

**Appendix 1-1**  
**Lease Assignment**

**Revised 4/29/93**

ATTACHMENT A

TABULATION OF SURFACE AND COAL OWNERSHIP

LBA #9

The legal description of the lands requested for leasing through the application with the Bureau of Land Management is:

Township 16 South, Range 6 East, Salt Lake Base and Meridian:

Section 1: Lots 1-12, NE 1/4  
Section 3: Lot 1, SE 1/4, NE 1/4, E 1/2 SE 1/4

Township 16 South, Range 7 East, Salt Lake Base and Meridian:

Section 6: Lots 2-4, SW 1/4 NE 1/4

Township 15 South, Range 7 East, Salt Lake Base and Meridian:

Section 30: Lots 7-12, SE 1/4  
Section 31: Lots 1-12, NE 1/4, N 1/2, SE 1/4, SW 1/4 SE 1/4

Township 15 South, Range 6 East, Salt Lake Base and Meridian:

Section 25: S 1/2, Sec 35, Lots 1-4, N 1/2, N 1/2, S 1/2  
Section 26: S 1/2  
Section 27: E 1/2, SE 1/4  
Section 34: Lot 1, E 1/2, NE 1/4, NE 1/4, SE 1/4  
Section 35: Lots 1-4, N 1/2, N 1/2 S 1/2

Containing about 3,384.03 acres, more or less, all in Emery County, Utah

ATTACHMENT B  
ASSIGNMENTS OF CONVEYANCE  
(see attached)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

U-54762

COAL LEASE

PART I. LEASE RIGHTS GRANTED

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

Genwal Coal Company  
P.O. Box 1201  
Huntington, Utah 84528

hereinafter called lessee, is effective (date) **DEC 1 1986**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
- Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

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

T. 15 S., R. 7 E., SLM, Utah  
Sec. 31, SE $\frac{1}{2}$ SE $\frac{1}{2}$ ;  
Sec. 32, S $\frac{1}{2}$ SW $\frac{1}{2}$ , SW $\frac{1}{2}$ SE $\frac{1}{2}$ .

T. 16 S., R. 7 E., SLM, Utah  
Sec. 5, lots 2, 3, and 8.

containing 256.49 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

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

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

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12 $\frac{1}{2}$  & 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

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

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$ 5,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

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

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

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

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

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

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

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

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

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

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

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

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

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

**Sec. 15. SPECIAL STIPULATIONS** -

**Sec. 9. (a) TRANSFERS**

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

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

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

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

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

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

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

**Sec. 14. SPECIAL STATUTES** - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151-1175), the Clean Air Act (42 U.S.C. 1857 et. seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

Recorded at the request of:  
Ronald L. Rencher  
LeBoeuf, Lamb, Leiby & MacRae  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Telephone: (801) 355-6900

201

Mail tax notices to:  
CRANDALL CANYON PROJECT  
2835 South Jones Boulevard, Suite 5  
Las Vegas, Nevada 89102

STATE OF UTAH  
COUNTY OF EMERY SS  
FILED AND RECEIVED FOR  
RECORD  
91 JUL 15 PM 4 07  
III BOOK 188  
PAGE 201-205  
J. L. ...  
COUNTY RECORDER

ASSIGNMENT OF FEDERAL COAL LEASE

Serial Number:

U-54762 (Crandall Canyon)

THIS ASSIGNMENT is made by and between GENWAL COAL CO., INC., previously known as Gent Flying Enterprises, Inc., a Virginia corporation with its principal offices at 195 North 100 West, P.O. Box 1201, Huntington, Utah 84528 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107, and NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada Corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 (the "Assignees").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain United States of America coal lease bearing the serial number U-54762, as presently modified and/or amended (the "Coal Lease"), covering and affecting the following

PTS 6081-RO

described tracts of land located in Emery County, State of Utah,  
to wit:

Coal Lease Serial Number U-54762 (Crandall Canyon):

Township 15 South, Range 7 East, Salt Lake Base and  
Meridian:

- Section 31: SE  $\frac{1}{4}$  SE  $\frac{1}{4}$ ;
- Section 32: S  $\frac{1}{4}$  SW  $\frac{1}{4}$ , SW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; and

Township 16 South, Range 7 East, Salt Lake Base and  
Meridian:

- Section 5: Lots 2, 3 and 8.

Containing 256.49 acres, more or less.

WHEREAS Assignor desires to assign to Assignees, and  
Assignees desire to acquire from Assignor, the Coal Lease  
according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND  
VALUABLE CONSIDERATION, the receipt and sufficiency of which are  
hereby acknowledged, Assignor and Assignees hereby agree as  
follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS  
AND WARRANTS unto Assignees, their successors and assigns  
forever, EACH AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS  
TENANTS IN COMMON in all of Assignor's right, title and  
interest, now owned or hereafter acquired, in and to the

Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignees hereby accept the assignment of the Coal Lease and agree hereafter to pay, keep and perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.
3. This Assignment is subject to and contingent upon obtaining the approval of the Bureau of Land Management of the Department of the Interior of the United States.
4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignees.

The officers of Assignor and Assignees who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignees have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.



3453  
SL-0506  
SL-0626  
(U-942)

SEP 24 1980

**DECISION**

**Assignors:**

Yenna May Sanders  
Deon J. Sanders  
Alice Maurine Beck  
Robert DeReese Sanders  
John Frank Sanders, Jr.  
Dorthea Elinora Garlick  
P. O. Box 54  
Fairview, UT 84026

Coal  
SL-050655, SL-062646

**Assignee:**

Gent Flying Enterprises  
P. O. Box 330  
Hoiaker, VA 24260

Change in Name of Lessee Recognized  
Assignments Approved

A copy of the Order Approving First and Final Account and Widow's Allowance and for Decree of Final Distribution and Discharge in the matter of the John Frank Sanders Estate was filed in this office on April 24, 1980. As set forth in the decree, the estate was distributed as follows:

- Yenna May Sanders (Undivided 33-1/3%)
- Deon J. Sanders (Undivided 13-1/3%)
- Alice Maurine Beck (Undivided 13-1/3%)
- Robert DeReese Sanders (Undivided 13-1/3%)
- John Frank Sanders, Jr. (Undivided 13-1/3%)
- Dorthea Elinora Garlick (Undivided 13-1/3%)

Satisfactory evidence of the qualifications and holdings of the heirs has been filed. Accordingly, the records of this office have been noted to show the above-named individuals as the lessees of record under coal leases Salt Lake 050655 and Salt Lake 062646.

On April 24, 1980, assignments of coal leases Salt Lake 050655 and Salt Lake 062646 were also filed in this office. The assignments were entered into on March 4, 1980 between the heirs of the John F. Sanders Estate, as assignors, and Gent Flying Enterprises, Inc., as assignee.

2

Satisfactory evidence of the qualifications and holdings of Gent Flying Enterprises, Inc. has been filed, and the lease accounts are in good standing. The assignments appear to meet the requirements of the regulations and are hereby approved effective October 1, 1980. Approval of the assignments does not constitute approval of any of the terms therein which may be in violation of the lease terms.

As required by the regulations in 43 CFR 3472.2(a), a lease bond (No. S238790) in the amount of \$5,000 for coal lease Salt Lake 050655, and a lease bond (No. S238789) in the amount of \$5,000 for coal lease Salt Lake 062648, with Gent Flying Enterprises as principal and Northwestern National Insurance Company as surety, have been filed in this office. The bonds are satisfactory and are accepted effective September 18, 1980.

7s/ I. Pollick

Chief, Minerals Section

cc: Area Mining Supervisor, Geological Survey  
✓ Gent Flying Enterprises, Inc., Box 38, Grangeville, UT 84737  
Northwestern National Insurance Company, 525 E. 4500 S., Salt Lake City, UT 84111  
Pruitt & Gushee, Attn: Tom Nelson, Suite 375 Beneficial Life Tower, Salt Lake City, UT 84111

Utah State Office  
University Club Building  
126 East South Temple  
Salt Lake City, Utah

Feb. 10, 1988

3400  
SL-0625  
SL-0506  
(U-942)

MAR 1 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Genwal Coal Company  
P. O. Box 1201  
Huntington, Utah 84522

DECISION

Coal  
SL-062648 and  
SL-050655

Lease Modified  
Lease Relinquishment Accepted

SR/PR Rec'd APR 20 1984

An application for modification of coal lease Salt Lake 062648 was received in this office on November 3, 1980. The requirements of the regulations have been met. Therefore, coal lease Salt Lake 062648 is hereby modified on March 1, 1984 to include lot 4 Sec. 5 and lot 1 Sec. 6, T. 16 S., R. 7 E., SLM, Utah totaling 75.23 acres.

A rider to the existing \$5,000 lease bond No. S23S729 was filed on January 9, 1984. The rider consents to the coverage of the additional modified lands by the existing coal lease bond. The rider has been examined, found to be satisfactory, and is hereby accepted effective the date of filing.

Finally a relinquishment of coal lease Salt Lake 050655, filed on January 9, 1984 is hereby accepted effective March 1, 1984, the date of approval of the modification.

  
Chief, Minerals  
Adjudication Section

cc: Branch of Solid Minerals  
Moab District  
Royalty Management MMS, Denver

AFILMS Data Entry: 9/17/84  
SL-050655 -> 235 = 19840301  
SL-062648 : 2154 = 19840301  
                  2155 = 75.23  
                  250 = 155.23  
                  2156 = 3.00  
                  2157 = 87  
                  2158 = 418

Feb. 10, 1988

GENWAL COAL COMPANY  
P.O. BOX 1201  
HUNTINGTON, UTAH 84523  
(201)657-9813

December 22, 1983

United States Department of the Interior  
Bureau Of Land Management  
Utah State Office  
130 E. South Temple  
Salt Lake City, Utah 84111

RECEIVED  
UTAH STATE OFFICE  
DEPT OF INTERIOR  
BUR. OF LAND MGMT.  
1984 JAN -9 PM 12:34

Re: Western Federal Coal Lease Form

This is to certify that Genwal Coal Company, Inc. request that Lease #SL-050655 (containing 80 acres) located in Huntington Canyon near Electric Lake be relinquished in exchange for 75.23 acres in Crandall Canyon off Huntington Canyon adjoining Lease #SL-062648. A property that Genwal Coal Company, Inc., Crandall Canyon Mine #1 is in the process of developing.

Sincerely,

*Charles H. Gent, Jr.*  
Charles H. Gent, JR.

CHS/cs

Relinquishment accepted eff. MAR 1 1984

UNITED STATES OF AMERICA  
By *[Signature]* MAR 1 1984  
Chief Minerals Section  
Utah State Office, Bur. Land Mgmt.

BUREAU OF LAND MANAGEMENT  
MAR 5 - 1984  
2300 SOUTH DEER CREEK AVENUE  
SALT LAKE CITY, UTAH 84119

Sec. 4. BOND--The lessee shall file with the appropriate Bureau of Land Management office a lease bond in the amount of \$5,000 for the use and benefit of the United States to insure payment of deferred bonus payments, rentals and royalties and to insure compliance with all other items of this lease, the regulations and the Act (except for reclamation within the area covered by a surface mining permit issued under the permanent regulatory program by the regulatory authority) and, if appropriate, for the protection of the interests of the surface owners on the leased lands. An increase in the amount of the lease bond may be required by the lessor at any time during the life of the lease to reflect changed conditions.

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

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

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

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

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

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

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

Sec. 12. OPERATIONS ON LEASED LANDS--(a) In accordance with conditions of this lease, the exploration and mining and reclamation plans, the permit issued pursuant to 30 CFR Chapter VII, and all applicable acts and regulations, the lessee shall exercise reasonable diligence

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

SL-062648

MODIFIED COAL LEASE

This lease, is entered into on **MAR 1 1984**, by the United States of America, lessor, through the Bureau of Land Management, and

Gent Flying Enterprises, Inc.  
P. O. Box 38  
Orangeville, Utah 84537

shall become effective on \_\_\_\_\_, (effective date), the lessee, and

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

WITNESSETH:

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

Tract 1

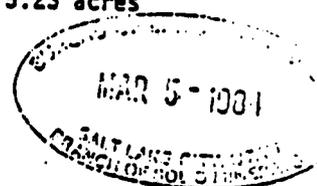
T. 16 S., R. 7 E., SLM, Utah  
Sec. 5, SW $\frac{1}{4}$ NW $\frac{1}{4}$ ;  
Sec. 6, SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

Containing 80.00 acres

Tract 2

T. 16 S., R. 7 E., SLM, Utah  
Sec. 5, lot 4;  
Sec. 6, lot 1.

Containing 75.23 acres



containing 155.23 acres, more or less; and subject to the conditions, limitations and prohibitions provided in this lease and in applicable acts and regulations, the lessee shall construct all works, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for a period of 20 years and so long thereafter as the condition of continued operation is met.

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

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

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

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

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

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

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

Sec. 18. MONOPOLY AND FAIR PRACTICES--The lessor reserves full authority to promulgate and enforce orders and regulations under the provisions of Sections 20 and 22 of the

Sec. 19. TRANSFERS--

- This lease may be transferred in whole or in part to any person, association or corporation qualified under 43 CFR 3472.1-1 to hold a lease.
- This lease may only be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of and for the use of the public body, or to a person for the limited purpose of creating a security interest in favor of a lender who agrees to be obligated to mine the coal on behalf of the public body. The transferee must be qualified under 43 CFR 3472.
- This lease may only be transferred in whole or in part to other small businesses qualifying under 13 CFR 121 and 43 CFR 3472.2-2(c).

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

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

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

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

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

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

Sec. 24. DELIVERY OF PREMISES--Upon termination of this lease for any reason, or relinquishment of a part of this lease, the lessee shall deliver to the lessor in good order and condition all or the appropriate part of leased lands. Delivery of the leased lands shall include underground timbering and such other supports and structures as are neces-

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

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

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

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

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

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

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

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

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

Sec. 31. SPECIAL STIPULATIONS--

The District Manager BLM shall mean the authorized representative of the Bureau of Land Management, the Regional Director shall mean the authorized representative of the Office of Surface Mining. The Authorized Officer of the Surface Management Agency shall mean the Forest Supervisor, Forest Service.

1. The Lessee will be responsible to comply with applicable--Federal, State, and local laws and regulations.
2. The coal contained within the lease area and authorized for mining under this lease shall be extracted only by underground mining methods.
3. All support facilities, structures, equipment, and similar developments will be removed from the lease area within the time specified in the Special Stipulations.

4. (a) Before undertaking any activities that may disturb the surface of the leased lands, the Lessee may be required to conduct a cultural resource intensive field inventory in a manner specified by the Regional Director and the Authorized Officer of the surface managing agency on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist, historian, or historical architect, as appropriate), approved by the Authorized Officer of the surface managing agency and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Regional Director (or the District Manager BLM if activities are associated with coal exploration outside an approved mining-permit area) and the Authorized Officer of the surface managing agency. The Lessee shall undertake measures, in accordance with instructions from the Regional Director (or the District Manager BLM if activities are associated with coal exploration outside an approved mining permit area), to protect cultural resources on the leased land. The Lessee shall not commence the surface disturbing activities until permission to proceed is given by the Regional Director or the District Manager BLM as appropriate.

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

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

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

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

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

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

(b) The Lessee shall immediately bring any such fossils that might be altered or

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

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

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

7. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to conform with the publication Suggested Practices for Raptor Protection on Powerlines, The State of the Art 1981 (Raptor Research Report No. 4, Raptor Research Foundation c/o Dept. of Veterinary Biology; University of Minnesota).

8. The Lessee shall provide for the suppression and control of fugitive dust on all haul roads, and at coal hauling, transportation, and storage facilities. The migration of road surfacing materials shall be controlled by watering, chemical treatment, or hard surfacing. Loss of gravel courses shall be periodically replaced.

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

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

11. The Lessee shall establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology, and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a sufficient number of points over the lease area. The monitoring shall be an extension of the baseline data and shall be conducted by a method approved by the Regional Director in consultation with and concurrence by the Authorized Officer, Surface Management Agency and District

The Regional Director in consultation with and concurrence of the District Manager BLM and Authorized Officer, Surface Management Agency, shall approve such measures and may prescribe any additional measures to be employed such as mining methods, specify the amount of coal recovered, and determine any corrective measures considered necessary to assure that escarpment failure does not occur except at specifically approved locations, or that hazardous conditions are not created.

13. Existing surface improvements required for the surface uses of the lease area will need to be protected or maintained to provide for the post-mining continuance of the current land uses. Existing surface improvements whose utility may be lost or damaged as result of mining activities are to be replaced or restored.

14. The Lessee shall reclaim all areas disturbed as a result of mining and exploration operations to a land use capable of supporting the pre-mining levels of livestock grazing, big game winter range, and other wildlife habitat.

15. At the conclusion of the mining operation, or at the request of the Authorized Officer of the Surface Managing Agency, all damaged, disturbed, or displaced land monuments, accessories, and appendages shall be replaced or restored in their original location (or at other locations that meet the needs of the land net, and as approved by the Authorized Officer of the Surface Managing Agency) and shall be done at the expense of the Lessee.

THE UNITED STATES OF AMERICA

By [Signature]  
(Signing Officer)

CHIEF, MINERALS SECTION  
(Title)

WITNESS TO SIGNATURE OF LESSEE

[Signature]

[Signature]

\_\_\_\_\_

MAR 1 1984  
(Date)

[Signature]  
(Signature of Lessee)

[Signature]  
(Signature of Lessee)

\_\_\_\_\_

3451  
SL-062648  
(U-942)

Management  
Office  
Building  
Utah  
84111

Administrative tracking table with columns for dates and initials.

JAN 17 1984

SR/PR Rec'd JAN 23 1984

CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED

DECISION

Genwal Coal Company  
P. O. Box 1201  
Huntington, Utah 84523

Coal  
SL-062648

REC'D. MCO JAN 18

Lease Readjusted Effective October 1, 1983

On July 14, 1983, Gent Flying Enterprises, Inc., later amended to Genwal Coal Company, was sent a Notice of Proposed Readjustment of Lease in connection with coal lease SL-062648. No objections to the terms as stated were filed within the 60-day period allowed. Therefore, coal lease SL-062648 is readjusted effective October 1, 1983, as stipulated in the decision and Coal Lease Readjustment.

The new rental rate goes into effect on January 3, 1984. The new royalty rate will be effective simultaneously with the effective date of this readjustment.

The \$5,000 lease bond recommended for compliance with all the terms and conditions of the lease is currently on file. Therefore, further bonding is not required.

William G. King

ACTING Chief, Minerals  
Adjudication Section

cc: Chief, Branch of Solid Minerals  
District Manager, Moab  
Royalty Management, MMS, Solid Minerals Unit

Recorded at the request of:  
Ronald L. Rencher  
LeBoeuf, Lamb, Leiby & MacRae  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Telephone: (801) 355-6900

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STATE OF UTAH  
COUNTY OF EMERY SS  
FILED AND RECORDED FOR  
RECORD  
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IN BOOK 188  
PAGE 206-212  
Ronald L. Rencher  
COUNTY RECORDER

Mail tax notices to:  
CRANDALL CANYON PROJECT  
2835 South Jones Boulevard, Suite 5  
Las Vegas, Nevada 89102

ASSIGNMENT OF FEDERAL COAL LEASE

Serial Number:  
SL-062648 (Crandall Canyon)

THIS ASSIGNMENT is made by and between GENWAL COAL CO., INC., previously known as Gent Flying Enterprises, Inc., a Virginia corporation with its principal offices at 195 North 100 West, P.O. Box 1201, Huntington, Utah 84528 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107, and NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada Corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 (the "Assignees").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain United States of America coal lease bearing the serial number SL-062648, as presently modified and/or amended (the "Coal Lease"), covering and affecting the following

PT 3 60% - RO

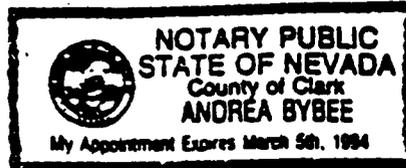
STATE OF Nevada )  
 :ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:

March 5, 1994



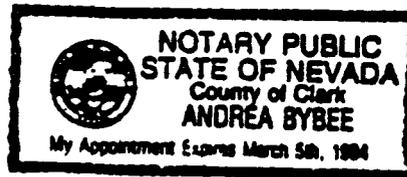
STATE OF Nevada )  
 :ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:

March 5, 1994



described tracts of land located in Emery County, State of Utah,  
to wit:

Coal Lease Serial Number SL-062648 (Crandall)

Tract 1:

Township 16 South, Range 7 East, Salt Lake  
Meridian:

Section 5: SW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; = Lot 6

Section 6: SE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;

Tract 2:

Township 16 South, Range 7 East, Salt Lake Base and  
Meridian:

Section 5: Lot 5;

Section 6: Lot 1.

Containing 161.17 acres, more or less; and

WHEREAS Assignor desires to assign to Assignees, and  
Assignees desire to acquire from Assignor, the Coal Lease  
according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND  
VALUABLE CONSIDERATION, the receipt and sufficiency of which are  
hereby acknowledged, Assignor and Assignees hereby agree as  
follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS  
AND WARRANTS unto Assignees, their successors and assigns  
forever, EACH AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS

Replacement  
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to be re-  
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TENANTS IN COMMON in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.

2. Assignees hereby accept the assignment of the Coal Lease and agree hereafter to pay, keep and perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.
3. This Assignment is subject to and contingent upon obtaining the approval of the Bureau of Land Management of the Department of the Interior of the United States.
4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignees.

The officers of Assignor and Assignees who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignees have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.

"Assignor"  
GENWAL COAL CO., INC.

by: Charlie F. Vaughn  
Charlie F. Vaughn,  
President

Agreed to and accepted by Assignees:

"Assignees"  
INTERMOUNTAIN POWER AGENCY

by: Reed T. Searle  
Reed T. Searle,  
General Manager

NEVADA ELECTRIC INVESTMENT COMPANY

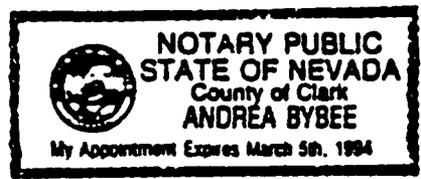
by: Charlie F. Vaughn  
Charlie F. Vaughn,  
President

STATE OF Nevada )  
                                  ) :ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Genwal Coal Co., Inc., a Virginia corporation.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:  
March 5, 1994

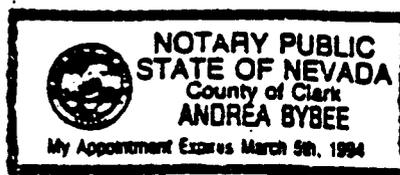


STATE OF Nevada )  
:ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:  
March 5, 1994

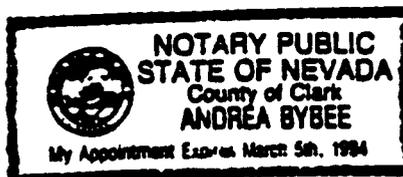


STATE OF Nevada )  
:ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:  
March 5, 1994



34507  
Recorded at the request of:  
Ronald L. Rencher  
LeBoeuf, Lamb, Leiby & MacRae  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Telephone: (801) 355-6900

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Mail tax notices to:  
CRANDALL CANYON PROJECT  
2835 South Jones Boulevard, Suite 5  
Las Vegas, Nevada 89102

STATE OF UTAH  
COUNTY OF EMERY SS  
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PAGE 211-214  
Walter J. MacRae  
COUNTY CLERK

329016

ASSIGNMENT OF UTAH STATE COAL LEASE

Mineral Lease Number:  
ML-21568 (East Mountain)

THIS ASSIGNMENT is made by and between NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107 ("Assignee").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain State of Utah coal lease bearing the mineral lease number ML-21568 as presently modified and/or amended (the "Coal Lease"), covering and affecting the following described tracts of land located in Emery County, State of Utah, to wit:

PTS 6081-RD

Mineral Lease Number ML-21568 (East Mountain):

Township 16 South, Range 6 East, Salt Lake Base and Meridian:

Section 2: All

Containing 997.69 acres, more or less.

WHEREAS Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, an undivided 50% interest in the Coal Lease according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignee, its successors and assigns forever, AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS TENANT IN COMMON WITH ASSIGNOR in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.
2. Assignee hereby accepts the assignment of the Coal Lease and agrees hereafter, together with Assignor, to pay, keep and

perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.

- 3. This Assignment is subject to and contingent upon obtaining the approval of the State Lands and Forestry Division of the Department of Natural Resources and Energy of the State of Utah.
- 4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignee.

The officers of Assignor and Assignee who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignee have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.

"Assignor"  
NEVADA ELECTRIC INVESTMENT COMPANY

by: Charlie F. Vaughn  
Charlie F. Vaughn,  
President



Recorded at the request of:  
Ronald L. Rencher  
LeBoeuf, Lamb, Leiby & MacRae  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Telephone: (801) 355-6900

215

Mail tax notices to:  
CRANDALL CANYON PROJECT  
2835 South Jones Boulevard, Suite 5  
Las Vegas, Nevada 89102

STATE OF UTAH  
COUNTY OF EMERY SS  
FILED AND RECORDED FOR  
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IN BOOK 198  
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COURT CLERK  
EMERY COUNTY, UTAH

329017

ASSIGNMENT OF UTAH STATE COAL LEASE

Mineral Lease Number:  
ML-21569 (East Mountain)

THIS ASSIGNMENT is made by and between NEVADA ELECTRIC INVESTMENT COMPANY, a Nevada corporation with its principal offices at 2835 South Jones Boulevard, Suite 5, Las Vegas, Nevada 89102 ("Assignor"), and INTERMOUNTAIN POWER AGENCY, a political subdivision of the State of Utah with its principal offices at 480 East 6400 South, Suite 200, Murray, Utah 84107 ("Assignee").

RECITALS

WHEREAS Assignor is the present owner of record title to an 100% interest in a certain State of Utah coal lease bearing the mineral lease number ML-21569 as presently modified and/or amended (the "Coal Lease"), covering and affecting the following described tracts of land located in Emery County, State of Utah, to wit:

75 608'-R.D

Mineral Lease Number ML-21569 (East Mountain):

Township 15 South, Range 6 East, Salt Lake Base and Meridian:

Section 36: All

Containing 640 acres, more or less.

WHEREAS Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, an undivided 50% interest in the Coal Lease according to the terms and conditions set forth below;

NOW THEREFORE, for the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

ASSIGNMENT

1. Assignor hereby BARGAINS, SELLS, ASSIGNS, TRANSFERS, CONVEYS AND WARRANTS unto Assignee, its successors and assigns forever, AN UNDIVIDED FIFTY PERCENT (50%) INTEREST AS TENANT IN COMMON WITH ASSIGNOR in all of Assignor's right, title and interest, now owned or hereafter acquired, in and to the Coal Lease and the lands covered thereby, including all water, mineral and other rights and all improvements, fixtures and accessions appurtenant thereto.
2. Assignee hereby accepts the assignment of the Coal Lease and agrees hereafter, together with Assignor, to pay, keep and

perform all of the Assignor's covenants and obligations pursuant to the Coal Lease.

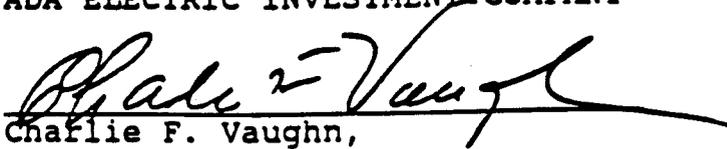
3. This Assignment is subject to and contingent upon obtaining the approval of the State Lands and Forestry Division of the Department of Natural Resources and Energy of the State of Utah.
4. This Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of Assignor and Assignee.

The officers of Assignor and Assignee who execute this Assignment by signing below do each for his or her own corporation or agency hereby certify that this Assignment, and the transfer of real property interests represented herein, were authorized under resolutions that were duly adopted by their respective boards of directors.

IN WITNESS WHEREOF, Assignor and Assignee have caused their names to be hereunto affixed by their duly authorized officers as of this 11th day of July, 1991.

"Assignor"  
NEVADA ELECTRIC INVESTMENT COMPANY

by:

  
Charlie F. Vaughn,  
President

Agreed to and accepted by Assignee:

"Assignee"  
INTERMOUNTAIN POWER AGENCY

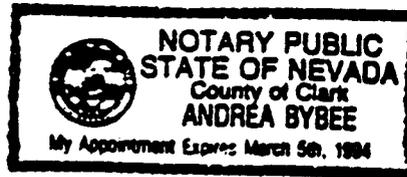
by: Reed T. Searle  
Reed T. Searle,  
General Manager

STATE OF Nevada )  
  : ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Charlie F. Vaughn, President of Nevada Electric Investment Company, a Nevada corporation.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:  
March 5, 1994

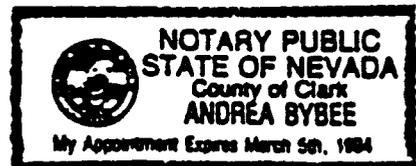


STATE OF Nevada )  
  : ss.  
COUNTY OF Clark )

The foregoing instrument was acknowledged before me this 11th day of July, 1991 by Reed T. Searle, General Manager of Intermountain Power Agency, a political subdivision of the State of Utah.

Andrea Bybee  
Notary Public  
Residing in Las Vegas, Nevada

My Commission Expires:  
March 5, 1994



ATTACHMENT "C"

DESCRIPTION OF PERMIT AREA

1. Coal Lease Serial Number SL-062648 (Crandall Canyon):

Tract 1:

Township 16 South, Range 7 East, Salt Lake Base and Meridian:

Section 5: SW 1/4 NW 1/4;

Section 6: SE 1/4 NE 1/4;

Tract 2:

Township 16 South, Range 7 East, Salt Lake Base and Meridian:

Section 5: Lot 5;

Section 6: Lot 1.

Containing 161.17 acres, more or less; and

2. Coal Lease Serial Number U-54762 (Crandall Canyon):

Township 15 South, Range 7 East, Salt Lake Base and Meridian:

Section 31: SE 1/4 SE 1/4;

Section 32: S 1/2 SW 1/4, SW 1/4 SE 1/4; and

Township 16 South, Range 7 East, Salt Lake Base and Meridian:

Section 5: Lots 2, 3 and 8.

Containing 256.49 acres, more or less.

3. Mineral Lease Number ML-21568 (East Mountain):

Township 16 South, Range 6 East, Salt Lake Base and Meridian:

Section 2: All

Containing 997.69 acres, more or less.

4. Mineral Lease Number ML-21569 (East Mountain):

Township 15 South, Range 6 East, Salt Lake Base and Meridian:

Section 36: All

Containing 640 acres, more or less.

5. Special Use Permit Description:

Township 15 South, Range 7 East, SLM  
Section 31: Lots 10, 11 and 12

Approximate acreage: 111.5 acres

6. Beaver Creek Description:  
(ARCO Lease)

Township 16 South, Range 7 East

Section 5: All that part of the N 1/2 NW 1/4 SW 1/4 lying North of Crandall Creek.

Approximate acreage: 1.7 acres

N W  
480,088.09  
2,165,306.97  
ELEV 6161.1

E  
2,165,164.41  
ELEV 6144.52

TRUCK DUMP

▲  
NORTH

OFFICE

▲ EAST J POINT  
480,166.62  
2,165,698.33  
ELEV 6139.4

▲  
WEST POINT  
480,088.09  
2,165,073.58  
ELEV 6159.6

COAL PILE

NOTE: ROADS AND BUILDINGS ARE NOT ACCURATELY LOCATED AND ARE SHOWN FOR REFERENCE ONLY.