



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

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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 appraisal 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;