

0024



Coastal
The Energy People

ACT/007/005
8/21/91/002

FILE FOLDER #2
BOTH MINES

August 21, 1991

Mr. Randy Hardin
State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RECEIVED

AUG 28 1991

DIVISION OF
OIL GAS & MINING

RE: RECLAMATION BONDS - RIDERS
SUFCO AND SKYLINE MINES

Dear Randy:

Enclosed are two riders for the reclamation bonds on file for SUFCo and Skyline. Also enclosed are two revised Exhibits "D", Stipulation to Revise Reclamation Agreement, with respect to the addition of the riders.

Very truly yours,

Kevin L. Yocum
Director of Land and Environmental Affairs

KLY/cc/619

enclosures

xc: Skyline Mine
SUFCo Mine

Coastal States Energy Company

A SUBSIDIARY OF THE COASTAL CORPORATION
175 E. 400 SOUTH, SUITE 800 • SALT LAKE CITY • UTAH 84111

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

Permit Number: ACT/041/002

Effective Date: May 8, 1991

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT

--ooOoo--

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)

Substitution of Surety Bond No. U605244-14 for previously filed bond No. U29-899G373-6.

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the PERMITTEE and are approved by the DIVISION: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

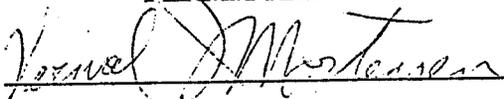
The AMOUNT of INSURANCE coverage for bodily injury and property damage is changed from (\$ _____) to (\$ _____).

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal

this 8th day of May, 1991.

Coastal States Energy Company

PERMITTEE

By: 

Title: Senior Vice President

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.

Revised October 1990
 Exhibit "B" - BONDING AGREEMENT
 SURETY BOND

Permit Number: ACT/041/002

SURETY BOND
 (FEDERAL COAL)

--ooOOoo--

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 (\$ 1,172,000.00-----) (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".

Revised October 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 12th day of April, 19 91.



Coastal States Energy Company
PERMITTEE

By: Jeffrey A. Connelly
Title: Jeffrey A. Connelly, Vice President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
12th day of April, 19 91.

United Pacific Insurance Company
SURETY

By: Elsa Alvarez
Title: Attorney-in-Fact

Cal Heiner
Countersignature Utah Agent
Cal Heiner Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH:

Don R. Miller
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.

UNITED PACIFIC INSURANCE COMPANY
HEAD OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint William N. Burke, James H. Guild, Thomas L. Nygren, Mary C. Jones, Cynthia A. Franze, Elsa Alvarez and Michelle M. Ulery, individually, of Houston, Texas

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of Suretyship, _____

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

The Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII — EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

The power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signature of such directors and officers and the seal of the Company may be affixed to any such power of attorney or 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 and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 10th day of September 1990.

STATE OF Pennsylvania
COUNTY OF Philadelphia ss.



UNITED PACIFIC INSURANCE COMPANY

[Signature]
Vice President

On this 10th day of September, 1990, personally appeared Raymond MacNeil

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said company and the Resolution, set forth therein, are still in full force.

My Commission Expires:
February 1, 1993



[Signature]
Notary Public in and for State of Pennsylvania
Residing at Philadelphia

I, Ray L. Lorah, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 12th day of April 1991.



Assistant Secretary *[Signature]*

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

CAL HEINER of OGDEN, UTAH -----

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP -----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows.

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or 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 and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 12th day of October 19 87



UNITED PACIFIC INSURANCE COMPANY

Lawrence W. Carlstrom
Vice President

STATE OF Washington
COUNTY OF King } ss.

On this 12th day of October 19 87 personally appeared Lawrence W. Carlstrom

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

My Commission Expires:

May 15 19 90



Pamela Young
Notary Public in and for State of Washington
Residing at Tacoma

I, John E. Vance

, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 15th day of April 19 91



Assistant Secretary

John E. Vance
John E. Vance

EXHIBIT "D"
STIPULATION TO REVISE RECLAMATION
AGREEMENT

June 1988
Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

Permit Number ACT/041/002
Expiration Date May 20, 1992

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
STIPULATION TO REVISE RECLAMATION AGREEMENT
--oo00oo--

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

Rider to bond attached.

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

- Replace the RECLAMATION AGREEMENT in its entirety.
- Replace Exhibit "A" - ^{Surface} ~~SURETY~~ DISTURBANCE.
- Replace Exhibit "B" - SURETY AGREEMENT.
- Replace Exhibit "C" - LIABILITY INSURANCE.

The SURETY amount is revised from (\$1,099,000) to (\$ 1,172,000)

The SURFACE DISTURBANCE is revised from 27.79 acres to 67.79 acres.

The EXPIRATION DATE is revised from _____ ^{Non-cancelable} to _____.

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.

NOTE: 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.

SO AGREED THIS 26th DAY OF August, 19 88.

FOR THE STATE OF UTAH:
Division of Oil, Gas and Mining

Dianne R. Nielson

Director

FOR THE OPERATOR:

Vernon A. Mortensen, Jr. V.P.

Company Officer - Position

Robert A. Fisher V.P.

Company Officer - Position

EXHIBIT "A"
SURFACE DISTURBANCE
LEGAL DESCRIPTION

Exhibit "A" - SURFACE DISTURBANCE

Permit Number ACT/041/002
Effective Date _____

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

SURFACE DISTURBANCE

--oo00oo--

In accordance with the RECLAMATION AGREEMENT, the OPERATOR intends to conduct mining and reclamation activities on or within the surface DISTURBANCE as described hereunder:

Total acres of SURFACE DISTURBANCE 67.79

Legal Description of SURFACE DISTURBANCE:

1. An area of 27.79 acres of land included in metes and bounds described commencing at a point located North 2496.35 feet and East 1328.25 feet from the Southwest corner of Section 12, Township 22 South, Range 4 East, Salt Lake Base and Meridian; thence North $05^{\circ}40'35''$ East 475.16 feet; thence North $10^{\circ}48'06''$ East 733.69 feet; thence North $09^{\circ}09'52''$ East 324.72 feet; thence North $79^{\circ}52'45''$ East 566.78 feet; thence South $06^{\circ}14'10''$ West 229.10 feet; thence South $02^{\circ}27'59''$ West 315.17 feet; thence South $16^{\circ}33'$ East 675.62 feet; thence South $04^{\circ}14'46''$ East 384.92 feet; thence South $75^{\circ}06'07''$ West 457.81 feet; thence South $74^{\circ}53'25''$ West 151.96 feet; thence North $73^{\circ}06'06''$ West 405.04 feet to the point of beginning; and
2. An area of 40.00 acres of land described as the NW 1/4 of NW 1/4 of Section 18, Township 21 South, Range 4 East, Salt Lake Base Meridian.

WHEREAS, on May 19, 19 87, the Division of Oil, Gas and Mining, hereinafter "Division", approved the Permit Application Package, hereinafter "PAP", submitted by Coastal States Energy Company, hereinafter "Operator"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Operator 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 Operator 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 relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to ^{issue} ~~insure~~ the subject permit upon acceptance and approval of the surety.

NOW, THEREFORE, the Division and the Operator 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 supercede conflicting provisions of this Agreement.
2. The Operator shall provide 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 hereto as Exhibit "A", is hereby incorporated by reference herein, and shall be referred to as the "Surface Disturbance".

3. The Operator shall provide a bond to the Division in the form and amount acceptable to the Division ("Surety Agreement") ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. The Bonding Agreement shall be attached hereto as Exhibit "B".
4. The Operator shall 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.
5. 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.
6. The Operator does hereby agree to indemnify and hold harmless the State of Utah from any claim, demand, liability, cost, charge, civil suit or administrative action brought on by a third party as a result of the Operator's failure to abide by the terms and conditions of the approved PAP or this Agreement.
7. The terms and conditions of this Agreement are non-cancellable until such time as the Operator 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 Operator may request and the Division may approve, a modification to this Agreement.
8. The Operator may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the surety meets the requirements of the Act and the Rules, but no surety shall be released until the Division has approved and accepted the replacement surety.

- 9. 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 revision 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 "C".
- 10. This Agreement shall be governed and construed in accordance with the laws of the State of Utah. The Operator shall be liable for any additional costs or amounts required to successfully reclaim the Surface Disturbance or to enforce this Agreement, including any costs and attorney fees.
- 11. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the sole discretion of the Division, result in an order to cease coal mining and reclamation operations, revocation of the Operator's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.
- 12. 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 TO this 26th day of August, 19 88.

STATE OF UTAH:

Draine R. Nielson
 Director
 Division of Oil, Gas and Mining

OPERATOR:

Coastal States Energy Company
 Operator (Company)

Verna A. Montanari, Sr. U.P.
 Company Officer - Position

Robert A. Gilmer U.P.
 Company Officer - Position

AFFIDAVITS OF QUALIFICATION

June 1988

AFFIDAVIT OF QUALIFICATION
OPERATOR

--oo00oo--

I, Vernal J. Mortensen, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Senior Vice President of Coastal States Energy Company; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said OPERATOR 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) Vernal J. Mortensen, S.V.P.
Name - Position

Subscribed and sworn to before me this 25 day of August, 1988.

Annette J. Kennett
Notary Public

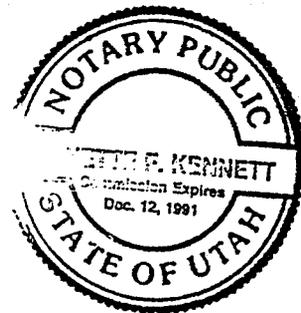
My Commission Expires:

December 12, 1991.

Attest:

STATE OF Utah)
COUNTY OF Salt Lake)

ss:



June 1988

AFFIDAVIT OF QUALIFICATION
SURETY COMPANY

--oo00oo--

I, Robert A. Feilner, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Vice President of Coastal States Energy 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.

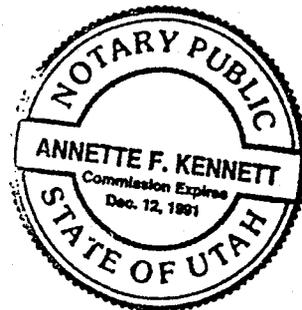
(Signed) Robert A. Feilner, V.P.
Surety Company Officer - Position

Subscribed and sworn to before me this 25 day of August, 1988.

Annette J. Kennett
Notary Public

My Commission Expires:
December 12, 1991

Attest:
STATE OF Utah)
COUNTY OF Salt Lake) SS:



(Revised August 1985)
(Federal)

Mine File Bond

Bond Number 029-899G373-6
Permit Number ACT/041/002
Mine Name Southern Utah Fuel Company
Convulsion Canyon Mine

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

THE MINED LANDS RECLAMATION ACT

BOND

The undersigned Coastal States Energy Company
as principal, and The Travelers Indemnity Company as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining, and the U. S. Department of the Interior, Office of Surface Mining
in the penal sum of One million ninety-nine thousand and no/100
dollars (\$1,099,000.00). Such sum shall be payable to
one, but not both, of the above-named agencies.

The principal estimated in the Mining and Reclamation Plan filed with the
Division of Oil, Gas and Mining on the 1st day of April
19 83, that 27.79 acres of land will be disturbed
by this mining operation in the State of Utah. A description of the disturbed
land is attached hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

The Division shall only accept the bond of a surety company if the bond is
noncancellable by the surety at any time for any reason including, but not
limited to nonpayment of premium or bankruptcy of the permittee during the
period of liability.

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officer.

COASTAL STATES ENERGY COMPANY
Principal (Company)

By *Verne Montensen*
Company Officer - Position
Senior Vice President

Date: *December 4, 1986*

THE TRAVELERS INDEMNITY COMPANY
Surety (Company)

By *Ava Walker*
Surety Company Officer - Position
Ava Walker, Attorney-in-Fact

FLAT TOP INSURANCE AGENCY
P.O. Box 1439
Blufffield, WV 24701

DATE: December 2, 1986

APPROVED AS TO FORM:

By *Richard W. Roberts*
Assistant Attorney General

COUNTERSIGNED:

BY: *Arleta M. Pollock*
Utah Resident Agent

AFFIDAVIT OF QUALIFICATION

Ava Walker, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) agent of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; 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.

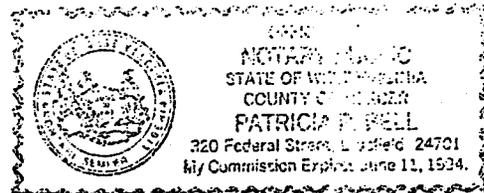
(Signed) Ava Walker, Attorney-in-Fact
Surety Company Officer - Position

Subscribed and sworn to before me this 2nd day of December, 19 86.

Patricia P. Bell
Notary Public

My Commission Expires:

June 11, 19 94.



The Travelers Indemnity Company

Hartford, Connecticut

If necessary, validation of this power of attorney is available at (203) 277-7839. Collect calls will be accepted.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Donald M. Kersey, David E. Spracher, Harold L. Miller, Jr., Noel F. Wickham, Jr., Ward A. Crane, Kenneth C. Kibler, William R. Townley, Ava Walker, L. J. Dunn, Sidney O. Nash, Dawn Murphy, C. Connor Litton, all of Bluefield, West Virginia, EACH

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Resolutions adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985 which Resolutions are now in full force and effect:

VOTED: That the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

VOTED: That any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985:

VOTED: That the signature of any officer authorized by Resolutions of this Board and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes any and all powers of attorney dated prior to November 1, 1985

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 1st day of November 19 85

THE TRAVELERS INDEMNITY COMPANY

By

D.L. Banta

Secretary, Surety



EXHIBIT "A"

"Being an area of 27.79 acres of land included in metes and bounds described commencing at a point located North 2496.35 feet and East 1328.25 feet from the Southwest corner of Section 12, Township 22 South, Range 4 East, Salt Lake Base and Meridian; thence North $05^{\circ}40'35''$ East 475.16 feet; thence North $10^{\circ}48'06''$ East 733.69 feet; thence North $09^{\circ}09'52''$ East 324.72 feet; thence North $79^{\circ}52'45''$ East 566.78 feet; thence South $06^{\circ}14'10''$ West 229.10 feet; thence South $02^{\circ}27'59''$ West 315.17 feet; thence South $16^{\circ}33'$ East 675.62 feet; thence South $04^{\circ}14'46''$ East 384.92 feet; thence South $75^{\circ}06'07''$ West 457.81 feet; thence South $74^{\circ}53'25''$ West 151.96 feet; thence North $73^{\circ}06'06''$ West 405.04 feet to the point of beginning."

The Travelers

CHANGE RIDER

BOND NO. <u>029-899G373-6</u>	ON BEHALF OF <u>Coastal States Energy Company</u>	
DATE OF BOND <u>12/02/86</u>	IN FAVOR OF <u>State of Utah, Division of Oil, Gas and Mining, and, US Department of Interior, Office of Surface Mining Reclamation of Enforcement.</u>	
ADDITIONAL PREMIUM \$ <u>N/A</u>	RETURN PREMIUM \$ <u>N/A</u>	EFFECTIVE DATE OF CHANGE <u>August 12, 1988</u>

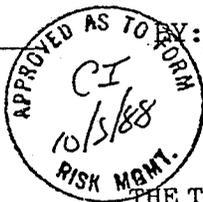
This rider is to be attached to and form a part of the above described bond.

In consideration of the additional or return premium shown above the surety hereby gives its consent to increase bond liability amount from \$1,099,000.00 to \$1,172,000.00

Provided, however, that the aggregate liability of the surety for any one or more losses occurring prior to the effective date of change shall not exceed \$1,099,000.00, or for any one or more losses occurring after said date exceed \$1,172,000.00. It is further understood that in no event shall the surety's liability be cumulative.

COASTAL STATES ENERGY COMPANY

Signed and dated on August 12, 1988
 (Month, day, year)



Coby C. Hesse
 Coby C. Hesse, Vice President



COUNTERSIGNED BY:

THE TRAVELERS INDEMNITY COMPANY

Robert H. Fratto
 Utah Resident Agent
 Accepted

By Deidre K. Hoosier
 Deidre K. Hoosier, (Attorney in fact)

By _____

The Travelers Indemnity Company

Hartford, Connecticut

If necessary, validation of this power of attorney is available at (203) 277-7839. Collect calls will be accepted.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Harold L. Miller, Jr., Kenneth C. Kibler, William R. Townley, Ava Walker, L. J. Dunn, Sidney O. Nash, Jr., C. Connor Litton, Jeffrey Scott Eggleston, Nelson K. Crutchfield, Deidre K. Hoosier, all of Bluefield, West Virginia, EACH

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Resolutions adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985 which Resolutions are now in full force and effect:

VOTED: That the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

VOTED: That any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985:

VOTED: That the signature of any officer authorized by Resolutions of this Board and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes any and all powers of attorney dated prior to March 9, 1988

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 9th day of March 19 88

THE TRAVELERS INDEMNITY COMPANY

By



D.L. Santa
Secretary, Surety

State of Connecticut, County of Hartford—ss:

On this 9th day of March in the year 1988 before me personally came D. L. Banta to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he signed his name thereto by the above quoted authority; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, and that it was so affixed by authority of his office under the by-laws of said corporation.



Gloria D. Seekins

My commission expires Notary Public
March 31, 1993

CERTIFICATION

I, J. Dennis Lane, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing power of attorney, and the above quoted Resolutions of the Board of Directors of November 1, 1985 have not been abridged or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this 12th day of August, 19 88



J. Dennis Lane

Assistant Secretary, Surety

THE TRAVELERS INDEMNITY COMPANY
HARTFORD, CONNECTICUT

Statement of Financial Condition—December 31, 1986

ASSETS		LIABILITIES, CAPITAL AND SURPLUS	
United States Government Bonds	\$ 924,454,266	Loss and Loss Adjustment expenses	\$4,380,119,689
Other Public Bonds	1,734,991,828	Unearned premiums	727,453,743
All Other Bonds	743,950,630	Reserves for taxes	44,636,147
Stocks—Preferred or Guaranteed	34,918,812	All other reserves and liabilities	536,523,302
—Common	975,275,714		
Mortgage Loans	473,005,044	Total Liabilities	5,688,732,882
Real Estate	5,769,157		
Cash on hand and in banks	105,658,269	Special Surplus Funds	5,555,144
Short Term Investments	113,161,856	Capital	10,000,000
Financial Options and Futures	1,762,369	Unassigned surplus	1,345,742,065
Other invested assets	13,980,239		
Agents balances or uncollected premiums	1,258,313,021	Total Capital and Surplus	1,361,297,209
Interest accrued	109,637,160		
Federal income taxes recoverable	257,551,905	Total	\$7,050,030,091
All other assets	297,599,821		
Total	\$7,050,030,091		

The Travelers Indemnity Company as of December 31, 1986.

I, J. Dennis Lane, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing is a true and correct statement of the financial condition of the Company as of December 31, 1986.



J. Dennis Lane

Assistant Secretary, Surety

SOUTHERN UTAH FUEL COMPANY

Memo
 DATE 4/11/91
 0032
 CHECK NO. 75912
 UTAH DIV

DATE	INVOICE / CREDIT MEMO	TYPE	DESCRIPTION	GROSS	DISCOUNT	NET
032691	N90-39-11		910400000395	18000	00	18000
						
				TOTAL		18000

THE ATTACHED CHECK IS IN PAYMENT FOR ITEMS DESCRIBED ABOVE.



SOUTHERN UTAH FUEL COMPANY

97-145
1243

CHECK NO.

75912

APRIL 11, 1991

PAY

*****180 DOLLARS AND 00 CENTS 75912

TO THE ORDER OF

UTAH DIV. OF OIL, GAS & MINING
 355 W. NORTH TEMPLE
 3 TRIAD CENTER - SUITE 350
 SALT LAKE CITY, UT 841801203

BY _____ AGENT

VALLEY CENTRAL BANK
 IN COOPERATION WITH
 VALLEY NATIONAL BANK OF ARIZONA

BY  AGENT

COUNTERSIGNATURE REQUIRED IF OVER \$100,000.00

⑈075912⑈ ⑆124301452⑆82 010331⑈