



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

Permit Bidd

March 23, 1995

Randolph Gainer, Environmental Manager
Genwal Resources, Inc.
P.O. Box 1420
Huntington, UT 84528

Re: Transfer of Crandall Canyon Mine Permit, Genwal Coal Company to Genwal Resources, Inc., Crandall Canyon Mine, ACT/015/032-95A, Folder #3, Emery County, Utah

Dear Mr. ^{*Paul*}Gainer:

The Division has found that Genwal Resources, Inc., has met all the requirements for transfer of permit rights as required under R645-303-300. Therefore, in accordance with the attached findings in the permit transfer decision document, the application for transfer of the permit for the Crandall Canyon Mine is approved. Please sign both copies of the permit and return one to the Division.

Additionally, please submit 12 copies of the revised information for distribution to other agencies by April 21, 1995.

Very truly yours,

James W. Carter
Director

Enclosure

cc: Richard Dawes, OSM-WSC
Tom Ehmett, OSM-AFO
Mike Glasson, Andalex Resources, Inc.
Lowell Braxton
Daron Haddock
Pamela Grubaugh-Littig



UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT TRANSFER

Genwal Resources, Inc.
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

March 23, 1995

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ADMINISTRATIVE OVERVIEW

Genwal Resources, Inc
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

March 23, 1995

PROPOSAL

Genwal Resources, Inc. submitted an application to transfer the permit rights for the Crandall Canyon Mine on January 11, 1995. Prior to that date, the designated operator for the Crandall Canyon Mine as Genwal Resources, Inc. was approved on January 11, 1995. Subsequent information was submitted on March 7, 1995.

RECOMMENDATION

All of the information submitted by Genwal Resources, Inc. has been found adequate. The permit transfer was published in the Price Sun Advocate and the Emery County Progress on January 17, 1995. A 510(c) clearance was verified on March 22, 1995 with an "issue" recommendation. An adequate bond and liability insurance have been posted by Genwal Resources. It is therefore recommended that approval be given for the transfer of the permit rights to Genwal Resources, Inc.

PERMITTING CHRONOLOGY

Genwal Resources, Inc.
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

March 23, 1995

- | | |
|------------------|--|
| January 11, 1995 | Genwal Resources Inc. submits a permit transfer application. |
| January 17, 1995 | The permit transfer notice is published in the Emery County Progress and Price Sun Advocate. |
| January 31, 1995 | The Division sends a permit transfer deficiency document to Genwal Resources, Inc. |
| March 7, 1995 | Genwal Resources, Inc. submits a response to the permit transfer deficiency. |
| March 16, 1995 | The transfer is found to be complete and accurate. The bond is faxed to the Division. |
| March 20, 1995 | The original bond documents are received at the Division and signed by the Director. |
| March 20, 1995 | An OSM "issue" recommendation for Genwal Resources, Inc. |
| March 23, 1995 | Permit Transfer. |

FINDINGS

Genwal Resources, Inc.
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

March 23, 1995

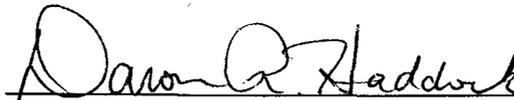
The applicant for transfer of permit rights, Genwal Resources, Inc. has committed to continue to conduct the operation involved in full compliance with the terms and conditions of the permit issued to Genwal Coal Company by the Division on May 13, 1983, and renewed on June 14, 1989 and subsequently on May 13, 1993. Federal lease U-68082 was added and approved on November 3, 1994. Findings of the original Decision Document and subsequent Decision Documents are still pertinent and satisfy the requirement of R645-300-133.

Currently Genwal Resources, Inc. has submitted a bond sufficient to cover reclamation costs in the permit area. After this permit transfer has been effected, Genwal Resources, Inc. will be responsible for the entire area which was under permit by Genwal Coal Company and will assume all liability for compliance with terms and condition of the Crandall Canyon Mine permit and any orders, stipulations or conditions associated with the permit.

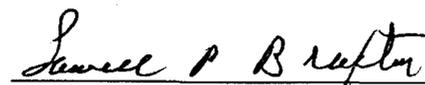
The following findings specifically apply to the application for transfer of permit rights:

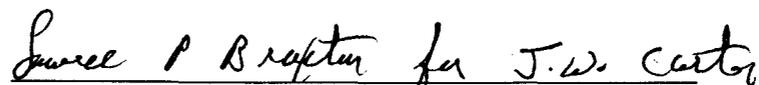
1. Division records and the results of the 510 (c) clearance check, show that neither Genwal Coal Company, Genwal Resources, Inc. or any affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violation of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act.
2. The State of Utah, the Division has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R645-300-133.100.

3. The applicant has the legal right to enter and begin coal mining activities at the Crandall Canyon Mine. Reassignment of the leases by BLM has not yet formally been approved, but under the terms of the original assignment Genwal Resources, Inc. does have right of entry in the interim period. Genwal Resources can base its right to enter and begin mining operation on the original assignment to IPA and NEICO and on language in the lease allowing them to be reassigned. In addition to the leases, the Forest Service has issued four special use permits: the Crandall Canyon road, the topsoil stockpiles, the sediment pond, and some surface facilities near the portals. (R645-300-133.300)
4. Genwal Coal Company and Genwal Resources, Inc. have paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870. (R645-300-133.730)
5. Procedures for public participation have complied with the requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate and Emery County Progress on January 17, 1995 as required by R645-303-322.
6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of \$703,000. (R645-303-342).


Permit Supervisor


Permit Coordinator


Associate Director, Mining


Director



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 16, 1995

To: Pam Grubaugh-Littig, Permit Coordinator

From: Daron R. Haddock, Permit Supervisor 

Re: Transfer of Crandall Canyon Mine to Genwal Resources, Inc., Folder #3,
ACT/015/032-95A, Emery County, Utah

The technical review of the application to transfer the Crandall Canyon Permit to Genwal Resources, Inc. has been completed. The application has been found to be complete and accurate and can be approved. An AVS system check was done on all entities involved with a result of an issue recommendation for all. An OSM recommendation was not requested and should perhaps be done before giving formal approval to the applicant. A bond will also need to be posted in behalf of the applicant (Genwal Resources, Inc.) before the permit can actually be transferred.

At this time the applicant is required to submit the appropriate number of copies of the revised pages of the Permit Application Package for distribution.

On the Division's part, one correction needs to be made to the legal description of the permit area. This involves including as part of the permit area the portion of the N1/2NW1/4SW1/4 of Section 5, Township 16 South, Range 7 East north of Crandall Creek. There is no change to the actual permit area since this area has been considered part of the permit area, but for some reason it was inadvertently left off of the past legal description. Correcting the legal description will merely bring it in line with the actual permit area.



PERMIT AMENDMENT APPROVAL

Title: <u>Permit Transfer</u> Description: <u>Genwal Coal Co. Inc. To Genwal Resources (Andalox)</u>	PERMIT NUMBER: <u>ACT/015/032</u> PERMIT CHANGE #: <u>95A</u> MINE: <u>Crandall Canyon</u> PERMITTEE: <u>Genwal</u>
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WRITTEN FINDINGS FOR PERMIT APPLICATION APPROVAL

	YES, NO or N/A
1. The application is complete and accurate and the applicant has complied with all the requirements of the State Program.	Yes
2. The proposed permit area is not within an area under study or administrative proceedings under a petition, filed pursuant to R645-103-400 or 30 CFR 769, to have an area designated as unsuitable for coal mining and reclamation operations, unless:	Yes
A. The applicant has demonstrated that before January 4, 1977, substantial legal and financial commitments were made in relation to the operation covered by the permit application, or	Yes
B. The applicant has demonstrated that the proposed permit area is not within an area designated as unsuitable for mining pursuant to R645-103-300 and R645-103-400 or 30 CFR 769 or subject to the prohibitions or limitations of R645-103-230.	Yes
3. For coal mining and reclamation operations where the private mineral estate to be mined has been severed from the private surface estate, the applicant has submitted to the Division the documentation required under R645-301-114.200.	Yes
4. The Division has made an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation operations on the hydrologic balance in the cumulative impact area and has determined that the proposed operation has been designed to prevent material damage to the hydrologic balance outside the permit area.	Yes
5. The operation would not affect the continued existence of endangered or threatened species or result in destruction or adverse modification of their critical habitats, as determined under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.).	Yes
6. The Division has taken into account the effect of the proposed permitting action on properties listed on and eligible for listing on the National Register of Historic Places. This finding may be supported in part by inclusion of appropriate permit conditions or changes in the operation plan protecting historic resources, or a documented decision that the Division has determined that no additional protection measures are necessary.	Yes
7. The Applicant has demonstrated that reclamation as required by the State Program can be accomplished according to information given in the permit application.	Yes
8. The Applicant has demonstrated that any existing structure will comply with the applicable performance standards of R645-301 and R645-302.	Yes
9. The Applicant has paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870.	Yes
10. The Applicant has satisfied the applicable requirements of R645-302.	NA
11. The Applicant has, if applicable, satisfied the requirements for approval of a long-term, intensive agricultural postmining land use, in accordance with the requirements of R645-301-353.400.	NA

SPECIAL CONDITIONS OR STIPULATIONS TO THE PERMIT AMENDMENT APPROVAL

	YES	NO
1. Are there any variances associated with this permit amendment approval? If yes, attach.		X
2. Are there any special conditions associated with this permit amendment approval? If yes, attach. <i>need to submit copies for distribution</i>	X	
3. Are there any stipulations associated with this permit amendment approval? If yes, attach.		X

The Division hereby grants approval for Permit Amendment to the Existing Permit by incorporation of the proposed changes described in and effective the date signed below. All other terms and conditions of the Existing Permit shall be maintained and in effect except as superseded by this Permit Amendment.

Signed *Dawn R. Haddock*
 Division of Oil, Gas and Mining

3/16/95
 EFFECTIVE DATE

FEDERAL

PERMIT
Permit Number ACT/015/032

March 23, 1995

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340**

This permit, ACT/015/032, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining ('DOGM') to:

**Genwal Resources, Inc
P. O. Box 1420
Huntington, Utah 84528
(801) 687-9813**

for the Crandall Canyon Mine. Genwal Resources, Inc. is the lessee of federal coal leases SL-062648, U-54762 and UTU-68082, State Coal Leases ML-21568 and ML-21569, and of a fee-owned parcel affected by surface operations. Genwal Coal Company is also authorized to mine a federal Right-of-Way which provides access to the state leases. A performance bond is filed with the DOGM in the amount of \$703,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement ('OSMRE'). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the Crandall Canyon Mine situated in the state of Utah, Emery County, and located:

Township 15 South, Range 6 East, SLBM

Section 25: S 1/2,
Section 26: S 1/2,
Section 35: All, and
Section 36: All.

Township 15 South, Range 7 East, SLBM

Section 30: Lots 7-12, SE 1/4,
Section 31: All, and
Section 32: S 1/2 SW 1/4, SW 1/4 SE 1/4.

Township 16 South, Range 6 East, SLBM

Section 1: Lots 1-12, SW 1/4,
Section 2: All.

Township 16 South, Range 7 East, SLBM

Section 5: Portions of N 1/2 NW1/4 SW1/4 located north of Crandall
Creek, SW 1/4NW 1/4, Lots 2,3, 4 and 8, and
Section 6: S 1/2 NE 1/4, Lots 1- 4 (NE 1/4 NE 1/4).

This legal description is for the permit area of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved Right-of-Way, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This revised permit expires on May 13, 1998.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-110,

30 CFR 842.13 and R645-400-220; and,

- (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 , R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- (a) Accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with

R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

- Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.

The above conditions (Secs. 1-17) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

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Permit
March 23, 1995

THE STATE OF UTAH

By: Lowell P. Brafton for J.W.C.

Date: 3/28/95

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Authorized Representative of the Permittee

Date: _____

FEDERAL

PERMIT
Permit Number ACT/015/032

March 23, 1995

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
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Salt Lake City, Utah 84180-1203
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Section 26: S 1/2,
Section 35: All, and
Section 36: All.

Township 15 South, Range 7 East, SLBM

Section 30: Lots 7-12, SE 1/4,
Section 31: All, and
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Township 16 South, Range 6 East, SLBM

Section 1: Lots 1-12, SW 1/4,
Section 2: All.

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Section 5: Portions of N 1/2 NW1/4 SW1/4 located north of Crandall
Creek, SW 1/4NW 1/4, Lots 2,3, 4 and 8, and
Section 6: S 1/2 NE 1/4, Lots 1- 4 (NE 1/4 NE 1/4).

This legal description is for the permit area of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved Right-of-Way, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This revised permit expires on May 13, 1998.
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- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-110,

30 CFR 842.13 and R645-400-220; and,

- (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 , R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- (a) Accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with

R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

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- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.

The above conditions (Secs. 1-17) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

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ACT/015/032
Permit
March 23, 1995

THE STATE OF UTAH

By: James P. Baxter for J.W. Carter

Date: 3/28/95

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Authorized Representative of the Permittee

Date: _____

MINE PLAN INFORMATION

Mine Name: Crandall Canyon Mine
State ID: ACT/015/032
Operator: Genwal Resources, Inc.
County Emery
Controlled By: Genwal Resources, Inc.
Contact Person(s): Randolph Gainer Position: Environmental Manager
Telephone: (801) 687-9813
Mining Method: Underground-room & pillar/proposed Longwall

Federal Coal Lease No(s): U-54762; SL-062648; UTU-68082

Legal Descriptions(s);

U-54762 T.15 S., R.7 E., SLBM Sec. 31: SE1/4 SE1/4; Sec. 32: S1/2 SW1/4, SW1/4 SE1/4; and T.16 S., R.7 E., SLBM Sec. 5: Lots 2, 3 and 8. Containing 256.49 acres, more or less.

SL-062648 Tract 1: T.16 S., R.7 E., SLBM Sec. 5: SW1/4 NW1/4; Sec. 6: SE1/4 NE1/4; Tract 2: T.16 S., R.7 E., SLBM Sec. 5: Lot 5; Sec. 6: Lot 1. Containing 161.17 acres, more or less.

UTU-68082 T.15 S., R.6 E., SLBM Sec. 25, S2; Sec. 26 S2; Sec. 35 all T.15 S., R.7 E., SLBM Sec. 30: Lots 7-12, SE; Sec. 31: Lots 1-12, NE, N2SE, SWSE. T.16 S., R.6 E., SLBM Sec. 1: Lots 1-12, SW. T.16 S., R.7 E., SLBM Sec. 6, Lots 2-4, SWNE. Containing 2,979.49 acres more or less

USFS Special Use Permit(s);

Sedimentation Pond T.16 S., R.7 E., SLBM Sec. 5: an area approximately 150 x 400 ft. adjacent to the eastern boundary of Genwal's federal coal lease SL-062648. Containing approximately 1.5 acres.

Snow Storage and Summer Parking T.16 S., R.7 E., SLBM Sec. 6: SW1/4 NE1/4. Containing .1 acres.

Topsoil Storage

W1/4 Sec. 5 T.16 S., R.7 E., - Stockpile # 1 - .2 acres

W1/4 Sec. 5 T.16 S., R.7 E., - Stockpile # 2 - .2 acres

NW1/4 Sec. 4 T.16 S., R.7 E., - Stockpile # 3 - .5 acres

State Lease No(s);

ML-21568 (East Mountain) T.16 S., R.6 E., SLBM Sec. 2: all Containing 997.69 acres, more or less.

ML-21569 (East Mountain) T.15 S., R.6 E., SLBM Sec. 36: all Containing 640 acres, more or less.

Private Lease

Beaver Creek Description (ARCO Lease) T.16 S., R.7 E., Sec. 5: All that part of N1/2 NW1/4 SW1/4 lying north of Crandall Creek. Containing approximately 1.7 acres.

<u>Ownership Data</u>	<u>Existing</u>	<u>Proposed</u>	<u>Total Life of Permit Area</u>
<u>Surface Resources (areas)</u>			
Federal	<u>3399.65</u>	<u>0</u>	<u>3399.65</u>
State	<u>1637.69</u>	<u>0</u>	<u>1637.69</u>
Private	<u>1.7</u>	<u>0</u>	<u>1.7</u>

<u>Coal Resources (areas)</u>			
Federal	<u>3397.15</u>	<u>0</u>	<u>3397.15</u>
State	<u>1637.69</u>	<u>0</u>	<u>1637.69</u>
Private	<u>0</u>	<u>0</u>	<u>0</u>

<u>Coal Resource Data</u>	<u>Total Reserves</u>	<u>Total Recoverable Reserves</u>
Federal	<u>36 million</u>	<u>12.7 million</u>
State **	<u>15.5 million</u>	<u>5.5 million</u>
Private		
Total	<u>51.5 million</u>	<u>18.2 million</u>

** Note: 3.5 million tons have been recovered from the state leases, therefore the reserves were decreased by that amount from the original estimate.

<u>Recoverable Reserve Data</u>	<u>Name</u>	<u>Thickness</u>	<u>Depth</u>
Seam	<u>Hiawatha</u>	<u>7' average in minable coal</u>	<u>0'-2300'</u>

Mine Life: 12 years

Average Annual Production: 1,500,000 tons

Percent Recovery: Average 40% and varies from 35% to 50%

Date Projected Annual Rate Reached: 1993

Date Production Began: 1983 Date Production Ends: 2006

Reserves Recovered By: Underground mining (room and pillar) / Proposed Longwall

Reserves lost through management decisions: Pillars left to prevent subsidence
beneath perennial stream and other surface structures.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

March 23, 1995

TO: File

FROM: Pamela Grubaugh-Littig, Permit Coordinator *page*

RE: Compliance Review for Section 510 (c) Findings, Transfer of the Crandall Canyon Mine from Genwal Coal Company to Genwal Resources, Inc., ACT/015/032-95A, Folder #4, Emery County, Utah

As of the writing of this letter, there are no violations or cessation orders which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Genwal Coal Company or Genwal Resources, Inc.

Finally, neither company has a demonstrated pattern of willful violations nor have they been subject to any bond forfeitures for any operation in the state of Utah.

te : UT Permit No : Applicant : 136398(GENWAL RESOURCES INC)	Appl No : ACT015032 Seqno : 1
---	----------------------------------

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/20/95
PREVIOUS SYSTEM RECOMMENDATION	:	

RCM_MNT(F7) PERMIT/APPL(F8)
 PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
 ■ avsdg

07:57

te : UT Permit No : Permittee : Applicant : 136398(GENWAL RESOURCES INC)	Appl No : ACT015032 Seqno : 1
SYSTEM : I (ISSUE) Date : 20-Mar-1995 Mode : VIEW Reason: 0 AML, 0 AUD, 0 CMIS, 0 FORF, 0 STATE, 0 NRSP VIOLATION(S)	
OSMRE : Date : Mode : VIEW Reason:	
SRA : Date : 20-Mar-1995 Mode : UPDATE Reason:	

SAVE (F5) DELETE (F8)
 PRV_SCR(F3) QUIT(F4) CHOICES(F10)
 ■ avsdg

07 57

State : UT	Permit No : ACT015032	Appl No : ACT015032
Applicant : 108257(GENWAL COAL CO INC)		Seqno : 0

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/17/95
PREVIOUS SYSTEM RECOMMENDATION	: DENY	02/08/95

RCM_MNT(F7) PERMIT/APPL(F8)
PRV_SCR(F3) EVOFT(F5) CHOICES(F10)

▪ avsdg

Site :	Permit No :	Appl No :
Applicant :	123355(ANDALEX RESOURCES INC / TOWER DIVISION)	Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/16/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	03/01/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
■ avsdg

Entity :	Permit No :	Appl No :
Applicant : 119705(INTERMOUNTAIN POWER AGENCY)		Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/16/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	07/09/91

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)

▪ avsdg

State :	Permit No :	Appl No :	Seqno :
Applicant :	136398 (GENWAL RESOURCES INC)		

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/16/95
PREVIOUS SYSTEM RECOMMENDATION	:	

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)

▪ avsdg

07:49

State :	Permit No :	Appl No :
Applicant : 108257(GENWAL COAL CO INC)		Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT		
SYSTEM RECOMMENDATION	: ISSUE	03/16/95
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	01/05/95

PRV_SCR(F3) EVOFT(F5) CHOICES(F10)
■ avsdg

07:50

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Emery,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 17th day of January, 1995 and that the last publication of such notice was in the issue of such newspaper dated the 17th day of January, 1995.



Kevin Ashby - Publisher

Subscribed and sworn to before me this 17th day of January, 1995.



Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$48.00

NOTICE

Notice is hereby given that Genwal Coal Company, who has been the permittee and operator of the Crandall Canyon Mine, has submitted an application to the Division of Oil, Gas and Mining under the provisions of R645-303-300 for transfer of Nevada Electric Investment Company, Inc.'s undivided fifty percent interest to the Crandall Canyon Mine, Permit No. ACT/015/032, to Andalex Resources, Inc., whose address is 1201 Hurstbourne Place, 9300 Shelbyville Road, Louisville, Kentucky 40222-5156. Andalex has formed a new subsidiary, GENWAL Resources, Inc., to operate the permit. GENWAL's address is 1201 Hurstbourne Place, 9300 Shelbyville Road, Louisville Kentucky 40222-5156. Upon approval of this application, GENWAL will be the new permittee and operator of Permit No. ACT/015/032. The permit area is located at the Crandall Canyon Mine in Emery County, Utah, and is described as follows:

Township 15 South, Range 6 East, SLM (Utah)

- Section 25: S $\frac{1}{4}$,
- Section 26: S $\frac{1}{4}$,
- Section 35: All and
- Section 36: All.

Township 15 South, Range 7 East, SLM (Utah)

- Section 30: Lots 7-12, SE $\frac{1}{4}$,
- Section 31: Lots 1-12, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{4}$ SW $\frac{1}{4}$,

Section 30/31: Beginning at a point 660' North of the NW Section Corner of Section 31; thence East 600'; thence South 5240'; thence West 600' to the West boundary of Section 31; thence North 5240' along the West boundary of Section 31 to the point of beginning. Containing 72.18 acres more or less.

Section 32: S $\frac{1}{4}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$.

Township 16 South, Range 6 East, SLM (Utah)

- Section 1: Lots 1-12, SW $\frac{1}{4}$,
- Section 2: All.

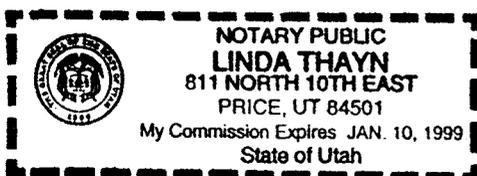
Township 16 South, Range 7 East, SLM (Utah)

- Section 5: SW $\frac{1}{4}$ NW $\frac{1}{4}$, Lots 2, 3, 4 and 8
- Section 6: S $\frac{1}{4}$ NE $\frac{1}{4}$, Lots 1-4 (NE $\frac{1}{4}$ NE $\frac{1}{4}$).

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah, Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
III Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Published in the Emery County Progress January 17, 1995.



AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 17th day of January, 1995 and that the last publication of such notice was in the issue of such newspaper dated the 17th day of January, 1995.

Kevin Ashby
Kevin Ashby - Publisher

Subscribed and sworn to before me this 17th day of January, 1995.

Linda Thayne
Notary Public My commission expires January 10, 1999 Residing at Price, Utah

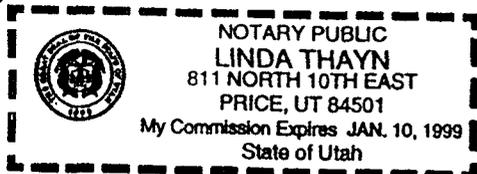
Publication fee, \$67.20

NOTICE

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- Township 15 South, Range 6 East, SLM (Utah)**
- Section 25: S $\frac{1}{2}$,
- Section 26: S $\frac{1}{2}$,
- Section 35: All and
- Section 36: All.
- Township 15 South, Range 7 East, SLM (Utah)**
- Section 30: Lots 7-12, SE $\frac{1}{4}$,
- Section 31: Lots 1-12, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$,
- Section 30/31: Beginning at a point 660' North of the NW Section Corner of Section 31; thence East 600'; thence South 5240'; thence West 600' to the West boundary of Section 31; thence North 5240' along the West boundary of Section 31 to the point of beginning. Containing 72.18 acres more or less.
- Section 32: S $\frac{1}{2}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$.
- Township 16 South, Range 6 East, SLM (Utah)**
- Section 1: Lots 1-12, SW $\frac{1}{4}$,
- Section 2: All.
- Township 16 South, Range 7 East, SLM (Utah)**
- Section 5: SW $\frac{1}{4}$ NW $\frac{1}{4}$, Lots 2, 3, 4 and 8
- Section 6: S $\frac{1}{2}$ NE $\frac{1}{4}$, Lots 1-4 (NE $\frac{1}{4}$ NE $\frac{1}{4}$).

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:
State of Utah, Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
III Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Published in the Sun Advocate January 17, 1995.



GENWAL
RESOURCES, INC.

P.O. Box 1420 • 195 North 100 West • Huntington, Utah 84528
Telephone (801) 687-9813 • Fax (801) 687-9784

*Original Surety
file*

*ACT/015/032 #4
Copy Pam (all)*

March 20, 1995

Mr. James Carter, ESQ.
Division Director
Division of Oil, Gas, and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203

(Hand Delivered)

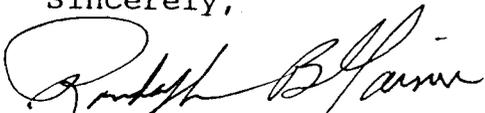
Dear Mr. Carter:

Attached you will find the Reclamation Bond for the Crandall Canyon Mine, operated by Genwal Resources, Inc. It is:

ACT/015/032 - \$703,000.00

This bond replaces the existing reclamation bond provided by Nevada Electric Investment Company. Should you have any questions, please call me at (801) 687-9813.

Sincerely,



Randolph B. Gainer, P.G.
Environmental Manager



VAN-AMERICAN

167 East Main Street, Suite 210
Lexington, Kentucky 40507
Phone: 606-225-1010
Fax: 606-225-1020

March 14, 1995

Mr. Richard Waddle
Andalex Resources, Inc.
9300 Shelbyville Road #1200
Louisville, KY 40222

RE: GENWAL RESOURCES, INC. (ANDALEX)

Dear Mr. Waddle:

Please find enclosed a reclamation bond and an invoice for the above referenced company. A blank copy of section "C" pertaining to Certificate of Liability is also included. Please have your Insurance Agent fill in the details on this section or replace it with a executed copy if you have already obtained it. We will need a copy of the complete package for our files. Per our recent discussion, the lease bond is a financial guarantee and must be reviewed by AIG's home office before we can move forward on it. Thank you very much for your patience on this matter.

If you have any questions or if I can be of any assistance, please feel free to call.

Sincerely,

VAN-AMERICAN INSURANCE COMPANY

A handwritten signature in cursive script that reads "Craig Brock". The signature is written in dark ink and is positioned above the typed name.

Craig Brock
Underwriter

Updated November 1994

RECLAMATION AGREEMENT

(COAL)

CONTENTS:

Reclamation Agreement

Exhibit "A"
Surface Disturbance

Exhibit "B"
Bonding Agreement
Surety Bond
Collateral Bond

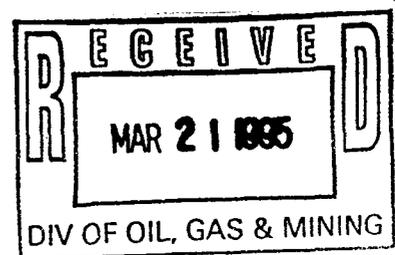
Exhibit "C"
Liability Insurance

Exhibit "D"
Stipulation to Revise Reclamation Agreement

Affidavits of Qualification

Power of Attorney

RECL.AGR



RECLAMATION AGREEMENT

Permit Number: ACT 015/032
 Date Original Permit Issued: 05/13/83
 Effective Date of Agreement: 03/14/95

STATE OF UTAH
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING
 355 West North Temple
 3 Triad Center, Suite 350
 Salt Lake City, Utah 84180-1203
 (801) 538-5340

COAL RECLAMATION AGREEMENT

--000000--

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT": (Mine Permit No.) ACT 015/032 (County) Emery

"MINE": (Name of Mine) Crandall Canyon

"PERMITTEE": (Company or Name) GENWAL Resources, Inc.
 (Address) P. O. Box 1420, Huntington, Utah 84528

"PERMITTEE'S REGISTERED AGENT": (Name) R. Jay Marshall
 (Address) P. O. Box 1420
 (Phone) Huntington, Utah 84528
(801) 687-9813

"COMPANY OFFICERS": Douglas H. Smith
Samuel C. Quigley

"BOND TYPE": (Form of Bond) Surety

"BOND": (Bond Amount-Dollars) \$703,000.00
 (Escalated Year-Dollars) 1996

"INSTITUTION": (Bank or Agency) American Home Assurance Company
 POLICY OR ACCOUNT NUMBER 14-96-15

"LIABILITY INSURANCE": (Exp.) 1995
 (Insurance Company) Federal Insurance

"STATE": Utah Department of Natural Resources
 "DIVISION": Division of Oil, Gas and Mining
 "DIVISION DIRECTOR" James Carter

EXHIBITS:		Revision Dates		
"SURFACE DISTURBANCE"	Exhibit "A"	_____	_____	_____
"BONDING AGREEMENT"	Exhibit "B"	_____	_____	_____
"LIABILITY INSURANCE"	Exhibit "C"	_____	_____	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	_____	_____	_____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereinafter referred to as "Agreement") is entered into by the Permittee.

WHEREAS, on May 13, _____, 19⁸³,
the Division approved the Permit Application Package, hereinafter "PAP", submitted by
GENWAL Resources, Inc., hereinafter "Permittee"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; and

WHEREAS, the Permittee is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws & regulations relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to issue the permittee a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of the PAP, the Act and the Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the cost of actual reclamation exceeds the bond amount.
3. The Permittee has provided a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
4. The Permittee agrees to provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.

RECLAMATION AGREEMENT

5. The Permittee agrees to maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve, a written modification to this Agreement.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
10. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D" (other exhibits as appropriate).
11. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this agreement.
12. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in enforcement actions by the division which include but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and forfeiture of the bond.

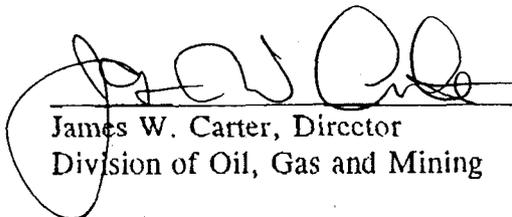
RECLAMATION AGREEMENT

- 13. In the event of forfeiture, the Permittee agrees to be liable for additional costs in excess of the bond amount which may be incurred by the Division in order to comply with the PAP, the Act, and the Rules. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded as directed by the permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.

- 14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.

SO AGREED this 14th day of March, 19 95

STATE OF UTAH:



James W. Carter, Director
Division of Oil, Gas and Mining

PERMITTEE:


John Proffers V.P. FTA

Company Officer - Position

Company Officer - Position

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

Page 4 of ____

RECLAMATION AGREEMENT

EXHIBIT "A"

SURFACE DISTURBANCE

LEGAL DESCRIPTION

EXHIBIT "A"

PERMIT AREA

In accordance with the RECLAMATION AGREEMENT, the PERMITTEE intends to conduct coal mining and reclamation activities on or within the PERMIT AREA as described hereunder:

Total acres within the approved PERMIT AREA: 5036.58

Total acres of DISTURBED AREAS within the Permit Area: 5.41

Map(s) showing the approved PERMIT AREA are attached and provided as:

Plate 5-2, within approved MRP, ACT 015/032

Map(s) showing the DISTURBED AREAS within the approved Permit Area are attached and provided as:

Plate 5-3, within approved MRP, ACT 015/032

Legal Description of Bonded Area:

Township 16 South, Range 7 East, S.L.M.

Section 5: Portions of $S\frac{1}{2}S\frac{1}{2}SW\frac{1}{4}NW\frac{1}{4}$,
Portions of $N\frac{1}{2}N\frac{1}{2}NW\frac{1}{4}SW\frac{1}{4}$

See Plate 5-3 within approved MRP, ACT 015/032

NOTE:

In the event that more than one bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each bond is provided.

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)

Exhibit "B" - BONDING AGREEMENT
SURETY BOND

Permit Number: ACT 015/032

SURETY BOND
(FEDERAL COAL)
--000000--

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY COMPANY, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of (\$ 703,000.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND shall remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

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

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

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

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF, the PERMITTEE has herunto set its signature and seal
this 14th day of March, 19 95.

GENWAL Resources, Inc.

PERMITTEE

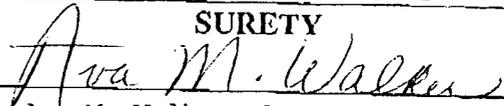
By: 

Title: J.P. Finare, J. Bradshaw

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
14th day of March, 19 95.

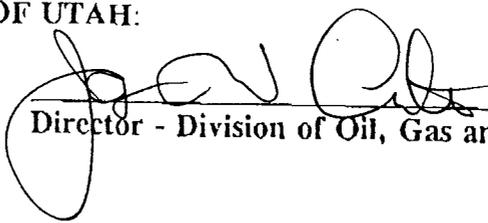
American Home Assurance Company

SURETY

By: 

Title: Ava M. Walker, Attorney-In-Fact

ACCEPTED BY THE STATE OF UTAH:


Director - Division of Oil, Gas and Mining

NOTE:

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

EXHIBIT "C"
LIABILITY INSURANCE

Permit Number: ACT015032

CERTIFICATE OF LIABILITY INSURANCE

Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--ooOoo--

THIS IS TO CERTIFY THAT:

FEDERAL INSURANCE COMPANY
(Name of Insurance Company)
15 MOUNTAIN VIEW ROAD WARREN, NJ 07059
(Home Office Address of Insurance Company)

HAS ISSUED TO:

GENWAL RESOURCES, INC.
(Name of Permittee)
CRANDALL CANYON ACT 015-032
(Mine Name) (Permit Number)

CERTIFICATE OF INSURANCE:

3710 39 89 1-1-95
(Policy Number) (Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R645-301-890 Terms and Conditions for Liability Insurance:

- A. The DIVISION shall require the PERMITTEE to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.

C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

IN ACCORDANCE WITH THE ABOVE TERMS AND CONDITIONS, and the Utah Code Annotated 40-10-1 et seq., the Insurance Company hereby attests to the fact that coverage for said Permit Application is in accordance with the requirements of the State of Utah and agrees to notify the Division of Oil, Gas and Mining in writing of any substantive change, including cancellation, failure to renew, or other material change. No change shall be effective until at least thirty (30) days after such notice is received by the Division. Any change unauthorized by the Division is considered breach of the RECLAMATION AGREEMENT and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

ROY A. NIKAS

PRICE INSURANCE AGENCY

801-637-3351

(Agent's Name)

(Phone)

(Company Name)

PO BOX 871

PRICE, UT 84501-0871

(Mailing Address)

(City, State, Zip Code)

The undersigned affirms that the above information is true and complete to the best of his/her knowledge and belief, and that he/she is an authorized representative of the above-named insurance company. (An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.)

3/14/95

BROKER

(Date, signature and Title of Authorized Agent of Insurance Company)

Signed and sworn before me by Roy A. NIKAS

this 14TH day of MARCH, 19 95

(Signature)

My Commission Expires: _____

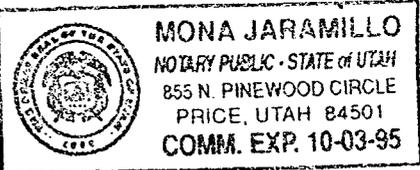


EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

Permit Number: ACT 015/032
Effective Date: 05/13/83

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

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

_____ Replace the RECLAMATION AGREEMENT in its entirety.

_____ Replace Exhibit "A" - SURFACE DISTURBANCE.

_____ Replace Exhibit "B" - BONDING AGREEMENT.

_____ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$ _____) to (\$ _____).

The SURFACE DISTURBANCE is revised from _____ acres to _____
acres.

The EXPIRATION DATE is revised from _____ to _____.

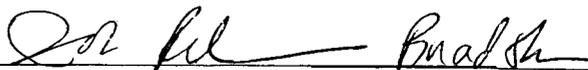
The LIABILITY INSURANCE carrier is changed from _____
to _____.

The AMOUNT of INSURANCE coverage for bodily injury and property damage
is changed from (\$ _____) to (\$ _____).

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

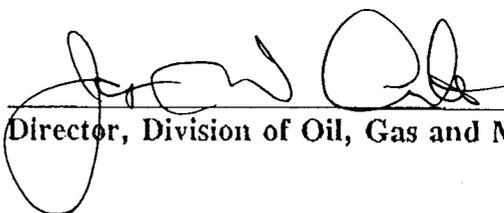
IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal
this 16th day of March, 19 95.

PERMITTEE

By: 

Title: VP. Finance.

ACCEPTED BY THE STATE OF UTAH:

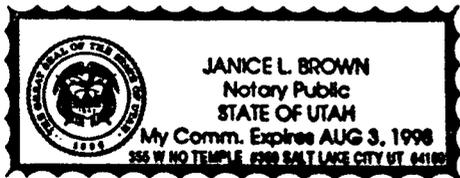

Director, Division of Oil, Gas and Mining

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

AFFIDAVITS OF QUALIFICATION

AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--

I, James W. Carter, being first duly sworn under oath, deposes and says that he is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said DIRECTOR is authorized to execute the same by authority of law on behalf of the State of Utah.



(Signed) *James W. Carter*
James W. Carter, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 23rd day of March, 19 95.

Janice L. Brown
Notary Public

My Commission Expires:

August 3, 19 98.

Attest:

STATE OF Utah)
COUNTY OF Salt Lake) ss:

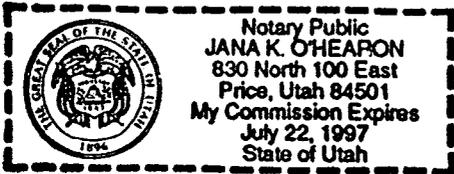
AFFIDAVIT OF QUALIFICATION
PERMITTEE

--000000--

I, JOHN BOADWIN, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) GENERAL VP Name of GENWAL RESOURCES, INC.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) [Signature]
Name - Position

Subscribed and sworn to before me this 16th day of March, 19 95.



[Signature]
Notary Public

My Commission Expires:

July 22, 19 97.

Attest:

STATE OF Utah)
COUNTY OF Carbon) ss:

AFFIDAVIT OF QUALIFICATION
SURETY COMPANY

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I, Ava M. Walker, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Attorney-In-Fact of American Home Assurance Company; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed) Ava M. Walker
Surety Company Officer - Position - Attorney-
In-Fact

Subscribed and sworn to before me this 14th day of March, 1995.

Frieda Ceyna
Notary Public

My Commission Expires:

August 11, 1998.

Attest:

STATE OF Kentucky)
COUNTY OF Fayette) ss:

Page ___ of ___

NOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation, does each hereby appoint

—James H. Godfrey Jr., Phillip S. McCrorie, Ava M. Walker: of Lexington Kentucky—

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. have each executed these presents



this 22 day of June, 1993.
Mark E. Reagan
Mark E. Reagan, Senior Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK }ss.

On this 22nd day of June, 1993, before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

Paulette K. Williams
PAULETTE K. WILLIAMS
Notary Public, State of New York
No. 31-4972606
Qualified in New York County
Certificate Filed in New York County
Commission Expires October 1, 1994

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, Pa. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation



this 14th day of March, 19 95
Elizabeth M. Tuck
Elizabeth M. Tuck, Secretary