



Norman H. Bangertter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

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

Mine File

June 23, 1989

CERTIFIED RETURN RECEIPT REQUESTED
P 075 063 240

Mr. Richard Blonquist
Summit Coal Company
P. O. Box 646
Coalville, Utah 84017

Re: Determination by Division to Revoke Mine Permit and Forfeit Collateral Bond Under UMC 800.50, Boyer Mine, Summit Coal Company, ACT/043/008, Folder #3, Summit County, Utah

In keeping with my letter to you dated April 20, 1989, wherein I informed you that I was prepared to order the forfeiture of your reclamation bond, I hereby order that the reclamation bond submitted by Summit Coal Company to secure the reclamation of the Boyer Mine is forfeited. The Division of Oil, Gas and Mining will proceed to foreclose upon the Deed of Trust held by the Division in order to collect the funds necessary for the state of Utah to conduct the required reclamation operations.

All of the collateral may be necessary to fulfill the reclamation obligation as the reclamation cost may exceed the value of the property. In the event the amount forfeited is insufficient to pay the full cost of reclamation, the operator shall be liable for the remaining costs. The Division will seek all applicable legal remedies for such excess amount.

In addition to the above action and pursuant to Section 40-8-16(3), Utah Code Annotated (1953, as amended), the Division intends to revoke permit No. ACT/043/008 issued to Summit Coal Company for the following reasons:

- Summit has failed to maintain adequate liability insurance on the Boyer Mine;
- Summit has failed to maintain adequate surety since the unpermitted waste rock pile increased the reclamation cost estimate and no increase in the bond amount was forthcoming from summit; and
- Summit is not operating the Boyer Mine in such a manner to ensure that the approved reclamation plan can be accomplished.

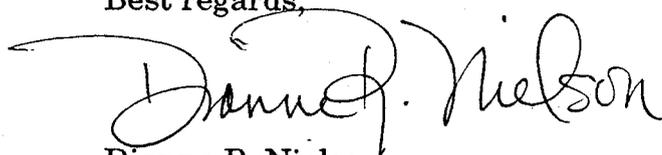
Page 2
Richard Blonquist
June 23, 1989

Summit Coal Company has 30 days from receipt of this letter to file a petition for appeal of this revocation action to the Board of Oil, Gas and Mining. If no timely petition for appeal is received, this action to revoke permit No. ACT/043/008 will become final.

I regret having to take these measures, but the Division's responsibility under the law is clear.

If you have any questions, please contact me.

Best regards,

A handwritten signature in cursive script that reads "Dianne R. Nielson". The signature is written in black ink and is positioned above the typed name and title.

Dianne R. Nielson
Director

vb
Attachments
cc: B. Roberts
L. Braxton
S. Linner
R. Harden
(See attached list)
MI3/27&28

This list was sent with letter BT45/247-248. Mr. William C. Blonquist, Mr. Richard E. Blonquist, Mr. Jack Blonquist, and Mr. Craig Vernon received personal service as well as a Certified Return Requested letter.

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 451Mr. William C. Blonquist, President
Summit Coal Company
200 South 50 East
Coalville, Utah 84017Dear Mr. Blonquist:

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 452Mr. Richard E. Blonquist
Vice-President/General Manager
Summit Coal Company
40 West 100 North
Coalville, Utah 84017Dear Mr. Blonquist:

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 449Mr. Jack Blonquist
Secretary/Treasurer
Summit Coal Company
177South Settlers Drive
Coalville, Utah 84017Dear Mr. Blonquist:

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 448Mr. Craig Vernon, Director
Summit Coal Company
205 South 50 East
Coalville, Utah 84017Dear Mr. Vernon:

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 447Fidelity National Title Insurance Co.
P. O. Box 32695
Los Olivos Station
Phoenix, Arizona 85064Gentlemen:

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 446Mr. David S. Christensen, Trustee
124 State Capitol
Salt Lake City, Utah 84114Dear Mr. Christensen:

CERTIFIED RETURN RECEIPT REQUESTED
P P 879 596 445Mr. David P. Bird
United States Bankruptcy Court
125 South State Street
Salt Lake City, Utah 84138Dear Mr. Bird:

RECEIVED

SEP 09 1985

DIVISION OF OIL
GAS & MINING

Exhibit "I"

REQUEST OF	ALAN SPRIGGS, SUMMIT CO. RECORDER
FEE	\$ 2.00
By	<i>William C. Blonquist</i>
RECORDED	8-2-85 at 11:11 M

STAMPED: COLLATERAL BONDING AND INDEMNITY AGREEMENT

THIS COLLATERAL BONDING AND INDEMNITY AGREEMENT entered into by and between SUMMIT COAL COMPANY, INC. and WILLIAM C. BLONQUIST (hereinafter jointly referred to as "Blonquist") and the Division of Oil, Gas and Mining (hereinafter referred to as "Division"),

W I T N E S S E T H

WHEREAS, Summit Coal Company, Inc. has obtained Exploration Permit No. CEP/043/002 from the Division to conduct exploration activities and operate the Boyer Mine in Summit County, Utah, as an underground coal mine under the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1, et seq., 1953, as amended ("Act") and implementing regulations; on the disturbed areas designated in Exhibit A; and

WHEREAS, Summit Coal Company, Inc. wishes to obtain a bond under Collateral Bonding Rule UMC 800.1(c); and

WHEREAS, Willaim C. Blonquist has provided a Trust Deed covering real property described therein, naming the Division as Beneficiary, as collateral to secure this Collateral Bonding and Indemnity Agreement; and

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Blonquist does hereby agree to be held and firmly bonds to the Division for the sum of

\$100,900.00 (1986 dollars) for the timely performance of reclamation responsibilities for Exploration Permit No. CEP/043/002 in lawful money of the United States. By the submission of this Self Bonding and Indemnity Agreement, Blonquist will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. Summit Coal Company, Inc. shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, and regulations adopted pursuant to the Act and the conditions of the permit to conduct underground mining exploration and operations, Exploration Permit No. CEP/043/002, issued by the Division.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the Reclamation Plan for Exploration Permit No. CEP/043/002 for a period of time and in the manner specified in the Act and regulations adopted pursuant thereto as amended from time to time, and the conditions set forth in Exploration Permit No. CEP/043/002 issued by the Division.

3. Blonquist does hereby jointly and severally agree to indemnify and hold the Division harmless from any claim, demand, liability, cost, charge or suit brought by a third party, as a result of Blonquists' failure to abide by the terms and conditions of the Reclamation Plan as set forth in the underground mining Exploration Permit No. CEP/043/002 and from any failure to comply with the terms of this Agreement.

4. The Division shall give Blonquist notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.

5. Upon successful completion of part or all of the obligations secured hereby, Blonquist may petition the Division for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall timely conduct an inspection to ascertain whether the duties and obligations of Summit Coal Company, Inc. under the Act, regulations adopted pursuant thereto and underground mining Exploration Permit No. CEP/043/002 have been fulfilled. If such duties and obligations have been fulfilled, the Division shall release Blonquist from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Summit County, Utah.

6. This Agreement shall be reviewed periodically by the Division, or reviewed upon petition by Blonquist, in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted upon written agreement between Blonquist and the Division where it is clearly established that the cost of future reclamation has materially changed.

7. This Agreement may be terminated upon 90 days prior written notice to the Division if terminated by Blonquist or upon 90 days written notice to Blonquist if terminated by the Division. Upon such written notification, Blonquist will have ninety days to obtain an alternate form of bond to secure

reclamation obligations for Exploration Permit No. CEP/043/002 in the same amount as stated in this Agreement or amendments thereto.

SO AGREED this 2 day of Aug, 1985.

SUMMIT COAL COMPANY, INC.

By William C. Blonquist
WILLIAM C. BLONQUIST,
President

William C. Blonquist
WILLIAM C. BLONQUIST,
Individually

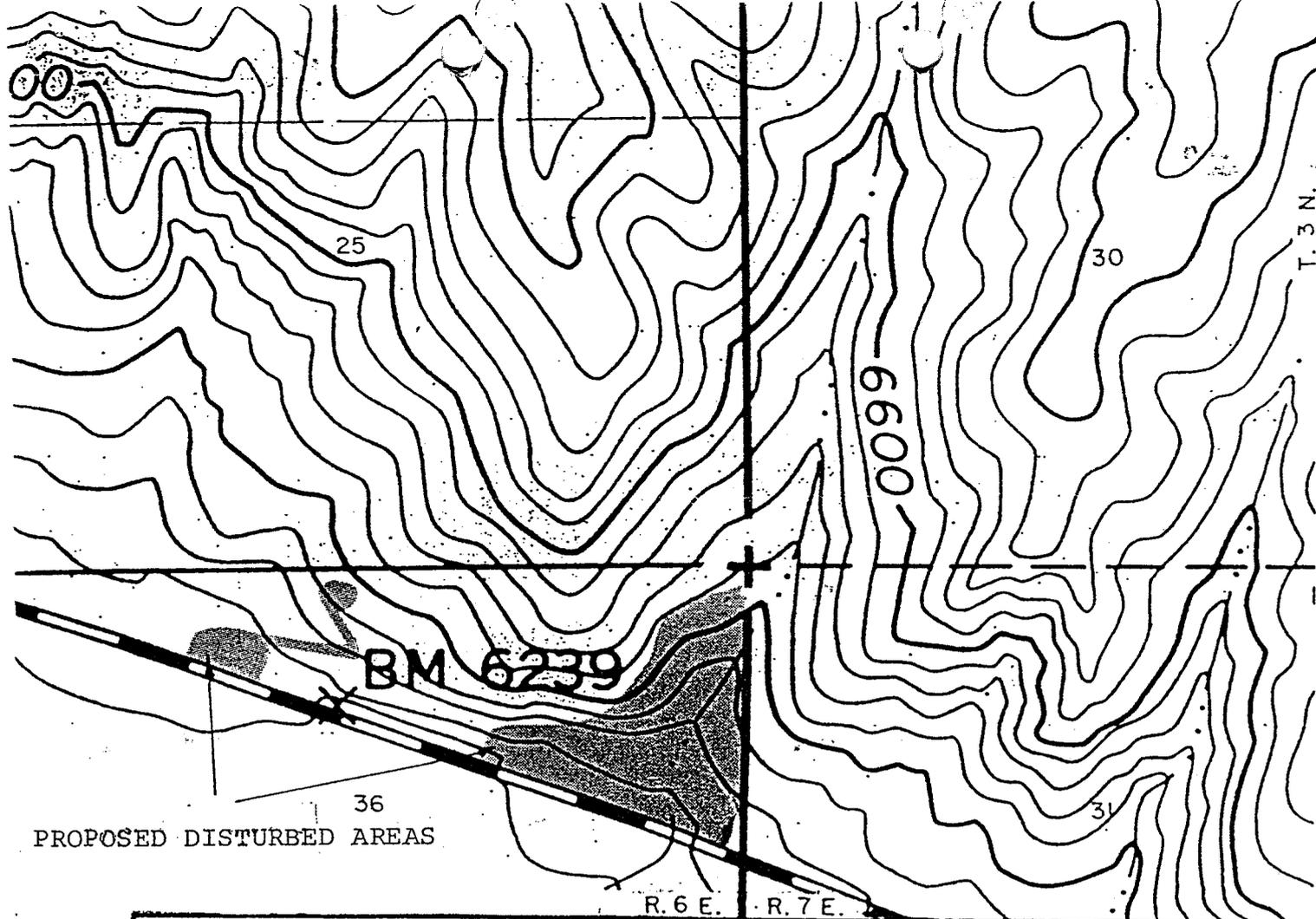
STATE OF UTAH, DEPARTMENT OF
NATURAL RESOURCES, DIVISION OF
OIL, GAS AND MINING

By: Dianne R. Nielson
DR. DIANNE R. NIELSON,
Director

APPROVED AS TO FORM:

Mark C. Moench
MARK C. MOENCH
Assistant Attorney General

BOOK 350 PAGE 593

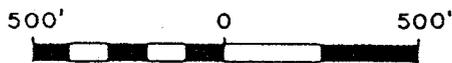


SUMMIT COAL COMPANY BOYER MINE

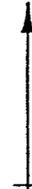
"EXHIBIT A"

COLLATERAL BONDING AND INDEMNITY AGREEMENT

SCALE



N



BDD# 350 PAGE 594

RECEIVED

AUG 16 1985

DIVISION OF OIL,
GAS & MINING

WHEN RECORDED, MAIL TO:

Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center
Suite 350, ATTN: Pamela Grubaugh -Littig
Salt Lake City, Utah, 84180-1203.

ENTRY NO.	20188
REQUEST OF	UTAH TITLE & ABSTRACT
FEE	6.00
RECORDED	7-2-85 at 11:12
ALAN SPRIGGS, SUMMIT CO. RECORDER ALAN SPRIGGS, SUMMIT CO. RECORDER	
By <i>Susan Robinson</i>	

INDEXED: _____
 GRANTOR: _____
 GRANTEE: _____
 RELEASED: *Jan 9*
 APPROVED: *J-8-9*
 STAMP: _____

TRUST DEED

THIS TRUST DEED is made this 2nd day of August, 1985 between WILLIAM C. BLONQUIST and HELEN W. BLONQUIST, his wife, as Trustors, whose address is 200 S. 50 E. Coalville, Utah 84017, Mark C. Moench, Assistant Attorney General, as Trustee, and STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS AND MINING, as Beneficiary.

Trustors hereby CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property situated in Summit County, Utah:

Beginning at a point South 0°04'58" West 1333.78 feet and North 89°57'18" West 745.03 feet from the Northeast corner of Section 9, Township 2 South, Range 4 East, Salt Lake Base and Meridian and running thence North 89°57'18" West 1022.95 feet to the Southeasterly line of State Highway U-248; thence North 47°22' East along said Southeasterly line 347.16 feet; thence South 72°54'47" East 802.99 feet to the point of beginning.

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto now or hereafter used or enjoyed with said property, or any part thereof;

FOR THE PURPOSE OF SECURING payment of the indebtedness evidenced by a Collateral Bonding and Indemnity Agreement dated August 2, 1985, payable to the order of Beneficiary, in the amount of \$100,900.00

Trustors agree to pay all taxes and assessments on the above property, to pay all charges and assessments on water or water stock used on or with said property, not to commit waste, to maintain adequate fire insurance on improvements on said property, to pay all costs and expenses of collection (including Trustee's and attorney's fees) in event of default in payment of the indebtedness secured hereby and to pay reasonable Trustee's fees for any of the services performed by Trustee hereunder, including a reconveyance hereof.

The undersigned Trustors requests that a copy of any notice of default and of any notice of sale hereunder be mailed to them at the address hereinbefore set forth.

TRUSTORS

William C. Blonquist
William C. Blonquist

Helen W. Blonquist
Helen W. Blonquist

STATE OF UTAH)
) ss.
COUNTY OF SUMMIT)

On the 2nd day of August, 1985, personally appeared before me WILLIAM C. BLONQUIST and HELEN W. BLONQUIST, his wife, the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

Duane J. Stille
NOTARY PUBLIC

My Commission Expires:
1/10/88

Residing at:
Salt Lake City, Utah





Fidelity National Title Insurance Company
A Stock Company



Issued by
UTAH TITLE & ABSTRACT COMPANY
9 South Main Street
Coalville, Utah 84017

Policy of Title Insurance

Policy Number
RECEIVED

AUG 07 1985

LOAN POLICY OF TITLE INSURANCE

**DIVISION OF OIL-
GAS & MINING**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorney's fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested otherwise than as stated herein;
2. Any defect in or lien or encumbrance on such title;
3. Lack of a right of access to and from the land;
4. Unmarketability of such title;
5. The invalidity or unenforceability of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity or unenforceability, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Any statutory lien for labor or material which now has gained or hereafter may gain priority over the lien of the insured mortgage, except any such lien arising from an improvement on the land contracted for and commenced subsequent to Date of Policy not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance; or
8. The invalidity or unenforceability of any assignment, shown in Schedule A, of the insured mortgage or the failure of said assignment to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

Fidelity National Title Insurance Company



By *W. H. King*
President

Attest *Becca J. Zehr*
Secretary

Countersigned: *Jessie J. Phillips*
Authorized Counter Signature

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy:

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the

insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material);

4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

CONDITIONS AND STIPULATIONS

1. Definition of Terms

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A. The term "insured" also includes (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of such indebtedness (reserving, however, all rights and defenses as to any such successor who acquires the indebtedness by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin or corporate or fiduciary successors that the Company would have had against the successor's transferor), and further includes (ii) any governmental agency or instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing said indebtedness, or any part thereof, whether named as an insured herein or not, and (iii) the parties designated in paragraph 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A; nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": those records which by law impart constructive notice of matters relating to said land.

2. (a) Continuation of Insurance after Acquisition of Title

This policy shall continue in force as of Date of Policy in favor of an insured who acquires all or any part of the estate or interest in the land described in Schedule A by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage, and if the insured is a corporation, its transferee of the estate or interest so acquired, provided the transferee is the parent or wholly owned subsidiary of the insured; and in favor of any governmental agency or instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage; provided that the amount of insurance hereunder after such acquisition, exclusive of costs, attorneys' fees and expenses which the Company may become obligated to pay, shall not exceed the least of:

- (i) the amount of insurance stated in Schedule A;
- (ii) the amount of the unpaid principal of the indebtedness as defined in paragraph 8 hereof, plus interest thereon, expenses of foreclosure and amounts advanced to protect the lien of the insured mortgage and secured by said insured mortgage at the time of acquisition of such estate or interest in the land; or

(iii) the amount paid by any governmental agency or instrumentality, if such agency or instrumentality is the insured claimant, in the acquisition of such estate or interest in satisfaction of its insurance contract or guaranty.

(b) Continuation of Insurance after Conveyance of Title

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

3. Defense and Prosecution of Actions - Notice of Claim to be given by an Insured Claimant

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in all litigation consisting of actions or proceedings commenced against such insured, or defenses, restraining orders or injunctions interposed against a foreclosure of the insured mortgage or a defense interposed against an insured in an action to enforce a contract for a sale of the indebtedness secured by the insured mortgage, or a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged defect, lien, encumbrance, or other matter insured against by this policy.

(b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defense or restraining order or injunction is interposed as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

CONDITIONS AND STIPULATIONS
(CONTINUED)

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense so incurred.

4. Notice of Loss – Limitation of Action

In addition to the notices required under paragraph 3(b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

5. Options to Pay or Otherwise Settle Claims

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment by the insured claimant and authorized by the Company. In case loss or damage is claimed under this policy by an insured, the Company shall have the further option to purchase such indebtedness for the amount owing thereon together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as herein provided, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided.

6. Determination and Payment of Loss

(a) The liability of the Company under this policy shall in no case exceed the least of:

- (i) the actual loss of the insured claimant; or
- (ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in paragraph 2(a) hereof; or
- (iii) the amount of the indebtedness secured by the insured mortgage as determined under paragraph 8 hereof, at the time the loss or damage insured against hereunder; together with interest thereon.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorney's fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. Limitation of Liability

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

8. Reduction of Liability

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2(a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder except to the extent that such payments reduce the amount of the indebtedness secured by the insured mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in paragraph 2(a) hereof.

(b) The liability of the Company shall not be increased by additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to protect the lien of the insured mortgage and secured thereby.

No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

9. Liability Noncumulative

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

10. Subrogation Upon Payment or Settlement

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by the insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to the insured mortgage. If loss of priority should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. Liability Limited to this Policy

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

12. Notices, Where Sent

(Provisions relating to notice shall conform to the practice of the issuing company; the following is shown as an illustration.)

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its main office (or the office issuing such policy).

Fidelity National Title Insurance Company
P.O. Box 32695, Los Olivos Station, Phoenix, AZ 85064

SCHEDULE A

FILE NO. S-6671

Date of Policy August 2, 1985 at 11:12 a.m.

POLICY NO. 40-82903

AMOUNT

\$100,900.00

PREMIUM

\$ 458.50

1. Name of Insured

STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS AND MINING

2. The estate or interest referred to herein is at Date of Policy vested in:

WILLIAM BLONQUIST and HELEN BLONQUIST, his wife

3. The estate or interest in the land described in this Schedule and which is encumbered by the insured Mortgage or Deed of Trust is:

Fee Simple

4. The Mortgage or Deed of Trust referred to as the insured Mortgage or Deed of Trust, and the assignments thereof, if any, are described as follows:

A Deed of Trust given to secure a note bearing even date thereof, with interest thereon, payable as therein provided, said Deed of Trust being in the amount of \$100,900.00, executed by WILLIAM C. BLONQUIST and HELEN W. BLONQUIST, his wife, as TRUSTORS, in favor of MARK C. MOENCH, Assistant Attorney General as TRUSTEE, and STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS AND MINING, as BENEFICIARY, recorded August 2, 1985, as Entry No. 237188, in Book 350, at page 595 of Official Records.

5. The land referred to in this policy is described as follows:

Beginning at a point South 0°04'58" West 1333.78 feet and North 89°57'18" West 745.03 feet from the Northeast corner of Section 9, Township 2 South, Range 4 East, Salt Lake Base and Meridian; and running thence North 89°57'18" West 1022.95 feet to the Southeasterly line of State Highway U-248; thence North 47°22' East along said Southeasterly line 347.16 feet; thence South 72°54'47" East 802.99 feet to the point of beginning.

Issued At Summit County, Utah

This Policy Valid Only If Schedule B Is Attached.

SCHEDULE B—PART I

FILE NO. S-6671

Date of Policy August 2, 1985 at 11:12 a.m.

POLICY NO. 40-82903

This policy does not insure against loss or damage by reason of the following:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

Exceptions numbered 1 thru 4 are hereby omitted.

5. Taxes for the year 1985 are now a lien, not yet due.
6. Said property is included within the boundaries of City of Park City, Weber Basin Water Conservancy District, Park City Fire Protection District, Snyderville Basin Sewer Improvement District, Special Service District #7, and is subject to the charges and assessments thereof.
7. Rights of way for any roads, ditches, canals or transmission lines now existing over, under or across said property.
8. Any and all outstanding oil, gas, mining and mineral rights, etc., together with the right of the proprietor of a vein or lode to extract his ore therefrom should the same be found to penetrate or intersect the premises, and the right of ingress and egress for the use of said rights.

CONTINUED

SCHEDULE B—PART II

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that such matters are subordinate to the lien or charge of the insured mortgage upon said estate or interest: None.

Issued At Summit County, Utah

Countersigned by Juan J. Phillips
Authorized Signatory

Schedule B of this Policy consists of 3 Page s

Schedule B Continued

9. Subject to the following:

Excepting and reserving therefrom all ores and minerals situated in, under, or upon said real property, together with all rights in connection with or relative to the mining, removal or sale of the same (but not including the right to enter upon the surface of said property.)

Expressly reserving to Greater Park City Company and United Park City Mines Company all rights in and to a well presently situated on said property at a point which is South 941.00 feet and West 1177.90 feet from the Northwest corner of Section 9, Township 2 South, Range 4 East, Salt Lake Base and Meridian; which well is the subject of State of Utah Certificate of Appropriation of Water No. 4236, together with all water produced or obtained from said well and an Easement for construction maintenance, and operation of a pumping station and related facilities and a pipeline below the surface of the ground of the following described portion of said real property, for so long as the well exists.

Said construction easement shall extent 10 feet on either side of and said water line, maintenance and operation easement shall extend 5 feet on either side of a center line described as follows:

BEGINNING at a point which is South 963.07 feet and West 1157.58 feet from the Northwest corner of Section 9, Township 2 South, Range 4 East, Salt Lake Base and Meridian, and running thence North 42° 38' West 143.02 feet more or less, to the Southerly right-of-way line of State Highway U-248 (U.S. Alternate 40).

Purchaser shall have the right to construct, upon said easement subject to the rights of Greater Park City Company and United Park City Mines Company, hereunder, and Greater Park City Company and United Park City Mines Company shall have no responsibility for restoration of any of Purchasers construction thereon.

As disclosed by that certain Warranty Deed dated December 12, 1974, recorded January 30, 1974, as Entry-No. 125818, in Book M63, at page 649 of Official Records.

10. LEASE

Lessor:	UNITED PARK CITY MINES COMPANY
Lessee:	PARK CITY VENTURES
Term:	To December 31, 2020
Dated:	April 15, 1970
Recorded:	April 15, 1970
Entry No:	111513
Book/page:	M27/233

11. The effect of that certain Amendment and Supplement to Agreement and Lease dated April 2, 1975, and recorded June 10, 1975, as Entry no. 127110, in Book M67, at page 465. (Refers to Exception No. 10 herein.)

Schedule B Continued

12. DEED OF TRUST

Trustor: WILLIAM C. BLONQUIST & HELEN W. BLONQUIST
Trustee: SILVER KING STATE BANK
Beneficiary: SILVER KING STATE BANK
Amount: \$35,000.00 plus interest
Dated: July 28, 1978
Recorded: July 28, 1978
Entry No: 147986
Book/Page: M117/10

Subordination Agreement Dated July 29, 1985, executed by SILVER KING STATE BANK to STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES; DIVISION OF OIL, GAS & MINING recorded August 2, 1985 as Entry No. 237189 in Book 350, at page 597 of Official Records subordinating the lien of said Deed of Trust to the lien of the Deed of Trust shown herein as Exception No. 4 on Schedule A.

13. COLLATERAL BONDING AND INDEMNITY AGREEMENT

Between: SUMMIT COAL COMPANY INC.,
And: WILLIAM C. BLONQUIST and STATE OF UTAH, acting through
THE DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF OIL, GAS, AND MINING
Recorded: August 2, 1985
Entry No: 237187
Book/Page: 350/590

* * * * *

(-CAZ-2300) PRIOR

MINORAL PARTS TRACT + PLAN
PCA-2-2300-R
3527 AC
M250-552
M250-552
295.12
N 89° 49' 31"

PCA2-2300

BOARD OF EDUCATION

VCB-225

39.4 AC

(EASEMENT NEG-26)

RANCH ANNEX

PROSPECTOR
VILLAGE
SUBDIVISION
1100 200 200 90

24.67 AC

ALAN D.
FRANDBEN
M 250-552

PCA-2-2304-A 5.526 AC

WILLIAM & HELEN
BLONQUIST

M 250-552
5.526 AC

EC7
E
ERSHIP
108

ANDERSON ANNEX

NEW CLAIM
CONDO

(1983)

EASEMENT FOR
NEW CLAIM
CONDO PARKING

SQUARE
SUBDIVISION
17.5-3 AC

PROSPECTOR SQUARE
CONDO.

PROSPECTOR
LAND ASSOCIATES

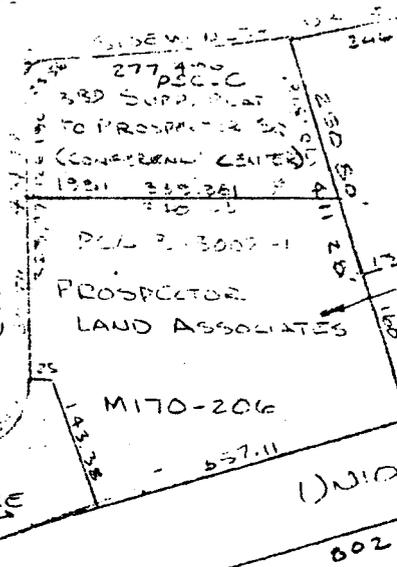
M170-206

(UNID)

DOG CREEK
EASEMENT

SPUR

1.743 ACT.
1.42 AC
C.A.





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

Norman H. Bangert
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

Exhibit "II"

April 20, 1989

CERTIFIED RETURN RECEIPT REQUESTED
P 879 596 542

Mr. Richard Blonquist
P. O. Box 646
Coalville, Utah 84017

Dear Mr. Blonquist:

RE: Summit Coal Company, Boyer Mine, ACT/043/008, Folder #2 & 5,
Summit County, Utah

By this letter I am informing you that I am prepared to order an action initiating forfeiture of your reclamation bond. This action results from Summit Coal Company's inability to comply with the Utah Regulations governing the surface effects of underground coal mining, Summit Coal Company's failure to pay penalties levied for violations of its Mining and Reclamation Plan, and its failure to appeal these penalties through processes afforded by the Act and Rules. If the Division has not received a written petition for appeal of this forfeiture-action by May 5, 1989, the Division will proceed with reclamation and bond forfeiture.

The Division is concerned by the presence of unpermitted coal waste material on the mine site. These materials pose a potential for offsite water pollution and onsite fires in their present configuration. If reclamation is undertaken by the Division, stabilization and backfilling of these materials will be an immediate priority. Portals will also be closed in accordance with MSHA requirements.

As an option to bond forfeiture, Summit Coal Company may commit to doing the reclamation work in 1989 under a schedule established by the Division.

Mr. Richard Blonquist
Summit Coal Company
ACT/043/008
April 20, 1989

For additional information regarding reclamation of your mine site, please contact me, Lowell Braxton, or Barbara Roberts, Assistant Attorney General.

Best regards,



Dianne R. Nielson
Director

cl

cc: B. Roberts
B. Blonquist, Summit Coal
L. Braxton
S. Linner
J. Helfrich

BT30/34-35

* Surface owners, mineral owners and participants in the Boyer Mine are being sent a separate certified copy of this letter. Please see attached list.

carried on by the applicant in the general vicinity. A verbatim record of each public hearing shall be made and a transcript shall be made available on the motion of any party or by order of the Division.

H. Without prejudice to the right of an objector or the applicant, the Division may hold an informal conference as provided in UCA 40-10-13(a) of the Act to resolve such written objections. The Division shall make a record of the informal conference unless waived by all parties, which shall be accessible to all parties. The Division shall also furnish all parties of the informal conference with a written finding of the Division based on the informal conference and the reasons for said finding.

UMC 800.50 Forfeiture of Bonds

A. If an operator refuses or is unable to conduct reclamation of an unabated violation, if the terms of the permit are not met, or if the operator defaults on the conditions under which the bond was accepted, the Division shall take the following action to forfeit all or part of a bond or bonds for any permit area or an increment of a permit area:

1. Send written notification by certified mail, return receipt requested, to the permittee and the surety on the bond, if any, informing them of the determination to forfeit all or part of the bond including the reasons for the forfeiture and the amount to be forfeited. The amount shall be based on the estimated total cost of achieving the reclamation plan requirements.

2. Advise the permittee and surety, if applicable, of the conditions under which forfeiture may be avoided. Such conditions may include, but are not limited to:

(i) agreement by the permittee or another party to perform reclamation operations in accordance with a compliance schedule which meets the conditions of the permit, the reclamation plan and the "reclamation program" and a demonstration that such party has the ability to satisfy the conditions; or

(ii) the Division may allow a surety to complete the reclamation plan, or the portion of the reclamation plan applicable to the bonded phase or increment, if the surety can demonstrate an ability to complete the reclamation in accordance with the approved reclamation plan. Except where the Division may approve partial release authorized under Section 800.40, no surety liability shall be released until successful completion of all reclamation under the terms of the permit, including applicable liability periods of Section 800.13.

B. In the event forfeiture of the bond is required by this section, the Division shall:

1. Proceed to collect the forfeited amount as provided by applicable laws for the collection of defaulted bonds or other debts if actions to avoid

forfeiture have not been taken, or if rights of appeal, if any, have not been exercised within a time established by the Division, or if such appeal, if taken, is unsuccessful.

2. Use funds collected from bond forfeiture to complete the reclamation plan, or portion thereof, on the permit area or increment, to which bond coverage applies.

C. Upon default, the Division may cause the forfeiture of any and all bonds deposited to complete reclamation for which the bonds were posted. Bond liability shall extend to the entire permit area under conditions of forfeiture.

1. In the event the estimated amount forfeited is insufficient to pay for the full cost of reclamation, the operator shall be liable for remaining costs. The Division may complete, or authorize completion of, reclamation of the bonded area and may recover from the operator all costs of reclamation in excess of the amount forfeited.

2. In the event the amount of performance bond forfeited was more than the amount necessary to complete reclamation, the unused funds shall be returned by the Division to the party from whom they were collected.

UMC 800.60 Terms And Conditions For Liability Insurance

A. The Division shall require the applicant 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.

D. The Division may accept from the applicant, in lieu of a certificate for a public liability insurance policy, satisfactory evidence from the applicant that it satisfies applicable state self-insurance requirements approved as part of the regulatory program and the requirements of this section.