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**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)

August 31, 1995

Ken May  
Vice President and General Manager  
Southern Utah Fuel Company  
397 South 800 West  
Salina, Utah 84654

Re: Rider Accepted, Convulsion Canyon Mine, Southern Utah Fuel Company,  
ACT/041/002-95A, Folder #3, Sevier County, Utah

Dear Mr. May:

I am enclosing the signed rider (which needs to be returned to the Surety) that increased the amount of the reclamation surety to \$3,988,000 for the Convulsion Canyon Mine. This bond adjustment was the result of the midterm permit review.

The remaining item for the midterm review, i.e. a demonstration that all reasonably available spoil will be used to eliminate the highwalls to the extent possible, is due September 15, 1995.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Pamela Grubaugh-Littig'.  
Pamela Grubaugh-Littig  
Permit Supervisor

Enclosure

cc: Daron Haddock





**Reliance**

RELIANCE SURETY COMPANY  
Philadelphia, Pennsylvania

RELIANCE INSURANCE COMPANY  
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY  
Philadelphia, Pennsylvania

RELIANCE NATIONAL INDEMNITY COMPANY  
Philadelphia, Pennsylvania

**RIDER**

To be attached to and form a part of

Type of Bond: Reclamation

Bond No. U605244-14

executed by Coastal States Energy Company, as Principal,

and by United Pacific Insurance COMPANY, as Surety,

in favor of State of Utah, Department of Natural Resources

and dated April 12, 1991

In consideration of the premium charged for the attached bond, it is hereby agreed to change:

The penal sum of the bond

From: One Million Six Hundred Ninety Thousand and No/100 (\$1,690,000.00)

To: Three Million Nine Hundred Eighty Eight Thousand and No/100 (\$3,988,000.00)

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider is effective July 27, 1995

Signed and Sealed July 27, 1995



Principal Coastal States Energy Company

By: [Signature]  
Austin M. O'Toole, Sr. Vice President Title

United Pacific Insurance Company COMPANY

By: [Signature]  
Wendy W. Stuckey Attorney-in-Fact

RIDER ACCEPTED (Please sign duplicate of this Rider and return to Surety)

By: [Signature]  
Date August 15, 1995

Countersigned:

By: [Signature]  
Tina Davis  
Utah Resident Agent

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint William N. Burke, Dan W. Burton, Mary C. Jones, Wendy W. Stuckey, Sharon J. Sweeney, of Houston, Texas their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies 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 Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY 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 Attorney(s)-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(s)-in-Fact at any time and revoke the power and authority given to them.
2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute 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. Attorney(s)-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 Executive and Finance Committees of the Boards of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"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 certificates 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 Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this June 22, 1995.



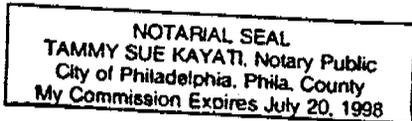
RELIANCE SURETY COMPANY  
RELIANCE INSURANCE COMPANY  
UNITED PACIFIC INSURANCE COMPANY  
RELIANCE NATIONAL INDEMNITY COMPANY

*Charles B. Schmalz*

STATE OF Pennsylvania }  
COUNTY OF Philadelphia } ss.

On this, June 22, 1995, before me, Tammy Sue Kayati, personally appeared Charles B. Schmalz, who acknowledged himself to be the Executive Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



*Tammy Sue Kayati*  
Notary Public in and for the State of Pennsylvania  
Residing at Philadelphia

I, Anita Zippert, Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 27 day of July 19 95.

*Anita Zippert*  
Secretary



**EXHIBIT "D"**  
**STIPULATION TO REVISE**  
**RECLAMATION AGREEMENT**

Permit Number: ACT/041/002  
Effective Date: February 1, 1993

**COAL**  
**STIPULATION TO REVISE RECLAMATION AGREEMENT**

--ooOOoo--

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)  
Revised bond amount as a result of mid-term permit review.

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" - PERMIT AREA.

X Replace Exhibit "B" - BONDING AGREEMENT.

\_\_\_\_ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$ 1,690,000 ) to (\$ 3,988,000 ).

The BONDING Type is changed 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 \_\_\_\_\_

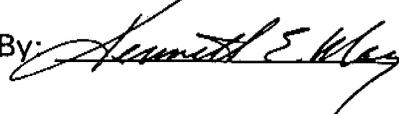
to \_\_\_\_\_.

The AMOUNT of INSURANCE coverage for bodily injury and property damage

is changed from (\$ \_\_\_\_\_ ) to (\$ \_\_\_\_\_ ).

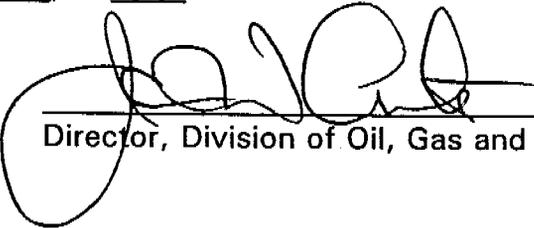
IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal  
this 10th day of August, 19 95.

COASTAL STATES ENERGY COMPANY  
PERMITTEE

By: 

Title: Vice President and General Manager

ACCEPTED BY THE STATE OF UTAH  
this 15 day of August, 19 95.

  
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.