mine, or mines open thereon, or which may hereafter be opened thereon, and to all workings thereon for the purpose of determining whether the said property is being maintained, protected, and used in accordance with the terms of this agreement; and for the purpose of checking the tonnage of coal which may be mined and extracted by the Operator.

From time to time, Owner may cause a survey of the mine or mines of the Operator to be made by some competent engineer selected by Owner for the purpose of checking the statements made by Operator of the coal removed from the premises, and of the amounts paid as royalties by reason thereof and for the purpose of determining the manner in which the mining upon the premises has been or is being performed. Operator may be present, or his duly appointed representative, at the making of any such survey and shall furnish necessary men free of expense to Owner to assist Owner's said engineer in making such a survey.

7. TAXES

Operator shall pay all taxes with respect to Operator's mining operation, equipment, and other property used by Operator.

Operator shall pay all general state and county taxes assessed against the premises.

8. TERMINATION OF AGREEMENT

Upon the termination of this Agreement by expiration, surrender, forfeiture, or any other cause, Operator shall have the privilege at any time within a period of 6 months thereafter of removing from the premises all machinery, equipment, tools, materials, etc. placed by Operator in or on the premises. If reasonably required, Operator may have an additional period of not more than 6 months within which to remove stockpiled coal and coal dust, subject of course, to the payment of the royalties on any such coal or coal dust so removed.

9. DEFAULT

If Operator shall not comply with any of the provisions, or covenants, or agreements herein written and contained, and such default shall continue for a period of 60 days after service of written notice, by certified or registered mail, by Owner identifying the default and specifying with reasonable particularity the nature and extent thereof, then and in such event this Agreement may be terminated and all of the rights of the Operator shall cease and be wholly determined and Owner may at once take possession of any or all of the properties herein described.

10. HEIRS AND SUCCESSORS

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.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

4

ANR Company, Inc.  
Owner

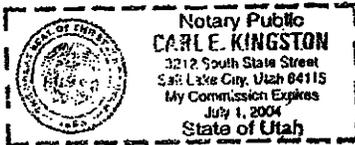
C. W. Mining Company  
Operator

By: *J. B. Kingston*

*B. W. Stoddard*

STATE OF UTAH )  
County of )

On this 9<sup>th</sup> day of September, 1999, personally appeared before me J. B. Kingston who being by duly sworn, did say that he is the President of ANR Company, Inc. and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said J. B. Kingston duly acknowledged to me that said corporation executed the same.

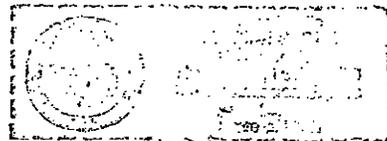


*Carl E. Kingston*  
Notary Public

STATE OF UTAH )  
County of )

On this    day of September, 1999, personally appeared before me B. W. Stoddard who being by duly sworn, did say that he is the President of C. W. Mining Company and that the within and foregoing instrument was signed on behalf of said corporation by authority of a resolution of its board of directors, and said B. W. Stoddard duly acknowledged to me that said corporation executed the same.

*Lednae Stone* 9-27-99  
Notary Public



AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this 20 day of June, 2000, to the certain Coal Operating Agreement by and between ~~ANR~~ and C. W. MINING COMPANY, dated September     , 1999, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree that the above referenced Agreement is amended as follows:

In addition to those tracts of land described in the Agreement, Operator is also granted the exclusive authority to operate and control the following described tract of land, situated in the State of Utah, for the remainder of the term set forth in the Agreement:

Federal Coal Lease U-51923:  
Township 15S, Range 8E, SLB&M  
Section 20: NW1/4

Also, Paragraph 2. ROYALTIES is hereby amended to read:

Operator shall pay a royalty of four percent (4%) of the average gross realization on every ton (2,000 lbs.) of coal mined and removed from the described premises. In computing the average gross realization, severance and or sales taxes shall not be considered as part of the sale price. The royalty on coal stockpiled shall not become due or payable until actual shipment of the stockpiled coal from the premises.

Operator shall, on or before the twentieth day of each month during the term hereof, pay to the Owner all sums due to the Owner hereunder for the preceding calendar month as shown by the statement to be furnished as hereinafter provided.

Operator shall be responsible for paying all royalties on the Federal Coal Leases at the rate determined by the Lessor. For any advance royalties paid by Owner on the Federal Coal Leases, Operator shall reimburse Owner for those advance royalties, in the amounts and at such times as they would become due in the course of mining the coal, had Owner not paid the advance royalties.

Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

ANR Company, Inc.

C. W. Mining Company

J. O. Kingston  
By

B. W. Stoddard  
By

SECOND AMENDMENT TO COAL OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this \_\_\_\_ day of April 2001, to that certain Coal Operating Agreement by and between ANR, INC., and C. W. MINING COMPANY, dated September \_\_\_\_, 1999, WITNESSETH:

The parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree that the above referenced Agreement is amended as follows:

In addition to those tracts of land described in the Agreement, and in the Amendment to Coal Operating Agreement dated June 30, 2000, Operator is also granted the exclusive authority to operate and control the following described tracts of land, situated in the State of Utah, for the remainder of the term set forth in the Agreement:

Fee Ground:

Township 15S, Range 7E, SLB&M  
Section 24: SE1/4 SE1/4  
Section 25: E1/2 E1/2

Township 15S, Range 8E, SLB7M  
Section 19: All  
Section 20: SW1/4  
Section 29: W1/2  
Section 30: All  
Section 32: W1/2

Township 16S, Range 8, SLB&M  
Section 5: Lots 2,3,4,6,7,9,10,11, S1/2  
Section 6: NE1/4 SE1/4  
Section 8: E1/2 NE1/4; E1/2 SE1/4

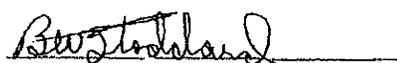
Except as herein amended, the Coal Operating Agreement and all of the terms and conditions contained therein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first written above.

ANR Company, Inc.

C. W. Mining Company

  
By

  
By