



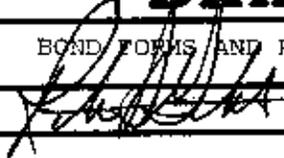
U · S · DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT
DIRECTIVES SYSTEM

Subject Number:
REG-28

Transmittal Number:
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Date: MAR 10 1989

Subject: BOND FORMS AND PROCEDURES

Approval: 

Title: Director

1. Purpose. This directive provides policy and operational guidelines to all Office of Surface Mining Reclamation and Enforcement (OSMRE) employees for the implementation of OSMRE and Department of the Treasury requirements for the acceptance, retention and return of performance bonds in connection with the issuance of mining permits by OSMRE for mining operations subject to a Federal program and operations on Federal and/or Indian lands. This directive does not apply to the bonding requirements for mining permits where a State agency is the regulatory authority.
2. Summary. This Directive provides procedures for dealing with performance bonds. It includes illustrations of different bond forms, receipt forms and power of attorney forms to be used in connection with reclamation performance bonds.
3. Definitions.
 - a. Bond Approving Officer. The head of an executive department or Government establishment or an officer designated either by law or regulation to approve bonds.
 - b. Surety Bond. An indemnity agreement in a sum certain payable to the regulatory authority, executed by the permittee as principal and which is supported by the performance guarantee of a corporation licensed to do business as a surety in the State where the operation is located.
 - c. Incremental Bond. A bond to cover an identified increment of land within the permit area upon which the operator will initiate operations, or an increment(s) where succeeding operations are conducted.
 - d. Phase Bond. A bond to cover specific activities of reclamation which can be released according to the definitions of 30 CFR 800.40.
 - e. Collateral Bond. An indemnity agreement in a sum certain executed by the permittee as principal which is supported by the deposit with the regulatory authority of one or more of the following:

(1) A cash account, which shall be the deposit of cash in one or more federally-insured or equivalently protected accounts, payable only to the regulatory authority upon demand, or the deposit of cash with the regulatory authority;

(2) Negotiable bonds of the United States, a State, or a municipality, endorsed to the order of, and placed in the possession of, the regulatory authority;

(3) Negotiable certificates of deposit, made payable or assigned to the regulatory authority and placed in its possession or held by a federally - insured bank;

(4) An irrevocable letter of credit of any bank organized or authorized to transact business in the United States, payable only to the regulatory authority upon presentation;

(5) A perfected, first-lien security interest in real property in favor of the regulatory authority; or,

(6) Other investment - grade rated securities having a rating of AAA, AA, or A or an equivalent rating issued by a nationally recognized securities rating service, endorsed to the order of, and placed in the possession of, the regulatory authority.

f. Self-bond means an indemnity agreement in a sum certain executed by the applicant, or by the applicant and any corporate guarantor, and made payable to the regulatory authority, with or without separate surety.

4. Policy/Procedures

a. Policy.

(1) OSMRE's acceptance of surety bonds is subject to Treasury Department regulations at 31 CFR 223 and Treasury Circular 297. OSMRE's acceptance, receipt, and return, of collateral bond securities, such as U.S. negotiable bonds, Treasury notes, and other public debt obligations guaranteed by the United States, are subject to Department of Treasury regulations at 31 CFR 225 and Treasury Circular 154.

(2) The applicable Treasury regulations require that surety bonds only be accepted by Federal agencies if they have been obtained from surety companies certified as acceptable by the Department of the Treasury (31 CFR 223). Additionally, Treasury regulations require that negotiable bonds, notes or other obligations issued or guaranteed by the United States, and accepted by Federal agencies as security in lieu of surety or sureties on performance bonds, must be accepted, retained and returned in accordance with applicable Treasury standards (31 CFR 225

and Treasury Circular 154).

(3) To ensure that the Treasury requirements are met with regard to surety bonds, or other securities accepted in lieu of surety, bond approving officers will be designated in each office accepting bonds for mining permits issued by OSMRE as a regulatory authority.

b. Responsibilities

(1) Assistant Directors for Field Operations. The Assistant Directors for Field Operations (AD/FO) are responsible for designating bond approving officers in every OSMRE office which accepts bonds for mining permits issued by OSMRE.

(2) OSMRE bond approving officers. The designated bond approving officers are responsible for the implementation of the procedures of this directive. Bond approving officers may delegate tasks under this directive.

c. Procedures

(1) After approval of a permit application, but prior to issuance of a coal mining permit, the applicant must file a reclamation performance bond with the Office of Surface Mining Reclamation and Enforcement (OSMRE). Pursuant to 30 CFR 800, the following forms of reclamation bonding instruments are allowable: surety bonds; collateral bonds including cash, negotiable U.S. bonds, letters of credit, perfected first-lien security interests in real property, other investment-grade securities having an "A" rating or higher; and, self bonds.

The attached bond forms (Illustrations 1-22) are general in nature and may need to be modified to reflect applicable State contract, Uniform Commercial Code (U.C.C.), or surety law. The forms should be reviewed by the appropriate Field Solicitor's Office for use in a particular State.

Bond approving officers will be responsible for the accomplishment of the following matters which are more completely set forth in the Treasury regulations (31 CFR 223 and 225), and the OSMRE regulations (30 CFR 800):

a. Surety Bonds. Before acceptance, the bond approving officer must review surety bonds offered by the mining permit applicant and make the following determinations:

(1) The surety company is included on the most current list of surety companies acceptable on Federal bonds (Treasury Department Circular 570 and supplements

published in the Federal Register which includes licensing information).

(2) A surety bond has been executed in the appropriate format for the jurisdiction such as the examples offered as Illustrations 1, 2, or 3. If changes are made to an existing bond, the use of forms such as in Illustrations 18 or 19 are recommended.

(3) The amount of the bond does not exceed the underwriting limitation provided in Treasury Circular 570.

(4) The surety company has a certificate of authority to operate in the State where the mining operation is to be performed.

(5) The surety bond amount equals what is required to cover the term of the permit, increment or phase bond calculated.

(6) The permit area or increment(s) of the permit are accurately described on the bond, or if a phase bond, the scope of work to be guaranteed is described in detail. If a phase or increment is proposed for an existing bond, use forms such as Illustrations 18 or 19.

b. Collateral Bonds.

This section applies to negotiable bonds, notes or other obligations issued or guaranteed by the United States as security in support of an indemnity agreement bond. When these kinds of instruments are posted as collateral bonds under 30 CFR 800.21, the bond approving officer shall be responsible for the accomplishment of the following requirements:

(1) Ensure that United States bonds, Treasury notes, or other public debt obligations of the United States, or obligations are unconditionally guaranteed as to both interest and principal by the United States and are in a sum equal at their par value to the amount of the performance bond required to be furnished.

(2) Prepare a receipt of the negotiable bonds, notes or other obligations and return it to the mining permit applicant. The receipt should be in the format of the examples provided as Illustrations 4A or 4B.

(3) Secure from the individual, partnership or corporation offering the securities, an irrevocable power of attorney and agreement executed essentially in the format of the examples provided as Illustrations 5, 6, and 7.

(4) Secure from the individual, partnership or corporation, an executed collateral bond and indemnity agreement in the format of the example provided as Illustrations 9, 10 or 11.

(5) If the securities are subsequently deposited by OSMRE in a Federal depository for safekeeping, obtain a receipt from the depository essentially in the format of the example provided as Illustration 4.

(6) Ensure that a performance bond record form is prepared in the format of the example provided as Illustration 8A. This form should be filed with the original permit bond(s).

(7) When collateral bond is released and the securities are returned to the mining permittee at the conclusion of operations under the permit, obtain a receipt from the permittee in the format of the example provided as Illustration 8B or 8C.

(8) Ensure that the individual, partnership or corporation required to furnish the bond has endorsed the securities to the order of OSMRE and that the power of attorney and agreement are sufficient and executed in conformity with the rules established by Treasury in 31 CFR 225. OSMRE regulations at 30 CFR 800.5 require these securities to be made payable to the order of OSMRE.

(9) Bonds or notes other than cash accepted by bond approving officers will be held at the risk of the holding bond approving officer unless they are deposited by them with authorized depositories. In those locations where a Federal Reserve Bank is not available, the bond approving officer can arrange for designation of an authorized depository by Treasury. This is done by submitting a written request to the Department of the Interior, Office of Financial Management in Washington, D.C. The request should set forth the name and location of the proposed depository and the type and amount of deposits proposed. The Office of Financial Management will forward the request to Treasury and return Treasury's response to the requesting office. The approval process requires approximately 45 days (see 331 DM 2.3.D. for a more detailed discussion of the process).

(10) When the obligor submits a written request to the bond approving officer, the bond approving officer will detach interest coupons, if appropriate, and provide them to the obligor as the coupons mature. Most securities will be book-entry deposits where interest accrues automatically and coupons are not issued.

(11) All bond receipts given to the obligor by

OSMRE, received from an authorized deposit of bonds or notes, or received from the obligor upon the return of bonds or notes, should be executed in duplicate and one copy should be maintained in a separate security file (not the individual permit file) for audit purposes.

c. Other Collateral Bonds. This section applies to certificates of deposit (CD's), real property, letters of credit or cash posted as security to support an indemnity agreement bond. Before acceptance, the bond approving officer will determine that the offered collateral bond is in conformity with the following requirements:

(1) That collateral bonds conform to the standards specified in 30 CFR 800.21.

(2) A collateral bond and indemnity agreement form has been executed in the appropriate format of Illustrations 9, 10 or 11.

(3) If an irrevocable letter of credit is offered as collateral, it will be executed in the format of Illustration 20. The bond approving officer is responsible for ensuring that letters of credit are replaced within 30 days of their expiration when notified by the bank that it will not be renewed; if not replaced, the funds due the United States under the letter of credit must be drawn before the termination date of the letter of credit.

(4) Certificates of deposit (CD's) offered as collateral can either be assigned to OSMRE or made payable to OSMRE. In either case, the CD's must be issued by a bank insured by the FDIC. If the CD's are assigned to OSMRE, an assignment of deposit form in the format of Illustrations 12, 13 or 14 must be executed by the permittee and the issuing bank.

(5) If real property is offered as collateral, ensure that the title certificate, first mortgage or deed of trust, and certified property appraisal are attached as a part of the collateral bond and indemnity agreement. (See Illustration 21)

(6) The bond value of all collateral must be evaluated at mid-term permit review. If the value of the collateral has depreciated, the permittee must provide additional funds to compensate for the decreased value. The value of collateral may be evaluated at any time however.

(7) All cash submitted by an obligor as security for a bond must be converted to a money order and forwarded to the Division of Financial Management in Denver for

deposit. The money must be delivered to and forwarded by the designated collection officer in the office. A receipt such as that in Illustration 4 should be given to the permit applicant when cash has been received. When the bond has been released, the cash is returned to the permittee in the form of a government check. The OSMRE official who issues the check should obtain a receipt from the permittee in the format of the example provided as Illustration 8B.

d. Self-bonds. Before acceptance, the bond approving officer will determine that self-bonds conform to the standards specified in 30 CFR 800.23.

(1) The bond approving official will ensure that the permittee and any guarantor will have executed a self-bond agreement, an indemnity agreement and guarantor agreement in the format of Illustrations 15, 16, and 17.

5. Reporting Requirements. No reporting requirements established.
6. Effect on Other Documents. None.
7. References.
 - a. 30 CFR 800 - Bond and Insurance Requirements for Surface Coal Mining and Reclamation Operations Under Regulatory Programs.
 - b. 31 CFR 225 - Acceptance of Bonds, Notes or Other Obligation Issued Guaranteed by the United States as Security in Lieu of Surety or Sureties on Penal Bonds (Treasury Circular No. 154).
 - c. Treasury Circular 570 - Surety Companies Acceptable on Federal Bonds.
 - d. 31 USC 93 - Sureties and Surety Bonds.
 - e. 31 CFR 223 - Surety Companies Doing Business with the United States.
 - f. 30 USC 1259 - Performance Bonds.
 - g. Treasury Circular 297 - Regulations Governing Surety Companies Doing Business with the United States
8. Effective Date. Upon Issuance.
9. Contact. Division of Technical Services, 343-1475.
10. Keywords. Performance bonds, surety, collateral, escrow, letter of credit, self-bond.

11. Appendices. The following are illustrations:

- Illustration 1, 2, and 3: Surety Bond Forms for Partnership, Corporation, and Sole Proprietorship.
- Illustrations 4 and 4A: Receipt Forms for Bonds or Collateral.
- Illustrations 5, 6, and 7: Power of Attorney Forms.
- Illustration 8A: Performance Bond Form.
- Illustration 8B: Release Authorization Form.
- Illustration 8C: Security Receipt Form.
- Illustrations 9, 10, and 11: Collateral Bond Forms.
- Illustrations 12, 13, and 14: Assignment Forms.
- Illustrations 15, 16, and 17: Self-bond Forms.
- Illustrations 18 and 19: Bond Riders.
- Illustration 20: Letter of Credit Form.
- Illustration 21: Trust Deed Form.
- Illustration 22: Escrow Agreement Form.

Permit No. _____

Illustration 1
(Page 1 of 4)
Partnership

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (OSMRE)

SURETY BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

(Partnership-Permittee)

(Street Address) (City) (State) (Zip)

a partnership, as Principal, and

(Name and Address of Surety Company)
organized and existing under the laws of the State of _____
and licensed to do business in the State of _____, as
Surety, are held and firmly bound unto the United States of America
(OSMRE) in the sum of _____
(\$ _____) for the payment of which sum we hereby jointly
and severally bind ourselves, our successors, and assigns.

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above named Principal has submitted Permit
Application No. _____, including a mining and reclamation
plan, to conduct and reclaim a surface coal mining operations, as
defined pursuant to the Surface Mining Control and Reclamation Act
of 1977, 30 U.S.C. §1201 et seq., (the Act) and its attendant
regulations; and

Whereas, the Principal has chosen to file this performance bond
as a guarantee that the reclamation of the land disturbed during
this surface mining operation will be completed as required by the
Act and 30 C.F.R. Chapter VII, and as specified in the Permit as
issued;

Whereas, the Surety, and their successors and assigns agree to
guarantee the obligation and to indemnify, defend, and hold harmless
the United States Office of Surface Mining Reclamation and
Enforcement (OSMRE) from any and all losses and expenses which OSMRE
may sustain as a result of the Principal's failure to comply with
the condition of the obligation;

Permit No. _____

Illustration 1
(Page 2 of 4)
Partnership

Whereas obligations guaranteed by this performance bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted:

Now, if the Principal faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 C.F.R. Chapter VII, and in its Permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of Office of Surface Mining Reclamation and Enforcement; and,
- (b) until the bond is released pursuant to 30 C.F.R. §800.40, replaced in accordance with 30 C.F.R. §800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. §774.17; and,
- (c) for a minimum period of ___ years, notwithstanding the requirements of sub-paragraphs (a) and (b) above, it being further understood that if the Obligor performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond release, the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. §816.116(c) (4) or §817.116(c) (4).

Permit No. _____

Illustration 1
(Page 3 of 4)
Partnership

The failure of the Principal to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall result in forfeiture of the collateral posted with this performance bond according to the procedures described in 30 C.F.R. §800.50.

The Surety shall 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 amount of the Surety's liability may be adjusted by OSMRE pursuant to 30 C.F.R. §800.15 for lands covered by this bond which have not been disturbed by the Principal, upon application by the Principal pursuant to 30 C.F.R. §774.13 for revision of the Permit to delete such acreage, and approval by OSMRE of such revision.

The Surety will give prompt notice to the Principal and to OSMRE of any notice received or action filed alleging the 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 to do business.

In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be given immediately to the Principal and to OSMRE.

Upon the incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, the Principal shall be deemed to be without bond coverage in violation of 30 C.F.R. §800.11, and subject to enforcement actions described in 30 C.F.R. §800.16(e)(2).

IN WITNESS THEREOF, the Principal and Surety have hereunto set their signatures and seals as of the dates set forth below.

Date _____

(Partnership - Permittee)

By: _____

(Partner)

Date _____

(Surety)

By: _____

Title: _____

[Note: Where one signs by virtue of Power of Attorney for a Surety the Power of Attorney must be filed with this bond.]

Permit No. _____

Illustration 1
(Page 4 of 4
Partnership)

ACKNOWLEDGEMENT OF PARTNERSHIP - PERMITTEE

On this ____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known, who being by me duly sworn, did say that he/she is a partner of _____, the partnership named in the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument on behalf of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Where negotiable securities are used as collateral, a completed POWER OF ATTORNEY AND AGREEMENT must be attached.

ACKNOWLEDGEMENT OF SURETY

On this ____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known, who being by me duly sworn, did say that he/she is a partner of _____, the partnership named in the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument on behalf of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Please identify the agent acting on behalf of the surety, if applicable.

AGENCY _____ PHONE _____

ADDRESS _____

Permit No. _____

Illustration 2
(Page 1 of 5)
Corporation

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (OSMRE)

SURETY BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

(Name of Corporation - Permittee)

(Street Address) (City) (State) (Zip)

a corporation organized and existing under the laws of the State of _____, as Principal, and

(Name and Address of Surety Company)
organized and existing under the laws of the State of _____
and licensed to do business in the State of _____, as
Surety, are held and firmly bound unto the United States of America
(OSMRE) in the sum of _____
(\$ _____) for the payment of which sum we hereby
jointly and severally bind ourselves, our successors, and assigns.

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above named Principal has submitted Permit Application No. _____, including a mining and reclamation plan, to conduct and reclaim a surface coal mining operations, as defined pursuant to the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §1201 et seq., (the Act) and its attendant regulations; and

Whereas, the Principal has chosen to file this performance bond as a guarantee that the reclamation of the land disturbed during this surface mining operation will be completed as required by the Act and 30 C.F.R. Chapter VII, and as specified in the Permit as issued;

Whereas, the Surety, and their successors and assigns agree to guarantee the obligation and to indemnify, defend, and hold harmless the United States Office of Surface Mining Reclamation and Enforcement (OSMRE) from any and all losses and expenses which OSMRE may sustain as a result of the Principal's failure to comply with the condition of the obligation;

Permit No. _____

Illustration 2
(Page 2 of 5)
Corporation

Whereas obligations guaranteed by this performance bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted:

Now, if the Principal faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 C.F.R. Chapter VII, and in its Permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of Office of Surface Mining Reclamation and Enforcement; and,
- (b) until the bond is released pursuant to 30 C.F.R. §800.40, replaced in accordance with 30 C.F.R. §800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. §774.17; and,
- (c) for a minimum period of _____ years, notwithstanding the requirements of sub-paragraphs (a) and (b) above, it being further understood that if the Principal performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond release, the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. §816.116(c) (4) or §817.116(c) (4).

The failure of the Principal to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall

Permit No. _____

Illustration 2
(Page 3 of 5)
Corporation

result in a forfeiture of this performance bond according to the procedures described in 30 C.F.R. §800.50.

The Surety shall 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 amount of the Surety's liability may be adjusted by OSMRE pursuant to 30 C.F.R. §800.15 for lands covered by this bond which have not been disturbed by the Principal, upon application by the Principal pursuant to 30 C.F.R. §774.13 for revision of the Permit to delete such acreage, and approval by OSMRE of such revision.

The Surety will give prompt notice to the Principal and to OSMRE of any notice received or action filed alleging the 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 to do business.

In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be given immediately to the Principal and to OSMRE.

Upon the incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, the Principal shall be deemed to be without bond coverage in violation of 30 C.F.R. §800.11, and subject to enforcement actions described in 30 C.F.R. §800.16(e)(2).

IN WITNESS THEREOF, the Principal and Surety have hereunto set their signatures and seals as of the dates set forth below.

Date _____

(Corporation - Permittee)

By: _____

(Corporate Officer)

Title: _____

Date _____

(Surety)

By: _____

Title: _____

[Note: Where one signs by virtue of Power of Attorney for a Surety Company such Power of Attorney must be filed with this bond.]

Permit No. _____

Illustration 2
Page 4 of 5
Corporation

ACKNOWLEDGEMENT OF CORPORATION - PERMITTEE

On this ____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

ACKNOWLEDGEMENT OF SURETY

On this ____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

Permit No. _____

Illustration 2
Page 5 of 5
Corporation

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Please identify the agent acting on behalf of the surety, if applicable.

AGENCY _____ PHONE _____

ADDRESS _____

Permit No. _____

Illustration 3
(Page 1 of 4)
Sole Proprietorship

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (OSMRE)

SURETY BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

_____ d/b/a _____
(Name of Individual) (Name of Company - Permittee)

_____ (Street Address) _____ (City) _____ (State) _____ (Zip)
a sole proprietorship, as Principal, and

_____ (Name and Address of Surety Company)
organized and existing under the laws of the State of _____
and licensed to do business in the State of _____, as
Surety, are held and firmly bound unto the United States of America
(OSMRE) in the sum of _____

(\$ _____) for the payment of which sum we hereby jointly and
severally bind ourselves, our successors, and assigns.

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above named Principal has submitted Permit
Application No. _____, including a mining and reclamation
plan, to conduct and reclaim a surface coal mining operation, as
defined pursuant to the Surface Mining Control and Reclamation
Act of 1977, 30 U.S.C. §1201 et seq., (the Act) and its attendant
regulations; and

Whereas, the Principal has chosen to file this performance
bond as a guarantee that the reclamation of the land disturbed
during this surface mining operation will be completed as
required by the Act and 30 C.F.R. Chapter VII, and as specified
in the Permit as issued;

Whereas, the Surety, and their successors and assigns
agree to guarantee the obligation and to indemnify, defend, and
hold harmless the United States office of Surface Mining
Reclamation and Enforcement (OSMRE) from any and all losses and
expenses which OSMRE may sustain as a result of the Principal's
failure, to comply with the condition of the obligation;

Permit No. _____

Illustration 3
(Page 2 of 4)
Sole Proprietorship

Whereas obligations guaranteed by this performance bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted:

.....

_____;

Now therefore, if the Obligor faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 C.F.R. Chapter VII, and in its Permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of Office of Surface Mining Reclamation and Enforcement; and,
- (b) until the bond is released pursuant to 30 C.F.R. §800.40, replaced in accordance with 30 C.F.R. §800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. §774.17; and,
- (c) for a minimum period of ____ years, notwithstanding the requirements of sub-paragraphs (a) and (b) above, it being further understood that if the Principal performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond release, the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. §816.116(c)(4) or §817.116(c)(4).

The failure of the Principal to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall result in forfeiture of this performance bond according to the procedures described in 30 C.F.R. §800.50.

Permit No. _____

Illustration 3
(Page 3 of 4)
Sole Proprietorship

The Surety shall 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 amount of the Surety's liability may be adjusted by OSMRE pursuant to 30 C.F.R. §800.15 for lands covered by this bond which have not been disturbed by the Principal, upon application by the Principal pursuant to 30 C.F.R. §774.13 for the revision of the Permit to delete such acreage, and approval by OSMRE of such revision.

The Surety will give prompt notice to the Principal and to OSMRE of any notice received or action filed alleging the 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 to do business.

In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be given immediately to the Principal and to OSMRE.

Upon the incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, the Principal shall be deemed to be without bond coverage in violation of 30 C.F.R. §800.11, and subject to enforcement actions described in 30 C.F.R. §800.16(e) (2).

IN WITNESS WHEREOF, the Principal and Surety have hereunto set their signature this ____ day of _____, 19__.

Date _____

(Company - Permittee)

By: _____

(Individual - Sole Proprietor)

Date _____

(Surety)

By: _____

Title: _____

[Note: Where one signs by virtue of Power of Attorney for a Surety the Power of Attorney must be filed with this bond.]

Permit No. _____

Illustration 3
(Page 4 of 4)
Sole Proprietorship

ACKNOWLEDGEMENT OF COMPANY - PERMITTEE

On this ____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ personally known to me to be the person whose name is subscribed to the foregoing instrument and who, being by me duly sworn, did say that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

ACKNOWLEDGEMENT OF SURETY

On this ____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known, who being by me duly sworn, did say that he/she is _____ of _____, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Please identify the agent acting on behalf of the surety, if applicable.

AGENCY _____ PHONE _____

ADDRESS _____

Permit No. _____

Illustration 4

RECEIPT OF DEPOSITARY FOR SECURITIES DEPOSITED BY BOND-APPROVING OFFICER

(City) (State) (Date)

The undersigned hereby acknowledges receipt from _____
 _____ (Name and Official
 _____, of the securities hereinafter
 _____ title of bond-approving officer)
 described, deposited by _____, as security in
 _____ (Name of obligor)
 support of an indemnity agreement, filed with OSMRE through
 _____, for _____
 _____ (Bureau or office) _____ (Description of obligation secured)
 Said securities ^{1/} are registered in the name of _____
 _____, and are assigned _____
 _____ (State form of assignment)

Title of securities	Coupon or registered	Total face amount	Denomination	Serial Number	Interest dates
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

The above-described securities will be returned only to or on the written order of said bond-approving officer or his successor in office, upon presentation and surrender of the original of this receipt. This receipt is executed in duplicate and is not assignable.

 (Signature of Depositary)

^{1/} This information to be furnished only in case of registered securities.

ACCEPTANCE OF PERFORMANCE BOND

PRINCIPAL: _____
 ADDRESS: _____
 PERMITTEE: _____ PERMIT NO. _____

BOND DOCUMENT DESCRIPTION:

<u>Type</u>	<u>Number</u>	<u>Amount</u>	<u>Date</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

TOTAL BOND AMOUNT: _____

PURPOSE: _____

In accordance with 30 CFR 942.800 of the Tennessee Federal Program, the Office of Surface Mining Reclamation and Enforcement (OSMRE) has received the reclamation performance bond described above. The Principal has filed, and OSMRE has accepted, this performance bond as a guarantee that the reclamation of the land disturbed during this surface mining operation will be completed as required by the Surface Mining Control and Reclamation Act of 1977 (30 USC 1201 et seq.) and 30 CFR Subchapter J, and as specified in the approved Permit, including the Mining and Reclamation Plan.

RECEIVED BY: _____
 (Name & Title)

DATE: _____
 (Signature)

RECEIPT OF BOND-APPROVING OFFICER
 FOR ELIGIBLE SECURITIES ACCEPTED AS SECURITY

 (City) (State) (Date)

The undersigned hereby acknowledges receipt of the securities hereinafter described, deposited as security in lieu of surety on

_____, filed with _____,
 (Description of bond) (Department)

through _____ for _____.
 (Bureau or Office) (Description of obligation)

Said securities are registered in the name of _____

_____, and are assigned _____.
 (Form of assignment)

Title of securities	Coupon or registered	Total Face Amount	Denomination	Serial Number	Interest Dates

This receipt is executed in duplicate, and the original must be surrendered by the obligor before the above described notes or bonds deposited are returned to him or her. This receipt is not assignable.

 (Signature and official title of bond approving officer)

Permit No. _____

Illustration 5
(Page 1 of 2)
Sole Proprietorship

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

POWER OF ATTORNEY AND AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, of

(Name of Company - Permittee)

(Street Address) (City) (State) (Zip)
do hereby constitute and appoint

(Name and official title of bond-approving officer)
and his/her successors in office, as attorney for me and in my name
to collect or to sell, assign, and transfer certain securities,
certificates of deposits or other instruments described as follows:

such negotiable securities having been deposited by me, as security
for the faithful performance of any and all of the conditions or
stipulations of a certain obligation entered into by me with the
United States, under date of _____, with

(Date Collateral Bond Signed)

respect to Permit No. _____, which is hereby made a part
hereof, and I agree that, in case of any default in the performance
of any of the conditions and stipulations of such under- taking, my
said attorney shall have full power to collect said securities or
any part thereof, or to sell, assign, and transfer said securities
or any part thereof without notice, at public or private sale, free
from any equity of redemption and without appraisalment or valuation,
notice and right to redeem being waived, and to apply the proceeds
of such sale or collection, in whole or in part, to the satisfaction
of any damages, demands, or deficiency arising by reason of such
default, as my said attorney may deem best; and the undersigned
further agrees that the authority herein granted is irrevocable.

Permit No. _____

Illustration 5
(Page 2 of 2)
Sole Proprietorship

And I hereby for myself, my heirs, executors, administrators and assigns, ratify and confirm whatever my said attorney shall do by virtue of these presents.

IN WITNESS WHEREOF, the Obligor has hereunto set his/her signature this _____ day of _____, 19____.

(Company - Permittee)
By: _____
(Individual - Sole Proprietor)

ACKNOWLEDGEMENT

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ personally known to me to be the person whose name is subscribed the foregoing instrument and who, being by me duly sworn, did say that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires:

Notary Public in and for said
County and State

NOTE: Securities must be described by issuing institution, title, date of maturity, rate of interest, denomination, serial number, and whether coupon or registered.

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

POWER OF ATTORNEY AND AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that

(Name of Corporation - Permittee)
a corporation duly incorporated under the laws of the State of _____,
in pursuance of a resolution of the board of directors of said corporation, passed on the _____ day of 19____,
does hereby constitute and appoint

(Name and official title of bond-approving officer)
and his/her successors in office, as attorney for said corporation,
for and in the name of said corporation to collect or to sell,
assign, and transfer certain securities, certificates of deposits or
other instruments described as follows: _____

such negotiable securities having been deposited by it, as security
for the faithful performance of any and all of the conditions or
stipulations of a certain obligation entered into by it with the
United States, under date of

_____, with respect to Permit No. _____,
(Date Collateral Bond Signed)

which is hereby made a part hereof, and the undersigned agrees that,
in case of any default in the performance of any of the conditions
and stipulations of such undertaking, its said attorney shall have
full power to collect said securities or any part thereof, or to
sell, assign, and transfer said securities or any part thereof
without notice, at public or private sale, free from any equity of
redemption and without appraisalment or valuation, notice and right
to redeem being waived, and to apply the proceeds of such sale or
collection, in whole or in part, to the satisfaction of any damages,
demands, or deficiency arising by reason of such default, as my said
attorney may deem best; and the undersigned further agrees that the
authority herein granted is irrevocable.

Permit No. _____

Illustration 6
(Page 2 of 2)
Corporation

And said corporation for itself, its successors and assigns, ratifies and confirms whatever its said attorney shall do by virtue of these presents

IN WITNESS WHEREOF, the Obligor has hereunto set its signature this _____ day of _____, 19____.

(Corporation - Permittee)

By: _____
(Corporate Officer)

Title: _____

ACKNOWLEDGEMENT

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

NOTE: Securities must be described by issuing institution, title, date of maturity, rate of interest, denomination, serial number, and whether coupon or registered.

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

POWER OF ATTORNEY AND AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned,
carrying on business in the partnership together under the firm name
and style of

(Name of Partnership - Permittee)

(Street Address) (City) (State) (Zip)

do hereby constitute and appoint

Name and official title of bond-approving officer)
and his/her successors in office, as attorney of me and each
partner, and of our said firm of

(Name of Partnership - Permittee)

in the name or names and on behalf of us and our said firm, to
collect, or to sell, assign and transfer certain securities,
certificates of deposits or other instruments described as follows:

such negotiable securities having been deposited by us, as security
for the faithful performance of any and all of the conditions or
stipulations of a certain obligation entered into by us with the
United States, under date of _____, with
respect to Permit No. _____, (Date Collateral Bond Signed)
which is hereby made a part hereof, and we agree that, in case of
any default in the performance of any of the conditions and
stipulations of such undertaking, our said attorney shall have full
power to collect said securities or any part thereof, or to sell,
assign, and transfer said securities or any part thereof without
notice, at public or private sale, free from any equity of
redemption and without appraisalment or valuation, notice and right
to redeem being waived, and to apply the proceeds of such sale or
collection, in whole or in part, to the satisfaction of any damages,
demands, or deficiency arising by reason of such default, as its

said attorney may deem best; and the undersigned further agrees that the authority herein granted is irrevocable.

Permit No. _____

Illustration 7
(Page 2 of 2)
Partnership

And we hereby for ourselves, our heirs, executors, administrators, and assigns, ratify and confirm whatever our said attorney shall do by virtue of these present.

IN WITNESS WHEREOF, the Obligor has hereunto set his/her signature this _____ day of _____, 19____.

(Partnership - Permittee)
By: _____
(Partner)

ACKNOWLEDGEMENT

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known, who being by me duly sworn, did say that he/she is a partner of _____, the partnership named in the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument on behalf of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

NOTE: Securities must be described by issuing institution, title, date of maturity, rate of interest, denomination, serial number, and whether coupon or registered.

Record of Reclamation
 Performance Bond(s) for
 Permit No. _____

In accordance with 30 CFR Part 800, the Office of Surface Mining Reclamation and Enforcement (OSMRE) has received the reclamation performance bond(s) described below. The Principal has filed, and OSMRE has accepted, this performance bond(s) as a guarantee that the reclamation of the land disturbed during this surface mining operation will be completed as required by the Surface Mining Control and Reclamation Act of 1977 (30 USC 1201 et seq) and 30 CFR Part J, and as specified in the approved Permit, including the Mining and Reclamation Plan.

Principal: _____

Permittee: _____

Permit No.: _____

Description of Bond:

A) Surety

Company	Number	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
		Subtotal _____

B) Negotiable Securities

Name of Issue & Bond No.	Face Value	Market Value
_____	_____	_____
_____	_____	_____
_____	_____	_____
		Subtotal _____

C) Certificates of Deposit, Savings Certificates, Bank Irrevocable Letters of Credit

Bank	Number	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
		Subtotal _____

Illustration 8A
(Page 2 of 2)

D) Cash, Certified, Check, Cashier's Check, Treasurer's Check Bank
Check No. Amount

_____	_____	_____
_____	_____	_____
_____	_____	Subtotal _____

Total Amount of Bond _____

Received for OSMRE:

(Name and Title)

(Signature)

(Date)

PERFORMANCE BOND RELEASE AUTHORIZATION

PRINCIPAL: _____
ADDRESS: _____
PERMITTEE: _____ PERMIT NO. _____

BOND DOCUMENT DESCRIPTION:

<u>Type</u>	<u>Number</u>	<u>Amount</u>	<u>Date</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

BOND AMOUNT: _____

REASON FOR RELEASE: _____

The performance bond documents described above are hereby released
by _____ hand, _____ mail to _____

RELEASE APPROVED BY: _____
(Name & Title)

DATE: _____
(Signature)

The signature below acknowledges receipt of the bond document(s)
described above. If received by mail, please sign, date and return
this form in the envelope provided.

DOCUMENT(S) RECEIVED BY: _____
(Company Representative Name & Title)

DATE: _____
(Signature)

RECEIPT OF OBLIGOR ON RETURN OF SECURITIES
SUPPORTING AN INDEMNITY AGREEMENT

(City) (State) (Date)

The undersigned hereby acknowledges receipt of the securities hereinafter described, deposited with _____

(Name and Official

_____, as security to support the title of bond-approving officer)

attached Indemnity Agreement, filed with OSMRE through

_____, for mining permit No. _____
(Bureau or office)

Said securities 1/ are registered in the name of _____,
and are assigned _____

(State form of assignment)

Title of securities	Coupon or registered	Total face amount	Denomination	Serial Number	Interest dates
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

This receipt is executed in duplicate.

(Signature of Obligor)

1/ This information to be furnished only in case of registered securities.

Permit No. _____

Illustration 9
(Page 1 of 3)
Sole Proprietorship

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (OSMRE)

COLLATERAL BOND AND INDEMNITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

_____, d/b/a _____,
(Name of Individual) (Name of Company - Permittee)

(Street Address) (City) (State) (Zip)
a sole proprietorship, as Obligor, is hereby held and firmly bound
unto the United States, OSMRE, in the sum of _____
(\$ _____).

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above named Obligor has submitted Permit Application No. _____, including a mining and reclamation plan, to conduct and reclaim a surface coal mining operation, as defined pursuant to the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §1201 et se ., (the Act) and its attendant regulations; and

Whereas, the Obligor has chosen to post as collateral one of the instruments of indemnification specified in 30 C.F.R. §800.5(b), namely _____ in the amount of

(\$ _____) and deposited with the Office of Surface Mining Reclamation and Enforcement as a guarantee that the reclamation of the land disturbed during this surface coal mining operation will be completed as required by the Act and 30 C.F.R. Chapter VII, and as specified in the Permit as issued;

Whereas, the Obligor, and their successors and assigns agree to guarantee the obligation and to indemnify, defend, and hold harmless the United States, Office of Surface Mining Reclamation and Enforcement (OSMRE) from any and all losses and expenses which OSMRE may sustain as a result of the Obligor's failure to comply with the condition of the obligation;

Permit No. _____

Illustration 9
(Page 2 of 3)
Sole Proprietorship

Whereas obligations guaranteed by this performance bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted:

_____;

Now therefore, if the Obligor faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 C.F.R. Chapter VII, and in its permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning on the date of the approval and issuance of Permit No. ____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of Office of Surface Mining Reclamation and Enforcement; and,
- (b) until the bond is released pursuant to 30 C.F.R. §800.40, replaced in accordance with 30 C.F.R. §800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. §774.17; and,
- (c) for a minimum period of ____ years, notwithstanding the requirements of sub-paragraphs (a) and (b) above, it being further understood that if the Obligor performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond release, the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. §816.116(c) (4) or §817.116(c) (4).

Permit No. _____

Illustration 9
(Page 3 of 3)
Sole Proprietorship

The failure of the Obligor to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall result in forfeiture of the collateral posted with this performance bond according to the procedures described in 30 C.F.R. §800.50.

IN WITNESS WHEREOF, the Obligor has hereunto set his/her signature this ____ day of _____, 19__.

(Company - Permittee)

By: _____
(Individual - Sole Proprietor)

ACKNOWLEDGEMENT

On this ____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ personally known to me to be the person whose name is subscribed to the foregoing instrument and who, being by me duly sworn, did say that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Where negotiable securities are used as collateral, a completed POWER OF ATTORNEY AND AGREEMENT must be attached.

Permit No. _____

Illustration 10
(Page 1 of 3)
Partnership

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (OSMRE)

COLLATERAL BOND AND INDEMNITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

(Partnership - Permittee)

(Street Address) (City) (State) (Zip)

a partnership, as Obligor, is hereby held and firmly bound unto the United States of America, OSMRE, in the sum of

(\$_____).

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above named Obligor has submitted Permit Application No. _____, including a mining and reclamation plan, to conduct and reclaim a surface coal mining operation, as defined pursuant to the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §1201 et seq., (the Act) and its attendant regulations; and

Whereas, the Obligor has chosen to post as collateral one of the instruments of indemnification specified in 30 C.F.R. §800.5(b), namely

_____ in the amount of

(\$_____), and deposited with the Office of Surface Mining Reclamation and Enforcement as a guarantee that the reclamation of the land disturbed during this surface coal mining operation will be completed as required by the Act and 30 C.F.R. Chapter VII, and as specified in the Permit as issued;

Whereas, the Obligor, and their successors and assigns agree to guarantee the obligation and to indemnify, defend, and hold harmless the United States Office of Surface Mining Reclamation and Enforcement (OSMRE) from any and all losses and expenses which OSMRE may sustain as a result of the Obligor's failure to comply with the condition of the obligation;

Permit No. _____

Illustration 10
(Page 2 of 3)
Partnership

Whereas obligations guaranteed by this performance bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted:

Now therefore, if the Obligor faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 C.F.R. Chapter VII, and in its permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of Office of Surface Mining Reclamation and Enforcement; and,
- (b) until the bond is released pursuant to 30 C.F.R. §800.40, replaced in accordance with 30 C.F.R. §800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. §774.17; and,
- (c) for a minimum period of _____ years, notwithstanding the requirements of sub-paragraphs (a) and (b) above, it being further understood that if the Obligor performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond release, the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. §816.116(c) (4) or §817.116(c) (4).

Permit No. _____

Illustration 10
(Page 3 of 3)
Partnership

The failure of the Obligor to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall result in forfeiture of the collateral posted with this performance bond according to the procedures described in 30 C.F.R. §800.50.

IN WITNESS WHEREOF, the Obligor has hereunto set his/her signature this ____ day of _____, 19__.

(Partnership - Permittee)

By: _____
(Partner)

ACKNOWLEDGEMENT

On this ____ day of _____, 19__,, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known, who being by me duly sworn, did say that he/she is a partner of _____, the partnership named in the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument on behalf of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

NOTE: Where negotiable securities are used as collateral, a completed POWER OF ATTORNEY AND AGREEMENT must be attached.

Permit No. _____

Illustration 11
(Page 2 of 3)
Corporation

Whereas obligations guaranteed by this bond shall be in effect for the following described lands approved as the permit area or increment upon which initial or succeeding operations will be conducted . . .

Now therefore, if the obligor faithfully completes all reclamation and abatement requirements set forth in the Act, in 30 CFR Chapter VII, and in its permit, including the mining and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) beginning s on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work pursuant to the Act, 30 C.F.R. Chapter VII, and the permit has been completed to the satisfaction of OSMRE; and
- (b) until the bond is released pursuant to 30 C.F.R. 800.40, replaced in accordance with 30 C.F.R. 800.30, or until the permit has been sold, reassigned or otherwise transferred in accordance with 30 C.F.R. 774.17; and,
- (c) extending for a minimum period of _____ years, notwithstanding the requirements of sub-Paragraphs (a) and (b) above, it being further understood that if the Obligor performs any augmented seeding, fertilization or other supplemental reclamation work on the site prior to bond released the period of liability under this bond shall begin again subject to the exception found in 30 C.F.R. 816.116(c) (4) or 817.116(c) (4).

The failure of the Obligor to fulfill the obligations specified by the Act, 30 C.F.R. Chapter VII, and its permit, shall result in forfeiture of the collateral posted with this indemnity agreement according to the procedures described in 30 C.F.R. 800.50.

Permit No. _____

Illustration 11
(Page 3 of 3)
Corporation

IN WITNESS WHEREOF, the Obligor has hereunto set its signature and seal this _____ day of _____, 19__.

(Corporation - Permittee)

by: _____
(Corporate Officer)

Title: _____

ACKNOWLEDGEMENT

On this _____ day of _____, 19__, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____, of the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed, and delivered in behalf of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____

Notary Public in and for said
County and State

Note: Where negotiable securities are used as collateral, a completed POWER OF ATTORNEY AND AGREEMENT must be attached.

Permit No. _____

Illustration 12
(Page 1 of 3)
Corporation

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

ASSIGNMENT OF CERTIFICATE OF DEPOSIT

WHEREAS, on the _____ day of _____, 19____

_____, of
(Name of Corporation - Permittee)

(Street Address) (City) State) (Zip)
executed certain certificate(s) of deposit described as follows:

to secure performance of certain reclamation under Surface Coal
Mining and Reclamation Permit No. _____.

WHEREAS, under 30 CFR 800.21(a)(3) the permittee is required to
post an acceptable new certificate or provide an executed assignment
of the existing certificate made payable to the regulatory
authority.

NOW THEREFORE, to satisfy the requirements of 30 CFR
800.21(a)(3), the undersigned, _____
(Name of Corporation - Permittee)
as Obligor, hereby assigns its interest in the certificate(s) of
deposit as described above, made payable to "the United States,
Office of Surface Mining Reclamation and Enforcement."

THE CONDITION OF THE ABOVE ASSIGNMENT is such that the
certificate shall:

- (a) be assigned to the United States, Office of Surface Mining
Reclamation and Enforcement, both in writing and upon the
books of the institution issuing such certificates;
- (b) individually not exceed \$100,000, or the maximum insurable
amount as determined by F.D.I.C. and F.S.L.I.C;

Permit No. _____

Illustration 12
(Page 2 of 3)
Corporation

- (c) be conditioned upon the Issuing Institution waiving all rights of set-off or liens which it has or may have against those certificates;
- (d) be deposited in sufficient amounts, so that liquidation of those certificates prior to maturity would provide the required bond amount;
- (e) the assignment shall remain in full force and effect until released in writing by the Office of Surface Mining Reclamation and Enforcement.

This assignment shall be valid throughout any maturity redemption period as designated by the Issuing Institution, and shall also automatically renew itself when the certificate(s) of deposit is renewed.

IN WITNESS WHEREOF, the Obligor has hereunto set its signature and seal this _____ day of _____, 19____

(Corporation - Permittee)

By: _____
(Corporate Officer)

Title: _____

IN WITNESS WHEREOF, the Issuing Institution has hereunto set its signature and seal this _____ day of _____, 19____

(Issuing Institution)

By: _____

Title: _____

Permit No. _____

Illustration 12
(Page 3 of 3)
Corporation

ACKNOWLEDGEMENT OF CORPORATION - PERMITTEE

On this ____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

ACKNOWLEDGEMENT OF ISSUING INSTITUTION

On this ____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the Issuing Institution named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said Issuing Institution, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

Permit No. _____

Illustration 13
(Page 1 of 3)
Partnership

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

ASSIGNMENT OF CERTIFICATE OF DEPOSIT

WHEREAS, on the _____ day of _____, 19____

_____, of
(Name of Partnership - Permittee)

(Street Address) (City) (State) (Zip)
executed certain certificate(s) of deposit described as follows:

to secure performance of certain reclamation under Surface Coal
Mining and Reclamation Permit No. _____.

WHEREAS, under 30 CFR 800.21(a) (3) the permittee is required to
post an acceptable new certificate or provide an executed assignment
of the existing certificate made payable to the regulatory
authority.

NOW THEREFORE, to satisfy the requirements of 30 CFR
800.21(a) (3), the undersigned, _____
(Name of Partnership - Permittee)
as Obligor, hereby assigns its interest in the certificate(s) of
deposit, as described above, made payable to the "United States,
Office of Surface Mining Reclamation and Enforcement."

THE CONDITION OF THE ABOVE ASSIGNMENT is such that the
certificate shall:

- (a) be assigned to the United States, Office of Surface Mining
Reclamation and Enforcement, both in writing and upon the
books of the institution issuing such certificates;
- (b) individually not exceed \$100,000, or the maximum insurable
amount as determined by F.D.I.C. and F.S.L.I.C;

Permit No. _____

Illustration 13
(Page 2 of 3)
Partnership

- (c) be conditioned upon the Issuing Institution waiving all rights of set-offs or liens which it has or may have against those certificates;
- (d) be deposited in sufficient amounts, so that liquidation of those certificates prior to maturity would provide the required bond amount;
- (e) that the assignment shall remain in full force and effect until released in writing by The Office of Surface Mining Reclamation and Enforcement.

This assignment shall be valid throughout any maturity redemption period as designated by this Issuing Institution, and shall also automatically renew itself when the certificate(s) of deposit is renewed.

IN WITNESS WHEREOF, the Obligor has hereunto set his/her signature this _____ day of _____, 19__.

(Partnership - Permittee)

By: _____
(Partner)

IN WITNESS WHEREOF, the Issuing Institution has hereunto set its signature and seal this _____ day of _____, 19__

(Issuing Institution)

By: _____

Title: _____

Permit No. _____

Illustration 13
(Page 3 of 3)
Partnership

ACKNOWLEDGEMENT OF PARTNERSHIP - PERMITTEE

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____,

appeared _____, to me personally known, who being by me duly sworn, did say that he/she is a partner of _____, the partnership named in the foregoing instrument, and that he/she, being authorized so to do, executed the foregoing instrument on behalf of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

ACKNOWLEDGEMENT OF ISSUING INSTITUTION

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____

_____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the Issuing Institution named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said Issuing Institution, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

Permit No. _____

Illustration 14
(Page 1 of 3)
Sole Proprietorship

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

ASSIGNMENT OF CERTIFICATE OF DEPOSIT

WHEREAS, on the _____ day of _____, 19____

_____, of
(Name of Company - Permittee)

(Street Address) (City) (State) (Zip)
executed certain certificate(s) of deposit described as follows:

to secure performance of certain reclamation under Surface Coal Mining and Reclamation Permit No. _____.

WHEREAS, under 30 CFR 800.21(a)(3) the permittee is required to post an acceptable new certificate or provide an executed assignment of the existing certificate made payable to the regulatory authority.

NOW THEREFORE, to satisfy the requirements of 30 CFR 800.21(a)(3), the undersigned, _____
(Name of Company - Permittee)
as Obligor, hereby assigns its interest in the certificate(s) of deposit as described above, made payable to "the United States, Office of Surface Mining Reclamation and Enforcement."

THE CONDITION OF THE ABOVE ASSIGNMENT is such that the certificate shall:

- (a) be assigned to the United States, Office of Surface Mining Reclamation and Enforcement both in writing and upon the books of the institution issuing such certificates;
- (b) individually not exceed \$100,000, or the maximum insurable amount as determined by F.D.I.C. and F.S.L.I.C;

Permit No. _____

Illustration 14
(Page 2 of 3)
Sole Proprietorship

- (c) be conditioned upon the Issuing Institution waiving all rights of set-off or liens which it has or may have against those certificates;
- (d) be deposited in sufficient amounts, so that liquidation of those certificates prior to maturity would provide the required bond amount.
- (e) that the assignment shall remain in full force and effect until released in writing by the Office of Surface Mining Reclamation and Enforcement.

This assignment shall be valid throughout any maturity redemption period as designated by the Issuing Institution, and shall also automatically renew itself when the certificate(s) of deposit is renewed.

IN WITNESS WHEREOF, the Obligor has hereunto set its signature and seal this _____ day of _____, 19____

(Company- Permittee)

By: _____
(Individual - Sole Proprietor)

IN WITNESS WHEREOF, the Issuing Institution has hereunto set its signature and seal this _____ day of _____, 19____

(Issuing Institution)

By: _____

Title: _____

Permit No. _____

Illustration 14
(Page 3 of 3)
Sole Proprietorship

ACKNOWLEDGEMENT OF COMPANY - PERMITTEE

On this ____ day of _____, 19__ , before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ personally known to me to be the person whose name is subscribed to the foregoing instrument and who, being by me duly sworn, did say that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

ACKNOWLEDGEMENT OF ISSUING INSTITUTION

On this ____ day of _____, 19__ , before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____ the Issuing Institution named in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said Issuing Institution, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

My Commission Expires: _____
Notary Public in and for said
County and State

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

SELF-BOND AGREEMENT

Know all men by these presents, that the undersigned, _____

(State name and form of business organization of the Permit Application) duly authorized to do business in the State of _____

AS PRINCIPAL, is held firmly bound unto the United States, Office of Surface Mining Reclamation and Enforcement, in the sum of _____

(\$ _____), lawful money of the United States of America, to be paid to the United States - Office of Surface Mining Reclamation and Enforcement upon order of forfeiture by an authorized representative of the Office of Surface Mining Reclamation and Enforcement, pursuant to 30 CFR 800.50. For the payment of said sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors, and assigns.

Whereas, the Office of Surface Mining Reclamation and Enforcement issued Permit to Mine Number(s) _____ and dated _____, and revisions(s) numbered _____ and dated _____ pursuant to the application of the Principal.

Whereas, (check one of the following):

- (a) _____ This is an original agreement.
- (b) _____ This is an agreement in addition to previous bond agreement(s) for the above referenced permit(s) to mine and which agreement(s) remain(s) in full force and effect
- (c) _____ This is a replacement agreement for:

1. Bond Number _____ Principal _____
 Surety _____ Dated _____

2. Bond Number _____ Principal _____
 Surety _____ Dated _____

3. Bond Number _____ Principal _____
 Surety _____ Dated _____

Self-Bond No. _____

Illustration 15
(Page 3 of 4)

to the Office of Surface Mining Reclamation and Enforcement has been submitted to replace this obligation.

The principal herein further understands and agrees that the procedures for the adjustment of the amount under this bond are specified in 30 CFR 800.15; that procedures governing the release of all or part of this bond are specified in 30 CFR 800.40; and that the procedures for the forfeiture of this bond are specified in 30 CFR 800.50.

NOW, THEREFORE, the conditions of this obligation are such that if the said principal herein shall comply with the terms and conditions of said permit, revisions, and renewals thereto, the provisions of and obligations imposed by the Surface Mining Control and Reclamation Act and any amendments thereto, then the release of this obligation shall proceed as specified in 30 CFR 800.40.

The principal herein further agrees that this bond is posted to insure the permittee's performance upon all acres specified in the above permit. Upon bond forfeiture pursuant to 30 CFR 800.50, all bond or bonds which continue to be held by the Office of Surface Mining Reclamation and Enforcement for all bonding within the above permit may be forfeited and the forfeited bond or bond increments may be used by the Office of Surface Mining Reclamation and Enforcement to complete the reclamation plan or a modified plan for any or all acres in the above permit and to cover associated administrative expenses.

The principal herein further agrees and understands that this self-bond may continue to remain in full force and effect as long as all information required by 30 CFR 800.23(f) is submitted within ninety (90) days after the close of each fiscal year following the issuance of the self-bond to the Office of Surface Mining Reclamation and Enforcement, and demonstrates the principal and/or guarantor remains qualified. The failure by the principal to file this information in a timely manner shall in no manner impinge upon or prejudice the rights held by the United States under this Agreement. Further, this agreement remains in full force and effect until released or substituted in accordance with the requirements of the Surface Mining Control and Reclamation Act.

The principal herein further agrees and understands that the authorized representative of the Secretary may require a substitution of this self-bond by a good, corporate surety licensed to do business in the State of _____, or other form of bond allowed by 30 CFR 800.12 (a), (b), or (d).

Self-Bond No. _____

Illustration 15
(Page 4 of 4)

In witness whereof, we, the said parties, have set our hand and seals.

PRINCIPAL

Signed and executed this _____ day of _____, 19__

BY: _____ BY: _____

TITLE: _____ TITLE: _____

State of _____)
County of _____) SS.

ALL APPLICABLE CORPORATE ACKNOWLEDGEMENTS ARE ATTACHED HERETO AS PART OF THIS AGREEMENT.

This foregoing instrument was acknowledged by me _____, this _____ day of _____, 19__.

Witness my hand and official seal. _____
(Notary Public or other authorized officer)

My Commission Expires: _____

RESIDENT AGENT FOR SERVICE

Resident Agent: _____ Date: _____

Address: _____

Approved as to form and execution:

BY: _____ Date: _____

APPROVED: _____ Date: _____

SELF-BONDING INDEMNITY AGREEMENT

Permit No. _____
Self-Bond No. _____

THIS AGREEMENT OF INDEMNITY, by and between the United States, Office of Surface Mining Reclamation and Enforcement, (hereinafter referred to as OSMRE), as indemnitee, and _____, duly authorized to do business in the State of _____, as indemnitor, (hereinafter referred to as the "Operator");

WHEREAS, Operator has filed with OSMRE an application to self-bond in compliance with 30 USC 1259 et. seq., and the rules and regulations promulgated thereunder, in connection with Operator's Mining Permit No. _____;

WHEREAS, Operator has satisfied the self-bonding requirements and criteria set by OSMRE;

WHEREAS, Operator desires to indemnify OSMRE from all loss and costs associated with its self-bond No. _____;

WHEREAS, Operator has the full authority under the laws of the State of _____, under which it is incorporated, its articles of incorporation and bylaws to enter into this Indemnity Agreement;

WHEREAS, Operator has full approval from its Board of Directors to enter into this Indemnity Agreement;

WHEREAS, it is in the best interests of Operator, in the legitimate furtherance of its purposes and business, to enter into this Indemnity Agreement;

WHEREAS, OSMRE, has the legal authority to administer the bonding requirements for coal mine operations in the State of _____;

NOW THEREFORE, effective upon the execution of this agreement by both parties, for value received, and in consideration of the approval and execution of self-bond, number _____, it is agreed by and between the Operator and OSMRE as follows:

- I. Operator, their successors and assigns, jointly and severally do hereby covenant and agree to indemnify OSMRE from and against any and all demands, liabilities, charges, costs, and expenses of whatsoever kind or nature, which OSMRE may sustain or incur in

consequence of the failure by the Operator to faithfully perform all the requirements of the Surface Mining Control and Reclamation Act (SMCRA) and any amendments thereto, OSMRE regulations and amendments thereto, and applicable federal laws and regulations as they apply to mining operations under the aforesaid mining permit No. _____ and the mining and reclamation plans approved therewith. With the exception of litigation costs as referenced in paragraph VI, Operator's liability hereunder shall not exceed the principal amount set forth in Operator's self-bond No. _____.

- II. Upon this agreement becoming effective, OSMRE shall deliver and execute, as necessary, to the Operator, any and all documents and forms needed to allow the Operator to release any existing bonds, letters of credit, certificates of deposit, cash or government securities that are being replaced by this self-bond and self-bonding indemnity agreement.
- III. This indemnity agreement is continuous and is to be in full force and effect until all of the terms of the operator's self-bond have been satisfactorily performed or otherwise discharged to the satisfaction of OSMRE.
- IV. Operator hereby fully consents and agrees that any of the following shall not affect nor change or discharge the obligations of this indemnity agreement:
 1. Any renewals, revisions, modifications or riders to the terms of the self-bond, number _____, including increases or decreases in the dollar amount of the bond, or the lands to which it applies, in accordance with the requirements of the Surface Mining Control and Reclamation Act and the rules and regulations promulgated thereunder.
 2. Any extension of time for performance of the whole or any part of the conditions of the self-bond, number _____.

3. Any changes, revisions, modifications or renewals to the terms of the permit, number _____ including the mining and reclamation plans contained therein.
- V. If in the OSMRE's opinion the operator has refused or is unable to conduct reclamation of an unabated violation, or if the terms of permit No. _____, are not met, or if the operator defaults on the conditions under which this bond is accepted, OSMRE may institute bond forfeiture proceedings against the Operator in accordance with the forfeiture proceedings set forth in 30 CFR 800.50.

In the event an order of forfeiture is entered by an authorized representative of OSMRE against Operator requiring the forfeiture of all or any part of the self-bond, OSMRE will mail to Operator written demand for payment of the amount of the self-bond which was so ordered forfeited and Operator shall pay such amount in full to the indemnitee making the demand in immediately available federal funds, within ten (10) business days after receipt of such demand. Payment shall be made to such bank account as OSMRE shall specify in the demand notice to Operator. If such order is vacated, reversed, or otherwise made unenforceable by court or administrative agency of competent jurisdiction, any amount previously paid to OSMRE by Operator hereunder shall be refunded to Operator in full within thirty (30) business days after receipt of a certified copy of the ruling, order or other action by such court or administrative agency. Any refund to Operator by OSMRE shall be in immediately available federal funds and shall be made to such bank account as Operator may specify in writing to the Department.

- VI. In the event OSMRE initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements under this indemnity agreement, the Operator agrees to pay all litigation costs incurred by OSMRE in any successful effort to enforce this agreement against the Operator with respect to the operations or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the operation or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the litigation costs and all administrative costs reasonably incurred in the course of enforcing or in preparation to enforce the rules and regulations for self-bonding against the Operator with respect to the operation or activity for

which this agreement is made. Liability for payment of litigation costs shall not be limited by the principal amount of the Operator's self-bond. Operator agrees that vouchers or other proper evidence showing payment shall be conclusive evidence of the fact and amount of liability of such costs.

- VII. This agreement shall be deemed terminated in whole or in part; (a) when and as OSMRE certifies in writing to the Operator that Operator has successfully completed as required by the Surface Mining Control and Reclamation Act and any amendments thereto, and applicable federal laws and regulations, the mining and reclamation activities pursuant to Mining Permit No. _____, for which this agreement is posted; or (b) when and as OSMRE certifies in writing to the operator that the operator has provided an acceptable corporate surety bond, letter of credit or other security complying with 30 CFR 800.12 in substitution for this agreement; or (c) when OSMRE otherwise authorizes release of this agreement in whole or in part to the Operator pursuant to the Surface Mining Control and Reclamation Act and the rules and regulations promulgated thereunder.

Operator shall have the right at any time to post a corporate surety bond, letter of credit or other securities complying with 30 CFR 800.12 in substitution for and release of all or part of this agreement. Operator shall notify OSMRE in writing of any such substitution, and OSMRE shall notify the Operator in writing of the acceptability of any such substitution. Said substitution shall not be valid and effective until OSMRE certifies such in writing.

- VIII. There are no conditions or limitations to this indemnity agreement except those contained herein at the date hereof, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the Operator, and approved by OSMRE.
- IX. Operator agrees to pay all costs and expenses incurred by OSMRE which are expended in any successful action instituted to enforce the terms of this indemnity agreement.
- X. This indemnity agreement shall be good and effective notwithstanding any change or changes in the business name

of the Operator.

XI. No changes, revisions, modifications or renewals to the self-bond of the Operator or the terms of permit number _____ shall act as a release of the Operator from this indemnity agreement.

XII. All notices required to, or which may be given shall be effective when received by the addressees at the addresses specified below.

1. For the Operator:

2. For OSMRE:

U.S. Department of the Interior
Office of Surface Mining Reclamation and Enforcement

Personal delivery shall have the same effect as notice given by mail. Notices given by mail shall be sent certified.

XIII. In case of the insolvency, bankruptcy or dissolution of the Operator, all funds represented by the self-bond shall immediately become due and payable.

XIV. The failure of any person or persons to sign this indemnity agreement shall not release or affect the liability of the Operator.

XV. This indemnity agreement is a binding contract and shall be construed under and subject to the laws of the United States of America.

XVI. This agreement, together with the application for self-bonding applicable to Mining Permit No. _____, contain the entire agreement of the parties hereto with respect to indemnification.

XVII. If permitted under the laws of the State where Operator's mine operation is located, this indemnity agreement when under forfeiture shall operate as a judgement against those parties liable under this indemnity agreement.

Self-Bond No. _____

Illustration 16
(Page 7 of 8)

XXI. EXECUTION BY GUARANTORS:

GUARANTOR

BY: _____ TITLE: _____

BY: _____ TITLE: _____

ATTEST:

THE STATE OF: _____)

COUNTY OF: _____)

SS.

The foregoing instrument was acknowledged, subscribed and sworn
to before me this _____ day of _____,
19____.

NOTARY PUBLIC

My Commission Expires:

XX. CORPORATE ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit B.

Self-Bond No. _____

Illustration 16
(Page 8 of 8)

XXIII. EXECUTION BY OSMRE

In witness whereof, this Agreement is dated and effective as of
_____, 19__.

U.S. OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

BY: _____
OSMRE Authorized Representative

DATE: _____

The foregoing instrument was acknowledged, subscribed and sworn
to before me this _____ day of _____, 19__.

Witness my hand and official seal.

NOTARY PUBLIC

My Commission Expires:

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

SELF-BOND CORPORATE GUARANTEE

WITNESSETH

Permit No. _____
Self-Bond No. _____

WHEREAS _____
(hereinafter referred to as Guarantor),

WHEREAS Guarantor satisfies the financial requirements and criteria set by the Office of Surface Mining Reclamation and Enforcement (OSMRE) rules and regulations;

WHEREAS Operator has requested and desires to place with OSMRE its self-bond to secure reclamation obligations;

WHEREAS Guarantor desires to guarantee the funds pledged under self-bond of _____, the Operator;

WHEREAS Guarantor has the full authority under the laws of the State of _____, under which it is incorporated, its articles of incorporation and bylaws to enter into this guarantee;

WHEREAS Guarantor has full approval from its Board of Directors to enter into this guarantee;

WHEREAS it is in the best interests of Guarantor, in the legitimate furtherance of its purposes and business, to enter into this guarantee;

WHEREAS OSMRE, pursuant to the Surface Mining Control and Reclamation Act, has the legal authority to administer the bonding requirements for mine operations in the State of _____.

I. NOW, for value received, and in consideration of the approval and execution of self-bond number _____, Guarantor, a corporation created and existing under the laws of the State of _____, its successors and assigns, jointly and severally, do hereby covenant, guarantee, promise and agree to make prompt payment upon demand of the full amount, or portions thereof as requested by OSMRE, of the self-bond of Operator, self-bond no. _____, on the terms and conditions described herein, said payment of monies to be used for the reclamation of all lands affected under permit _____ in accordance with the provisions and requirements of 30 CFR 800.23, and the Surface Mining Control and Reclamation Act and any amendments hereto, with applicable Federal laws and regulations, and the terms and conditions of

the permit. This guarantee covers any and all demands, liabilities, charges, and expenses of whatsoever kind of nature, which OSMRE may at any time sustain or incur by reason of or in consequence of having accepted the self-bond of Operator, including all litigation costs and all administrative costs reasonably incurred by OSMRE in any effort to enforce obligations and requirements of the operator with respect to the operation or activity that is bonded.

- II. This guarantee is a continuing guarantee and is to be in full force and effect until all of the terms of Operator's self-bond have been satisfactorily performed or otherwise discharged to the satisfaction of OSMRE.
- III. Guarantor hereby fully consents to the following, any of which shall not affect nor change or discharge the obligations of this guarantee:
 - 1. Any renewals, revisions, modifications to the terms of the self-bond, number _____, including increases or decreases in the dollar amount of the bond, or the lands to which it applies, in accordance with the requirements of the Surface Mining Control and Reclamation Act and the rules and regulations promulgated thereunder.
 - 2. Any extension of time for performance of the whole or any part of the conditions of the self-bond, number _____.
 - 3. Any changes, revisions, modifications or renewals to the terms of the permit, number _____, including the mining and reclamation plans contained therein.
- IV. Guarantor expressly waives the following:
 - 1. Notice of the acceptance of this guarantee by OSMRE.
 - 2. Notice of renewals, revisions, modifications to the self-bond number _____.
 - 3. Notice of changes, revisions, modifications or renewals to the terms of the permit of the Operator, permit number _____.
 - 4. Notice of any extensions of time for performance of the whole or any part of the condition of the self-bond, number _____.
 - 5. Notice of bond forfeiture proceedings, notice of any demand for payment of self-bond; or, any dishonor thereof.

6. All other notices to which Guarantor might otherwise be entitled in connection with this guarantee or the obligation hereby guaranteed.
 7. The institution of any civil actions or the exhaustion of legal remedies against the Operator as a condition to enforcement of this guarantee.
 8. It is understood that any notice provided by the United States of America to the Guarantor shall not constitute a release or modification of the above waivers.
- V. This guarantee is subject to the following conditions, to wit:
1. Any demand for funds shall be accompanied by a signed statement that the Office of Surface Mining Reclamation and Enforcement has forfeited, in whole or in part, the self-bond, number _____, and one copy of the order of forfeiture is attached.
 2. This guarantee shall be limited in amount as follows:
 - a. Reclamation costs: the indebtedness reflected by the approved self-bond existing at the time of bond forfeiture by OSMRE.
 - b. Litigation and administrative costs: the actual amount of such costs reasonably incurred in any successful effort to enforce requirements and obligations of the Operator and/or the obligations of the Guarantor under this agreement. Litigation and administrative costs shall not be limited by the indebtedness reflected by the approved self-bond.
 3. If the Operator fails to complete the reclamation as required by the Surface Mining Control and Reclamation Act and any amendments thereto, and the terms and conditions of the permit, the Guarantor shall be required to complete the approved reclamation plan for the lands in default or to pay to OSMRE the amount in full necessary to complete the approved reclamation plan, not to exceed the bond amount, within ten (10) business days after receipt of OSMRE's demand for payment. Guarantor hereby agrees that demands for payment may be based and are payable on projections of costs or their actual accrual and that liability for payment shall not be contingent on the costs having been presently sustained.

4. This guarantee may be cancelled only upon notice of said cancellation being sent to the Operator and OSMRE at least ninety (90) days in advance of the proposed cancellation date and then only upon acceptance of the cancellation by OSMRE. The cancellation shall be accepted by OSMRE if the Operator obtains a suitable replacement bond before the proposed cancellation date and then only if the lands for which the self-bond, or portion thereof, was accepted have not and will not be disturbed under the terms of the permit, or the self-bond has been released in accordance with the provisions of the Surface Mining Control and Reclamation Act and the rules and regulations promulgated thereunder.
- VI. This guarantee shall be and continue effective notwithstanding any present or future legal disability of the Operator.
- VII. There are no conditions or limitations to this guarantee except those contained herein at the date hereof, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the guarantor, and approved by OSMRE.
- VIII. Guarantor agrees to pay all costs and expenses incurred by OSMRE which are expended in any successful action instituted to enforce the terms of this guarantee.
- IX. This guarantee shall be good and effective notwithstanding any change or changes in the business name of the Operator.
- X. No changes, revisions, modifications or renewals to the self-bond of the Operator or the terms of permit number _____ shall act as a release of the Guarantor from this guarantee.
- XI. All notices required to, or which may be given shall be effective when received by the addressees at the addresses specified below:
1. For the Guarantor:
 2. For OSMRE:

U.S. Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Personal delivery shall have the same effect as notice given by mail. Notices given by mail shall be sent certified.

Self-Bond No. _____

Illustration 17
(Page 6 of 6)

XVIII. OSMRE-AUTHORIZED REPRESENTATIVE SIGNATURE:

BY: _____ Date: _____

OSMRE-Authorized Representative and Title

The foregoing instrument was acknowledged and subscribed to before
me this _____ day of _____, 19____.

Witness my hand and official seal.

NOTARY PUBLIC

My Commission Expires: _____

Permit No. _____

Illustration 18
(Page 1 of 3)

United States Department of the Interior
Office of Surface Mining Reclamation and Enforcement
RECLAMATION PERFORMANCE BOND INCREASE/DECREASE RIDER

To be attached to and form a part of Surety Company Bond No.
_____ written by _____
AS SURETY, on behalf of _____
AS PRINCIPAL, in the sum of _____
DOLLARS (\$_____), in favor of the United States, Office of
Surface Mining Reclamation and Enforcement (OSMRE) and executed on

Whereas, the OSMRE issued permit to Mine number _____ and
dated on _____, and renewals and revisions numbered and dated
_____ pursuant to the application of the Principal,

Whereas, said bond and rider shall cover any and all land
affected or to be affected by the mining operation under the above
mentioned permit and revisions and renewals since the date of the
issuance of the permit,

Now, therefore, the amount of the bond is increased/decreased
by _____ Dollars (\$_____), to a total sum
of _____ Dollars (\$_____),
to cover the additional/reduced cost of reclaiming all affected
lands. It is further understood and agreed that all other terms and
conditions of this bond shall remain unchanged.

PRINCIPAL

Signed and executed this _____ day of _____, 19____:

BY: _____

TITLE: _____ (Corporate

State of _____) Seal)

County of _____)SS.

The foregoing instrument was acknowledged before me by _____

this _____ day of _____, 19____.

Witness my hand and official seal. _____

(Notary Public or other
authorized officer)

My Commission Expires: _____

SURETY

Signed and executed this _____ day of _____, 19____:

BY: _____

TITLE: _____

State of _____)

County of _____)SS.

Permit No. _____

Illustration 18
(Page 3 of 3)

The foregoing instrument was acknowledged before me by _____

_____, this _____ day of _____, 19____.

Witness my hand and official seal. _____

(Notary Public or other
authorized officer)

My Commission Expires: _____

RESIDENT AGENT FOR SERVICE

Resident Agent: _____ Date: _____
(Signature)

(Printed Name) Address: _____

Permit No. _____

Illustration 19
(Page 1 of 3)

United States Department of the Interior
Office of Surface Mining Reclamation and Enforcement
RECLAMATION PERFORMANCE BOND GENERAL PURPOSE RIDER

To be attached to and form a part of Surety Company Bond No.
_____ written by _____

AS SURETY, on behalf of _____

AS PRINCIPAL, in the sum of _____

DOLLARS (\$_____), in favor of the United States, Office of
Surface Mining Reclamation and Enforcement (OSMRE) and executed on
_____.

Whereas, the OSMRE issued Permit to Mine number _____ and
dated on _____, and renewals and revisions numbered and dated
_____ pursuant to the application of the Principal,

Whereas, said bond and rider shall cover any and all land
affected or to be affected by the mining operation under the above
mentioned permit and revisions and renewals since the date of the
issuance of the permit,

Now, therefore, the purpose of this rider is:

It is further agreed that all other terms and conditions of
this bond shall remain unchanged.

Permit No. _____

Illustration 19
(Page 2 of 3)

PRINCIPAL

Signed and executed this _____ day of _____, 19__ :

BY: _____

TITLE: _____ (Corporate

State of _____) Seal)

County of _____) SS.

The foregoing instrument was acknowledged before me by _____

this _____ day of _____, 19__ .

Witness my hand and official seal. _____
(Notary Public or other
authorized officer)

My Commission Expires: _____

SURETY

Signed and executed this _____ day of _____, 19__ :

BY: _____

TITLE: _____

State of _____)

County of _____) SS.

Permit No. _____

Illustration 19
(Page 3 of 3)

The foregoing instrument was acknowledged before me by _____
_____, this _____ day of _____, 19____.

Witness my hand and official seal. _____
(Notary Public or other
authorized officer)

My Commission Expires: _____

RESIDENT AGENT FOR SERVICE

Resident Agent: _____ Date: _____
(Signature)

_____ Address: _____
(Printed Name)

L/C number: _____ Permit No.: _____

Upon receipt by you of such notice, you may draw on us at sight for the amount of this Letter of Credit beginning 30 days or less prior to the then applicable expiration date, accompanied by a statement signed by OSMRE's Bond Approving Officer certifying that the amount of the drawing represents funds due the United States of America because the permittee has failed to replace this Letter of Credit with other suitable bond pursuant to 30 C.F.R. 800.21(b)(2) and 30 C.F.R. 800.30.

We certify that the amount of the credit herein established will not be reduced for any reason during the period of this instrument without the written consent of OSMRE.

We will give prompt notice to the permittee and to OSMRE's Bond Approving Officer of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

In the event the Bank becomes unable to fulfill our obligations under this Letter of Credit for any reason, notice shall be given immediately to the permittee and to OSMRE's Bond Approving Officer.

IN WITNESS WHEREOF, the Bank has hereunto set its signature and seal this _____ day of _____, 19_____.

(Issuing Bank)

(Authorized Officer)

ACKNOWLEDGEMENT

On this _____ day of _____, 19____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she

is _____ of _____, the bank named in and which executed the within instrument, and that the seal affixed to said instrument is the seal of said Bank, and that said instrument was signed, sealed and delivered in behalf of said Bank by authority of its Board of Directors, and he/she, as such offer, acknowledged said instrument to be the free act and deed of said Bank for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on
the day, month and year aforesaid.

My Commission Expires: _____
_____ Notary Public in and for said
County and State

United States Office of Surface Mining
Reclamation and Enforcement

TRUST DEED

THIS INDENTURE, made and entered on this _____, _____, between _____ herein referred to as the Grantor, the Office of Surface Mining Reclamation and Enforcement (OSMRE), United States Department of the Interior, herein referred to as the Trustee, and the United States of America, herein referred to as the Beneficiary.

WITNESSETH: A first mortgage deed of trust granting the OSMRE a security interest in the Real Property described below, with a right to sell or otherwise dispose of the property in the event of a forfeiture under 30 CFR 800.50, is hereby given to OSMRE as collateral by the Grantor. The OSMRE security interest in the property shall be in the amount of \$ _____ and shall be for the purpose of securing the cost of the Grantor's reclamation obligations under Permit No. _____.

(Description of Real Property covered by deed of trust.)

The above described real property, consisting of _____ acres in the aggregate, more or less, was conveyed to the Grantor, _____, by warranty deed from _____ as evidenced by being recorded in Book _____, Page _____ of _____, in the records of _____ County Clerk's Office.

To have and to hold said real estate to the Trustee in trust for the purposes hereinafter set forth.

The Grantor covenants with the Trustee that it is lawfully seized in fee simple of the real estate above conveyed, has full power, right and authority to convey same, that said real estate is free from all encumbrances, and that it will forever warrant and defend it and the legal title thereto against the lawful claims of all persons whomsoever.

The Grantor shall not sell or encumber any portion or interest of the real estate covered by the deed of trust.

The Grantor agrees to pay all taxes assessed on the real estate as they become due and owing and to adduce proof of the payment of same by providing Trustee with a copy of the paid receipt with thirty (30) days of paying of same.

The Grantor agrees not to commit waste of any sort.

In the event the Grantor fails to comply with any of the foregoing conditions, then the Trustee shall be entitled to foreclose upon the real estate.

This conveyance is made in trust to the trustee for the following uses and purposes and none other.

As a bond to secure reclamation under the Laws and Regulations of the United States Department of the Interior, Office of Surface Mining Reclamation and Enforcement under Application No. _____, Permit No. _____, in the amount of \$ _____.

In the event the bond secured hereby is forfeited, or in the event any of the covenants, undertakings or premise conditions, set out herein be breached or not performed, then the Trustee shall, after giving notice of the time and place of sale by certified mail to Grantor, or by weekly publication in some newspaper published in _____ County, _____, at least twenty (20) days previous to said sale, and on the day and at the time and place designated in the notice, sell the property above conveyed at public auction to the highest bidder for cash in hand in bar of the right and equity of redemption, which is hereby waived and surrendered, and all other rights which Grantor might have in said property. The Trustee shall apply the proceeds from the sale as follows:

1. to the payment of all costs and expenses of the sale, including a fee of 10 percent to the trustee, which fee shall become absolutely due and payable whenever foreclosure is commenced;
2. to the reclamation of Permit No. _____ hereby secured and any taxes unpaid or that are a lien on the property at the date of the sale; and
3. the surplus, if any, to the Grantor.

The Grantor further agrees that in case of sale of the above described property that it will at once become and be a tenant at will of the purchaser, and will surrender the possession thereof on demand. If such possessions be not given, then Grantor may be removed by a forcible and unlawful detainer action and the Grantor agrees to pay the purchaser the reasonable rental value

of the property from the date of sale for as long as they shall be in possession thereof.

Any of the parties hereto may bid and become the purchaser at any sale hereunder.

The failure of the Trustee to have this deed of trust foreclosed immediately upon any default provided herein shall not be construed so as to preclude foreclosure as a later date for such default if same still exists at the time and shall not be construed so as to prevent foreclosure for similar subsequent default.

IN WITNESS WHEREOF, the Grantor has hereunto set its hand at the place and on the date first above written.

State of _____

County of _____

On this ____ day of _____, A.D. 19 __. before me personally appeared _____, to me known to be the [_____ president, vice president, secretary, treasurer, or other authorized office or agent, as the case may be] of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written:

Notary Public in and
for the State
residing at _____

United States Office of Surface Mining
Reclamation and Enforcement

ESCROW AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 19__, by and between the United States, Office of Surface Mining Reclamation and Enforcement, (herein called "OSMRE"), the _____, a National Banking Association (herein called "Bank"), and the _____, (herein called "Operator");

WITNESSETH:

WHEREAS, Operator has heretofore filed with OSMRE a _____ issued by _____ in compliance with the provisions of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), and the rules and regulations adopted pursuant to that Act, in connection with Operator's Mining Permit No. _____; WHEREAS, pursuant to provisions of 30 CFR 800.21(d), Operator desires to deposit into escrow Cash having a value of \$_____, Cash meaning lawful currency of the United States of America, and WHEREAS, Operator desires to engage Bank as a depository and escrow agent for the purpose of taking custody of such Cash;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and the mutual benefits derived hereunder, it is agreed by and between the parties as follows:

1. Upon execution of this agreement by the parties, Operator shall deposit with the Bank, _____ having a face value of \$ _____. Upon the Bank's receipt of custody of such Cash from the Operator, it shall confirm such receipt in writing to OSMRE.

2. Such Cash shall be held by the Bank for the purpose of assuring to OSMRE that the Operator shall faithfully perform all the reclamation requirements specified in the mining and reclamation plan or plans approved under Mining Permit No. _____.

3. The parties hereto recognize that OSMRE will periodically review the Operator's mining operation and may from time to time require increases in the reclamation bond amount. The parties specifically agree that Operator may from time to time, as required by OSMRE, increase the amount of Cash or bond to conform with the requirements of OSMRE without the execution by all parties of a further agreement to reflect increases in bond

amount. Operator may, upon receipt of proper notice from OSMRE, increase the amount of escrowed Cash to conform with OSMRE requirements upon written notice to OSMRE and Bank; all additional Cash so escrowed and any increase in bond amounts shall be subject to all terms, conditions and provisions of this Escrow Agreement.

4. The Bank shall receive all interest or income on such Cash and shall pay such interest or income as and when received to Operator, in care of or as otherwise directed by Operator in writing. The Bank shall not invest any portion of the funds in its possession or control.

5. Upon receipt by OSMRE of Bank's written confirmation that said Cash has been deposited by Operator, the OSMRE shall execute and deliver to Operator, if desired, any and all necessary documents and forms to allow Operator in its sole discretion to cancel or terminate any bond being replaced by this Escrow Agreement, pursuant to 30 CFR 800.30.

6. In the event Operator violates the SMCRA, or any rules and regulations promulgated thereunder, as the same applies to the reclamation requirements of Permit No. _____ and fails to remedy or correct such violations, OSMRE shall institute forfeiture

proceedings against Operator in accordance with 30 CFR 800.50, and any implementing procedures.

Written notice of the forfeiture proceedings shall be furnished to the Bank by OSMRE.

Upon receipt of certified and authenticated notice from OSMRE showing, 1) the amount of bond declared forfeited; 2) that all legal or administrative remedies available to Operator have been waived or exhausted and no action, proceeding or appeal is pending thereon; and 3) that a final order of forfeiture has been entered, the Bank shall surrender to OSMRE the requested portion of the Cash in its possession.

In the event the Bank shall for any reason fail, refuse or neglect to surrender the requested amount of the Cash to OSMRE within ten (10) calendar days after receipt of notice of forfeiture and demand for payment as hereinabove provided, the Operator agrees in such an event or events to, 1) hold OSMRE free, harmless and indemnified of and from any cost, expense or loss, actually incurred by reason of such refusal, including but not limited to court costs and attorney's fees, and 2) to pay unto OSMRE interest on the amount of the Cash required to be surrendered at the highest legal rate authorized by United States law computed from the date on which said Cash was required to be surrendered to and including the date on which such Cash deposits are actually received by OSMRE.

proceedings against Operator in accordance with 30 CFR 800.50, and any implementing procedures.

Written notice of the forfeiture proceedings shall be furnished to the Bank by OSMRE.

Upon receipt of certified and authenticated notice from OSMRE showing, 1) the amount of bond declared forfeited; 2) that all legal or administrative remedies available to Operator have been waived or exhausted and no action, proceeding or appeal is pending thereon; and 3) that a final order of forfeiture has been entered, the Bank shall surrender to OSMRE the requested portion of the Cash in its possession.

In the event the Bank shall for any reason fail, refuse or neglect to surrender the requested amount of the Cash to OSMRE within ten (10) calendar days after receipt of notice of forfeiture and demand for payment as hereinabove provided, the Operator agrees in such an event or events to, 1) hold OSMRE free, harmless and indemnified of and from any cost, expense or loss, actually incurred by reason of such refusal, including but not limited to court costs and attorney's fees, and 2) to pay unto OSMRE interest on the amount of the Cash required to be surrendered at the highest legal rate authorized by United States law computed from the date on which said Cash was required to be surrendered to and including the date on which such Cash deposits are actually received by OSMRE.

7. This agreement shall be deemed terminated in whole or in part: 1) when and as OSMRE certifies in writing to the Bank that the Operator has successfully completed of the requirements of the surface mining and reclamation activities required under Permit No. _____, for which the Cash was posted; 2) when and as OSMRE certifies in writing to the Bank that the Operator has provided a corporate surety bond, collateral or self-bond, in substitution for and release of the Cash; or 3) when OSMRE otherwise authorizes release of the Cash in whole or part to the Operator.

Until this agreement is terminated in whole or part, the Bank shall not release, assign, transfer or deliver any of the Cash to Operator; or to any other party, PROVIDED, HOWEVER, Operator shall have the right at any time to post a corporate surety bond, collateral bond or, if qualified, a self-bond in substitution for and release of all or part of said Cash.

During each month of every calendar year this agreement is in force and effect, the Bank shall report to OSMRE and Operator in writing the amount and value of the Cash then on deposit.

Upon the complete termination of this agreement, the Bank shall deliver all said Cash deposited hereunder to Operator or its nominee. Upon the partial termination of this agreement, the Bank shall deliver to the Operator or its nominee the Cash held hereunder in the amount certified in writing to the Bank by OSMRE as being the

amount of reclamation work which has been successfully completed, other bond substituted, or the amount certified by OSMRE.

8. All notice required to be given by the Bank shall be effective when received by the respective parties at their addresses specified below, namely:

Office of Surface Mining Reclamation and Enforcement

The _____ Company

or other address as such party may have furnished the Bank and to the other party in writing. Any notice to the Bank shall be

effective when received by the Bank addressed as follows:

The _____ Bank

Trust Department

Attn: Escrow Division

Escrow No. _____

Personal delivery shall have the same effect as notice given by mail.

9. Operator agrees to pay the Bank its fees for its services, including, but not limited to, the actual cost of legal services should the Bank deem it necessary to retain counsel with respect to any matters pertaining to this instrument. The fees as escrow agent shall be determined in accordance with, and shall be payable as specified in the Schedule of Fees for Escrow Services dated _____, a receipt of which is hereby acknowledged by Operator.

10. This agreement contains the entire agreement of the parties hereto with respect to said Cash, and the Bank agrees to hold and dispose of said Cash delivered to it by the Operator in accordance with the terms and conditions hereof. However, the Bank is not a

party to, nor bound by, any instrument or agreement other than this agreement, and the Bank, as custodian of the Cash deposited within hereunder shall not be required to take notice of any default or any other matter, nor be bound by or required to give any notice or demand, nor be required to take any action whatsoever, except as hereinbefore provided.

11. The parties have satisfied themselves as to the authority of any persons signing this agreement in a representative capacity. Should it be necessary for the Bank to accept or act upon any instructions, directions, documents or instruments signed or issued by or on behalf of any corporation, partnership, governmental entity, trade-name, fiduciary or individual, it shall not be necessary for the Bank to inquire into the authority of the signer(s) unless and to the extent expressly provided in this agreement.

12. This agreement may be altered or amended only with the consent of the parties and with the consent of the Bank. Should the parties attempt to change this agreement in a manner which, in the Bank's sole discretion, is deemed undesirable, the Bank may resign as escrow agent by notifying the parties in writing; otherwise, the Bank may resign as escrow agent at any time upon thirty (30) days prior notice to OSMRE. In the case the Bank resignation, the only duty of the Bank, until a successor escrow

agent shall have been appointed and shall have accepted such appointment, shall be to hold and dispose of the Cash in accordance with the original provisions contained in this agreement (but without regard to any notices, request, instructions or demands received by the Bank from either or both of the parties after the notice of resignation shall have been given, unless the same shall be a direction by both parties that the entire funds be paid or delivered out of escrow).

13. Operator warrants to and agrees with the Bank and OSMRE that, unless otherwise expressly set forth in this agreement, there is no security interest in the Cash fund or any part thereof; no financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Cash fund or any part thereof; and the Bank and OSMRE shall have no responsibility at any time to ascertain whether or not any security interest exists in the Cash fund or any part thereof or to file any financing statement under the Uniform Commercial Code with respect to the Cash fund or any part thereof.

14. Bank warrants to and agrees with the Operator and OSMRE that the Cash fund is federally insured and made payable upon demand to OSMRE in accordance with section 6 of this agreement.

IN WITNESS WHEREOF; the parties have hereunto set their hands and seals this _____ day of _____, 19__.

BY: _____

BY: _____

THE _____ COMPANY

OPERATOR:

BY: _____

President

ATTEST:

Secretary

_____ BANK

BANK:

BY: _____

Title

ATTEST:

The foregoing instrument was acknowledged, subscribed and sworn to before me this _____ day or _____, 19__, by _____ and _____.

WITNESS my hand and official seal.

NOTARY PUBLIC

My commission Expires:

THE STATE OF _____

COUNTY OF _____