

place w/ original
letter dated 4.30.91
at the company
office in Salt Lake

 **GENWAL COAL COMPANY**

April 8, 1991

Ms. Pricilla Burton
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, UT 84180-1203

RE: Permit # ACT 015-032
Genwal Coal Company
Division Order & Findings
of Permit Deficiency

Dear Ms. Burton:

I have contacted the Emery County Recorder's Office to make certain all items listed in the Division's Order have been taken care of. All documents in question have been delivered, recorded, and are presently on file in the Recorder's Office. Should you need verification of this, or any other matters concerned with the order, you may contact either Karen Peacock or Ina Lee Magnuson in the Recorder's Office.

Should you have any additional questions or need supplementary information, please feel free to contact me at 687-9813.

Sincerely,

GENWAL COAL COMPANY



Randal J Ralphs
Surface Foreman/Project Coordinator

tr

Enclosures

RECEIVED

APR 09 1991

DIVISION OF
OIL GAS & MINING

The following are
DOCUMENTS SUBMITTED IN RESPONSE TO
DIVISION ORDER (1/14/91)

137

4-5-91
Date

I HEREBY CERTIFY that the documents in the attached file
are a true copy of the administrative record for the
above referenced case file.

IN TESTIMONY WHEREOF I have hereunder subscribed my name
and caused the seal of this office to be affixed on the
above day and year.

Elizabeth M Price

328413
STATE OF UTAH
COUNTY OF EMERY SS
FILED AND RECORDED FOR
Deane & Co.
'91 APR 8 AM 9 42

INDEXED 187
PAGE 57-57
Elizabeth M Price
COUNTY RECORDER



038

SEP 2 1980

DECISION

Assignors: :
: :
Venna May Sanders : :
Deon J. Sanders : :
Alice Maurine Beck : :
Robert DeReese Sanders : :
John Frank Sanders, Jr. : Coal
Dorthea Elinora Garlick : SL-050655, SL-062648
P. O. Box 54 : :
Fairview, UT 84626 : :
: :
Assignee: : :
: :
Gent Flying Enterprises : :
P. O. Box 330 : :
Honaker, 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:

Venna 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 Elenora 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 062648.

On April 24, 1980, assignments of coal leases Salt Lake 050655 and Salt Lake 062648 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.

430

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. S838790) in the amount of \$5,000 for coal lease Salt Lake 050655, and a lease bond (No. S838789) 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.

/s/ L. Pollick

Chief, Minerals Section

cc: Area Mining Supervisor, Geological Survey
Gent Flying Enterprises, Inc., Box 38, Orangeville, UT 84737
Northwestern National Insurance Company, 525 E. 4500 S., Salt Lake City, UT 84103
Pruitt & Gushee, Attn: Tom Nelson, Suite 375 Beneficial Life Tower, Salt Lake City, UT 84111

NMcCarty:dlw:9-23-80

17
ASSIGNMENT

RECEIVED
MAR 24 PM 3:30
DEPT. OF INTERIOR
LAND MANAGEMENT

THIS AGREEMENT, made in Salt Lake City, Utah, this 4th day of March, 1980, between VENNA MAY SANDERS of Fairview, Utah; ALICE MAURINE BECK of Alpine, Utah; DORTHEA ELENORA GARLICK of Henderson, Nevada; DEON J. SANDERS and JOHN FRANK SANDERS, JR. of Las Vegas, Nevada; and ROBERT DERESE SANDERS of Salt Lake City, Utah (herein referred to as "Assignors"); and GENT FLYING ENTERPRISES, INC., a Virginia corporation (herein referred to as "Assignee"):

WITNESSETH:

WHEREAS, Assignors are the sole heirs and successors in interest of John F. Sanders, deceased, the holder and lessee under certain coal lease agreements from the United States of America, Department of Interior (herein referred to as "Lessor"): Leases numbered SL-050655 and SL-062648 (as described herein and referred to collectively as "leases"); and

WHEREAS, Assignors desire to assign said coal leases and all their right, title and interest in said leases and Assignee desires to acquire all right, title and interest in and to said coal leases;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. Assignment.

1.1 Assignors agree and do hereby sell, convey and assign to Assignee all of Assignors' right, title and interest in and to the following United States of America, Department of Interior, coal leases:

Lease No. SL-062648 dated January 3, 1942, as modified on May 1, 1971, more particularly located in Township 16 South, Range 7 East, Salt Lake Meridian, Utah, Section 5, SW 1/4 NW 1/4 and Section 6, SE 1/4 NE 1/4 (said agreement and modifications are attached hereto as Exhibit "A"); and

Lease No. SL-050655 dated November 17, 1938, as modified on March 29, 1948, and on January 16, 1959, more particularly located in Township 14 South, Range 6 East, Salt Lake Meridian, Utah, Section 13, SE 1/4 NW 1/4, NE 1/4 SW 1/4 (said agreement and modifications are attached hereto as Exhibit "B").

1.2 This assignment is made without warranties of any nature, express or implied, except as expressly provided herein.

2. Purchase Price.

2.1 The purchase price paid to Assignors for the above assignment shall be Six Hundred Thousand Dollars (\$600,000.00), to be paid by Assignee to Assignors as follows:

(a) \$150,000.00 downpayment at the time of execution of this agreement, receipt of which is hereby acknowledged. The parties agree that the downpayment shall be held in an interest-bearing escrow account by Assignors' attorney, Clark R. Nielsen, for disbursement to Assignors upon written advice from the Bureau of Land Management (BLM) that both the subject federal coal leases can be assigned to Assignors and that Assignors are qualified to hold said leases as the heirs of John Frank Sanders, deceased. It shall be the sole responsibility of Assignee to qualify to receive the assignments. If, within ninety (90) days after the downpayment into escrow, advice from the BLM that both coal leases can be assigned by Assignors is not received, Assignee may demand return of the escrowed downpayment and the promissory note, and upon receipt of the same this attempted assignment shall become null and void.

(b) The balance of \$450,000.00 shall be paid pursuant to a promissory note in eight (8) equal yearly installments of \$56,250.00 commencing January 15, 1981, and each year thereafter until January 15, 1989, with interest on the unpaid balance at the rate of eight percent (8%) per annum.

2.2 Assignee shall have the right of prepayment of the balance of the purchase price not to exceed \$150,000.00, including interest, in any one year.

3. Security.

3.1 For the purpose of securing the payment of the purchase price and the full and faithful performance of the covenants and conditions herein by Assignee, Assignee agrees to execute and deliver to Assignors herewith a note for said purchase price and mortgage in the subject coal leases. A copy of said Note and Mortgage are attached hereto as Exhibits "C" and "D", respectively, and incorporated herein by reference.

4. Assignors Covenant.

4.1 Assignors covenant and agree as follows:

(a) That Assignors are the sole heirs and successors in interest of John F. Sanders, aka John Frank Sanders, deceased, sole record owner of the subject leases, pursuant to an Order of the Sixth Judicial District Court of Sanpete County, Probate No. 3513, dated June 29, 1977, a copy of which is attached as Exhibit "E".

(b) That Assignors and their predecessor in title, John Frank Sanders, have duly performed all conditions of the subject leases to date as required by the Lessor.

(c) Said leases are now in force and effect and all minimum royalty payments to date have been made by Assignors or their predecessor in title.

(d) There are no outstanding mortgages, liens or encumbrances against the subject leases or as to Assignors' interest in said leases; and Assignors' interest is fully assignable, subject to the written approval of the Lessor.

(e) Upon request of the Assignee, Assignors agree to execute any letter, application or other documentation reasonably required by the Lessor for the approval of this assignment by the Lessor, subject to paragraph 5.1(a) herein.

(f) That Assignors will save and hold harmless the Assignee from any and all actions or claims arising out of any act or omission of the Assignors.

5. Assignee Agrees:

5.1 Assignee covenants and agrees as follows:

(a) Within ninety (90) days of the date hereof, Assignee shall, at its own expense, make proper application with the Bureau of Land Management, U.S. Department of Interior, for approval by the Lessor of this assignment and shall provide all documents required by said agency for such approval. Assignee shall provide Assignors with a copy of such application.

(b) Assignee shall maintain and comply with all federal and state laws, rules and regulations pertaining to the subject leases and any mining or other operation connected therewith and shall indemnify and hold Assignors harmless therefrom. Such requirements or regulations shall include, but not be limited to, those imposed by such agencies as the Bureau of Land Management (BLM), U.S. Geological Survey (USGS), U.S. Forest Service (Forest Service) or the U.S. Department of Labor (Labor).

(c) To furnish and maintain a surety bond as required by the Lessor.

(d) Prior to payment of the purchase price and release of the mortgage, to give Assignors sixty (60) days advance written notice of any intention by Assignee to relinquish or allow the subject leases to terminate for nonpayment of rentals; and in such event and upon the request of Assignors, Assignee shall reassign to Assignors the subject leases prior to relinquishment or the due date of any rental payments.

(e) In the event of a relinquishment or termination of the leases prior to payment of the purchase price, Assignee shall comply with any and all conditions of relinquishment and/or termination which shall be imposed by any federal or state agency.

(f) Prior to payment of the purchase price and release of the mortgage, not to transfer, assign, sub-lease or otherwise encumber Assignors' rights hereunder or in said leases without written approval of Assignors and the Lessor, which approval by Assignors shall not be unreasonably withheld.

(g) To assume, observe and perform all provisions, covenants and conditions, express or implied, contained in the subject leases (which are by reference incorporated herein). Assignee shall indemnify, save and hold Assignors harmless of and from any and all actions or claims of the Lessor or other person with respect to the subject leases or arising out of any act or omission of the Assignee.

(h) In the event Assignee qualifies to do business in Utah under any name other than Gent Flying Enterprises, Inc., Assignee shall give immediate written notice thereof to Assignors.

If to Assignors:

Clark R. Nielsen and	Robert D. Sanders
400 Newhouse Building	3258 Valley Home Ave (420
Salt Lake City, Utah 84111	Salt Lake City, Utah

If to Assignee:

Charles H. Gent and	William C. Wollen
P.O. Box 330	P.O. Box 38
Honaker, VA 24260	Orangeville, Utah 84537

9. Successors and Assigns.

9.1 All terms and provisions of this agreement shall be binding upon, inure to the benefit of and be enforceable by all Assignors and Assignee and the legal representatives, heirs, successors and assigns thereof.

10. Construction.

10.1 This agreement has been executed in and shall be construed according to the laws of the State of Utah and the parties agree to submit themselves to the jurisdiction of the courts in the State of Utah.

11. Attorney's Fees.

11.1 Assignees agree to pay all costs and expenses, including reasonable attorney's fees, incurred by Assignors with respect to any action taken by Assignors with respect to this assignment.

12. Entire Agreement.

12.1 This Agreement and the exhibits attached hereto, or referred to herein, set forth all the covenants, promises, agreements and understandings of the parties; and there are none other, written or oral, between them except as specifically identified herein. No subsequent modification, amendment or addition to this agreement shall be binding upon either party unless reduced to writing and signed by them.

ASSIGNORS:

Venna May Sanders
Venna May Sanders

Alice Maurine Beck
Alice Maurine Beck

6. Right to Enter and Inspect.

6.1 Assignors reserve the right, personally or through their authorized representative, to enter upon the lease premises and inspect all mining operations and structures in or above ground and offices of Assignee, including the books and records relating to all mining operations, until such time as the purchase price has been paid in full.

7. Default.

7.1 Assignee shall be considered in default of the terms and conditions of this agreement in the event any of the following occur prior to the full payment of the purchase price to the Assignors:

(a) Any failure of Assignee in the performance of the terms and conditions of this agreement, including, but not limited to, the payment of the purchase price, or in the performance of the terms and conditions of the subject leases; and

(b) Any adjudication of Assignee as insolvent or any dissolution of Assignee; or

(c) Any filing in any U.S. bankruptcy court of a petition, voluntary or involuntary, for the reorganization of or to adjudge Assignee bankrupt, ^{RA:J} or ^{C. H. J.}

7.2 In the event of any default by Assignee as provided herein, Assignors shall, at their option, have the following alternative remedies:

(a) Assignors shall have the right to remedy any default of the Assignee with respect to the terms and conditions of the subject coal leases and thereafter to make such payments and perform such obligations as may be required by the Lessor. In such event, Assignors may add the amount of any damages, costs and expenses, including attorneys fees, incurred by the Assignors to the balance owed to Assignors by the Assignee and in connection therewith may pursue any other remedy provided herein; or

(b) Require Assignee, upon written demand of Assignors, to reassign the subject leases to Assignors; and Assignees agrees to execute and deliver to Assignors at the cost of Assignee, a reassignment of all Assignee's right, title and interest in and to such leases within five (5) days of written demand by the Assignees. In such event, the parties agree that all payments made by Assignee to Assignors shall be retained by Assignors, not as a penalty, but as and for liquidated damages, it being recognized and agreed that the actual damages sustained by Assignors are not readily determinable.

(c) Declare all sums owing by Assignee immediately due and payable and bring action against the Assignee to collect and foreclose on Assignors' note and mortgage provided as security herein, in accordance with the laws of the State of Utah governing the foreclosure of mortgages. In the case of such foreclosure, Assignors, upon the filing of a complaint, shall be immediately entitled to the appointment of a receiver to take possession of the leasehold premises and any operations thereon and to collect any rents, royalties, sales proceeds, issues and profits therefrom and apply the same to the Assignors or hold the same pursuant to order of the court; and Assignors shall be entitled to possession of said property during any redemption period; or

(d) Pursue any other or alternative remedies as may be provided by law.

3. Notices.

8.1 Any notice, demand, payment or other instrument which may be or is required to be given under this lease shall be delivered in person or sent by United States mail, postage prepaid, addressed as follows:

Dorthea Elenora Garlick
Dorthea Elenora Garlick

Deon J. Sanders
Deon J. Sanders

John Frank Sanders, Jr.
John Frank Sanders, Jr.

Robert DeReese Sanders
Robert DeReese Sanders

ASSIGNEE:

GENT FLYING ENTERPRISES, INC., a
Virginia Corporation

Attest:

Nola C. White
Secretary

By C. H. Gent
President

GUARANTEE

For value received, Mr. Charles H. Gent personally guarantees the payment by Assignee of the purchase price set forth in paragraph 2.1 hereinabove, as follows:

1. The \$150,000.00 down payment.
2. The first yearly payment of \$56,250.00 due January 15, 1981, together with interest thereon.
3. The second yearly payment of \$56,250.00 due January 15, 1982, together with interest thereon.

DATED this 4 day of March, 1980.

Charles H. Gent
Charles H. Gent

050

AUG 19 1983

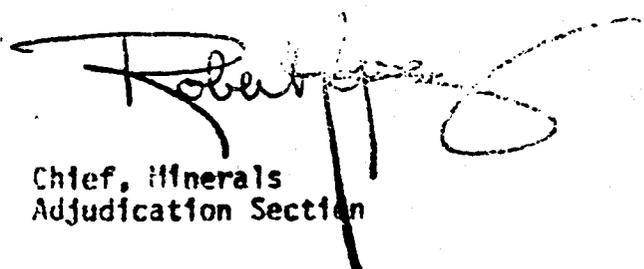
Genwal Coal Co., Inc.	DECISION	Coal
P. O. Box 38	:	SL-050655
Orangeville, Utah 84537	:	SL-062648

Change in Corporate Name Recognized

Satisfactory evidence has been filed in this office to the effect that the name of Gent Flying Enterprises, Inc. has been changed to Genwal Coal Co., Inc. The records of this office will be noted to reflect the change of name.

Evidence of this change of corporate name has been filed in your qualification file and the following is a list of leases affected:

SL-050655
SL-062648



Chief, Minerals
Adjudication Section

cc: Public Room
Accounts
Chief, Branch of Solid Minerals

WDBuge:dab 8/19/83

WDV
3400
✓ SL-062
SL-050
(U-942

MAR 1 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

DECISION
:
Coal
:
SL-062648 and
:
SL-050655

Lease Modified
Lease Relinquishment Accepted

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., SLH, Utah totaling 75.23 acres.

A rider to the existing \$5,000 lease bond No. SC38789 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 the date of approval of the modification.

MAIL SL-062648 and SL-050655

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.		(CONSULT POSTMASTER FOR FEES)	
1. The following service is requested (check one): <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> Registered, Certified, and Insured Show to whom and date delivered.		2. RESTRICTED DELIVERY (The restricted delivery fee is charged in addition to the return receipt fee.) <input type="checkbox"/> Restricted delivery <input type="checkbox"/> Return receipt	
3. ARTICLE ADDRESSED TO: Genwal Coal Company P. O. Box 1201 Huntington, Utah 84528		ARTICLE NUMBER	
4. TYPE OF SERVICE: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> Registered, Certified, and Insured EXPRESS MAIL		I have received the article described above. SIGNATURE: <i>[Signature]</i> DATE OF DELIVERY: 3/1/84	
5. ADDRESSEE'S ADDRESS (only if registered, certified, insured, or registered, certified, and insured):		7. UNABLE TO DELIVER BECAUSE:	

PS Form 3811 July 1982

[Signature]
Section

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, the lessor, through the Bureau of Land Management, and

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

, the lessee, and shall become effective on _____, (effective date).

Sec. 1. STATUTES AND REGULATIONS--This lease is issued pursuant and subject to the terms and provisions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sections 181-263, hereafter referred to as the Act; and of the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. Section 1201, et seq., the Federal Coal Leasing Amendments Act of 1976, as amended, 90 Stat. 1083-1092, and, in the case of acquired lands, the Mineral Leasing Act for Acquired Lands of September 7, 1947, as amended, 30 U.S.C. 351-359, et seq. This lease is also subject to all regulations of the Secretary of the Interior (including but not limited to, 30 CFR Part 211 and Chapter VI 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 right to construct all works, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and, subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted for a period of 20 years and so long thereafter as the condition of continued operation is met.

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

Sec. 4. BOND--The lessee shall file with the appropriate Bureau of Land Management office a lease bond in the amount of \$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, skill, and care in all operations on leased lands.

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

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

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

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

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

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

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

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

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

Sec. 19. TRANSFERS--

753

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

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

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

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

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

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

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

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

1154
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 two years after the final termination of use of such facilities. All disturbed areas and those areas occupied by such facilities will be rehabilitated in accordance with an approved reclamation plan, 30 CFR 211 and the "Surface Mining Control and Reclamation Act of 1977" or approved Utah program as applicable.

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

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

(d) 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 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 Manager BLM.

12. Underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to surface structures, and improvements, and (3) damage or alter the flow of perennial streams. The Lessee in his mining plan shall provide specific measures for the protection of escarpments.

The Regional Director in consultation with and concurrence of the District 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 *Robert Lopez*
(Signing Officer)
CHIEF, MINERALS SECTION
(Title)

WITNESS TO SIGNATURE OF LESSEE

MAR 1 1984

(Date)

Harold P. Mitchell

C. H. Gent
(Signature of Lessee)

Handa Gent

Charles H. Gent
(Signature of Lessee)