



COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY

1313 Sherman Street, Room 215, Denver, Colorado 80203, (303) 866-3567

**COAL EXPLORATION RECLAMATION BOND
CORPORATE SURETY**

34-33-101 et. seq., C.R.S. 1973, as amended

Bond No. _____

Notice of Intent No. _____

KNOW ALL MEN BY THESE PRESENTS, That

_____ of the County of _____ in the State of _____ as Principal and _____

of the County of _____ in the State of _____ a corporation organized and existing under the laws of the State of _____ and duly authorized to transact a bonding and surety business in the State of Colorado, as surety, are held hereby and firmly bound unto the State of Colorado (the "State") in the sum of _____

_____ DOLLARS (\$ _____) for the payment of which sum, well and truly to be made, we hereby bind ourselves and our personal representatives, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has filed a complete Notice of Intent to Explore on certain lands in _____ County, Colorado which are described in Exhibit A, attached hereto.

WHEREAS, the Principal has agreed with the State to complete a plan for reclamation, as required by law, of the lands disturbed by reason of such exploration operations. Such Plan may be amended from time to time with the approval of the State, acting through the Department of Natural Resources and, as appropriate, the Division of Reclamation, Mining and Safety ("the Division") of the Mined Land Reclamation Board ("the Board").

(The phrase "Board or Division" in this bond means the organ of State government which has the authority to act in the circumstance referred to in the Colorado Surface Coal Mining Reclamation Act (34-33-101 et seq.)).

NOW THEREFORE, the conditions of this obligation are such that, if the above-bonded Principal shall, in conducting such exploration operations, faithfully perform the requirements of the narrative description or exploration and reclamation plan, as applicable, as amended from time to time, and comply with the conditions of the Notice of Intent and with all applicable laws and regulations of the State, and if the Board or the Division shall make a finding that the lands upon which such operations have been conducted have been satisfactorily reclaimed, then the Board or the

Division shall, upon receipt of a request for bond release on such lands or a request for partial release as to any portion thereof, and upon the completion of applicable procedures of law and regulation governing release of bond, release the Principal and the surety of the extent that it determines such reclamation to have been accomplished.

ADDITIONAL PROVISIONS

(1) The amount of this bond is based upon estimates as to the cost of reclamation, and does not operate to liquidate, limit, enlarge, or restrict the Principal's obligations to complete the reclamation plan and to comply in all respects with the Notice of Intent to Explore and with applicable laws and regulations governing reclamation, even though the actual cost thereof may substantially exceed the amount of this bond.

(2) The surety shall not be liable under this bond for an amount greater than the sum designated in the first paragraph hereof, unless increased by a later amendment to the bond. This bond shall be reviewed by the Board of the Division from time to time, and the Board or the Division may require an increase in the principal sum of this bond (and a corresponding increase in the surety amount) to cover increases in the estimated costs of reclamation, but no such increase shall bind the surety unless and until it shall have consented thereto in writing by the issuance of an additional surety bond or by an endorsement to this bond.

(3) Surety reserves the right to cancel this bond, effective only upon an anniversary date, and only by giving written notice to that effect, mailed by certified mail, at least ninety (90) days prior to such anniversary date, addressed to both the Principal, at its address herein stated, and to the Division at 1313 Sherman Street, Room 215, Denver, Colorado 80203. In the event of such cancellation, this bond shall nevertheless remain in full force and effect as respects the reclamation of all areas disturbed prior to the effective date of such cancellation, unless and until the Principal shall file a substitute bond which: (1) assumes liability for all reclamation obligations which shall have arisen at any time while this bond is in force, and (2) is accepted in writing by the Board or Division.

(4) In the event of such cancellation, if the bond is not fully released, the amount of the continuing bond available for the reclamation of areas disturbed and unreclaimed at the date of cancellation, shall be fixed by the Board or the Division at the amount it determines necessary to complete such reclamation (which amount may not exceed the sum designated in the first paragraph hereof) and the Board or Division shall concurrently identify such areas in writing, and notify the Principal and the surety thereof. Thereafter, the obligation of the surety shall be limited to reclamation of the areas so identified.

(5) The consideration for surety's execution of this agreement is the promise of the Principal to pay the premiums, but failure by the Principal to pay such premiums shall not invalidate or diminish surety's obligation hereunder.

(6) The description of lands herein set forth is for convenience of reference only, and no error in such description, nor any revision of the permitted mining area, nor the disturbance by the Principal of lands outside of the permitted mining area shall alter or diminish the obligation of the Principal or the surety hereunder, which shall extend to the reclamation of all such lands disturbed.

(7) The obligation of this bond shall continue (unless cancelled pursuant to paragraph (3) hereof) until released in writing by the State in accordance with applicable laws specifying bond release procedures. The parties understand that periods of years may necessarily be required before determination can be made that reclamation work has been satisfactorily completed. No revision, extension, or renewal of the Operator's Notice of Intent to Explore, or of the time allowed the Operator to complete reclamation shall diminish surety's obligation hereunder. No misrepresentation by the Principal which may have induced the surety to execute this bond shall be any defense to demand by the State under this agreement.

(8) The State may make demand upon the Surety for payment hereunder if the Board or Division determines that reclamation which ought to have been performed pursuant to the plan by the Principal, or its successors or assigns, remains unperformed and if surety forfeiture procedures required by law have been initiated. No other condition precedent need be fulfilled to entitle the State to receive the amount so demanded. However, if, upon completion of reclamation, the amounts expended for reclamation shall be less than the amount received from the Surety, the excess shall be promptly refunded to the Surety.

(9) If demand is made upon the Surety for payment of an amount due to the State hereunder, and if the Surety fails to make payment of such amount within ninety (90) days after the date of receipt of such demand by the Surety, and if it should thereafter be determined, by agreement of the Surety or by final judgement of court, that the amount demanded was properly payable, Surety agrees to pay the State, in addition to the amount demanded, interest at the prime rate in effect from time to time at the First national Bank of Denver for the period commencing at the end of such ninety-day period and ending on the date of actual payment.

(10) If the State shall notify the Surety that the Principal is in default and if the State shall initiate any bond forfeiture procedures required by law or regulation, the surety may, in lieu of making payment to the State of the amount due hereunder, cause the reclamation to be timely performed in accordance with the plan. In such event, when and if the reclamation has been timely performed to the satisfaction of the Board or Division, this bond shall be released. If the reclamation shall not be so performed to the satisfaction of the Board or Division, this bond shall remain in full force and effect.

(11) If this bond applies to land under the jurisdiction of the State Board of Land Commissioners ("Land Board"), and if this bond, in whole or in part, is accepted by the Land Board as the bond required under its applicable law and procedures, then the Principal and the surety, having requested that the State accept this single bond in lieu of the separate bonds which would otherwise be required by the Colorado Mined Land Reclamation Board or Division and by the Land Board, hereby agree that, notwithstanding any other provision hereof, or of law, this bond shall remain in full force and effect until released by the Land Board.

(12) This agreement may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of Colorado.

Coal Reclamation Bond

Exhibit A

File Number: _____

Operation Name: _____

Legal Description:

Acreage: _____

County: _____

State: _____

34-33-101 et seq., S.R.S. 1973, as amended

(Rev. 6/99)

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