

40-8768

THE STATE OF WYOMING

RETURN ORIGINAL TO PDR, HQ.

ED HERSCHLER  
GOVERNOR

040087684805

## Department of Environmental Quality

## LAND QUALITY DIVISION

HERSCHLER BLDG. - THIRD FLOOR  
122 WEST 25TH

TELEPHONE 307-777-7756

CHEYENNE, WYOMING 82002



October 25, 1985

CERTIFIED MAIL



James G. Randolph  
President  
Sequoyah Fuels Corporation  
P.O. Box 25861  
Oklahoma City, OK 73125

RE: Approval of Self-Bond Agreement No. SBNC-013 to Permit No. 304C

Dear Mr. Randolph:

Enclosed is a copy of Self-Bond Agreement No. SBNC-013 approved in the amount of \$3,103,600.00 (three million one hundred thousand three six hundred.). This self-bond agreement replaces Number SFC-001. The original execution is enclosed. A cancelled copy is retained in our files. Also enclosed are copies of the approved indemnity agreement and corporate parent guaranty executed by Kerr-McGee Corporation.

To remain self-bonded, Sequoyah Fuels must reapply each year on April 4th when the annual report to the Land Quality Division is submitted.

If you have any questions, please contact this office.

Sincerely,

Roger Shaffer  
Administrator

RS:VB:dlw

Enclosures

c: Roy Spears

Jim Lindsey, w/enc.

NRC, w/enc. ✓

8512040140 851025  
PDR ADOCK 04008768  
C PDR

067

State of Wyoming  
Department of Environmental Quality  
Land Quality Division  
Fenschler Building, 3rd Floor  
122 West 25th Street  
Cheyenne, WY 82002

SELF BOND AGREEMENT

Permit No. 304C

Bond No. SENC-013

KNOW ALL MEN BY THESE PRESENTS, THAT

Sequoia Fuels Corporation

(State Name and Form of Business Organization)

of Oklahoma City, Oklahoma, being duly  
authorized to do business in the State of Wyoming, as principal, is held and firmly  
bound unto the State of Wyoming in the sum of \_\_\_\_\_

Dollars

(\$3,103,600.00), lawful money of the United States,  
to be paid to the State of Wyoming upon order of forfeiture by the Environmental  
Quality Council for the payment of which sum, well and truly to be made, we hereby  
jointly and severally bind ourselves, our heirs, executors, administrators, succe-  
ssors, and assigns.

Whereas, the Department of Environmental Quality, Land Quality Division, issued  
Permit to Mine Number 304C and dated April 4, 1975, and amendment(s)  
numbered 304C-A1 dated December 19, 1978, and 304C-E1 and dated  
June 30, 1982 pursuant to the application of the Prin-  
cipal.

Whereas, check one of the following:

- (a) \_\_\_\_\_ This is an original agreement.
- (b) \_\_\_\_\_ This is an agreement in addition to previous bonding agreement(s)  
for the above mentioned permit to mine and which agreement(s)  
remain(s) in full force and effect.
- (c) X This is a replacement agreement for:

1. Bond Number SFC-001 Principal Kerr-McGee Corporation  
Surety \_\_\_\_\_ Dated \_\_\_\_\_
2. Bond Number \_\_\_\_\_ Principal \_\_\_\_\_  
Surety \_\_\_\_\_ Dated \_\_\_\_\_

Whereas, the Principal has completed an initial application for self bonding and  
an Indemnity Agreement which are incorporated herein and made a part of this Self  
Bond Agreement,

Whereas, said bonding agreement(s) shall cover any and all land affected or to  
be affected by the mining operation under the above mentioned permit and amend-  
ment(s), since the date of issuance of the permit, upon the following described land,  
as given within said permit and amendment(s),

(APPENDIX C)

FORM 102/1  
SELF BOND AGREEMENT  
10-1-75  
SFC-001  
Kerr-McGee



with the objectives and purposes of the Act.  
The principal herein further agrees and understands that the administrator of the  
Land Quality Division may require a substitution of this self bond by bond and corpo-  
rate surety licensed to do business in the State of Wyoming if the administrator  
determines in writing that this self bond fails to provide the protection equivalent

and the regulations promulgated thereunder.  
The principal herein further agrees and understands that this self bond shall be  
retained in accordance with the requirements of the Wyoming Environmental Quality Act  
and the regulations promulgated thereunder. The principal herein further agrees and  
understands that this self bond shall be retained in accordance with the requirements  
of the Wyoming Environmental Quality Act and the regulations promulgated thereunder.  
The principal herein further agrees and understands that this self bond shall be  
retained in accordance with the requirements of the Wyoming Environmental Quality Act  
and the regulations promulgated thereunder.

associated administrative expenses.  
The principal herein further agrees that this bond is posted to insure the  
performance of the obligations of the principal herein under the provisions of the  
Wyoming Environmental Quality Act and the regulations promulgated thereunder. The  
principal herein further agrees that this bond is posted to insure the performance  
of the obligations of the principal herein under the provisions of the Wyoming  
Environmental Quality Act and the regulations promulgated thereunder.

specified in W.S. 35-11-43 and Land Quality Division regulations.  
The principal herein further agrees that this bond is posted to insure the  
performance of the obligations of the principal herein under the provisions of the  
Wyoming Environmental Quality Act and the regulations promulgated thereunder. The  
principal herein further agrees that this bond is posted to insure the performance  
of the obligations of the principal herein under the provisions of the Wyoming  
Environmental Quality Act and the regulations promulgated thereunder.

release of this bond are specified in W.S. 35-11-43.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.

for of the Land Quality Division has been submitted to replace this obligation.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.  
The principal herein further agrees and understands that the procedures for the for-  
feiture of this bond are specified in W.S. 35-11-43 and Land Quality Division regulations.

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

PRINCIPAL

Signed and executed this 28th day of August, 1985

BY: James G. Randolph  
 NAME: James G. Randolph  
 TITLE: President, Sequoyah Fuels

NOTARY  
 PUBLIC  
 STATE OF OKLAHOMA

State of Oklahoma  
 County of Oklahoma

ALL APPLICABLE CORPORATE ACKNOWLEDGMENTS ARE ATTACHED HERETO AS PART OF THIS AGREEMENT  
 The foregoing instrument was acknowledged before me by Becky Branstetter

this 28th day of August, 1985.

Witness my hand and official seal.

Becky Branstetter  
 (Notary Public or other authorized officer)

My Commission Expires: 4/29/86

RESIDENT AGENT FOR SERVICE

Resident Agent: CT Corporation System Date: 9/4/85

By: John W. Lawrence Address: 1720 Carey Avenue  
 Wyoming Assistant Secretary Cheyenne, Wyoming 82001

Approved as to form and execution:

A. G. McClintock  
 Attorney General  
 BY: Walter L. Caldwell  
 Assistant

Date: 9/6/85

APPROVED: Robert J. Kelly  
 Administrator, Land Quality Division

Date: 9/9/85

FORM 100-013  
 FILE AND AGREEMENT





## APPENDIX "C"

This appendix "C" represents the location of land by legal subdivision, section, township, range, county, and municipal corporation, if any, (U.S. 35-11-405, (a), (vi)) and the number of acres in each description. No mining activity may take place on land for which there is not in effect a valid mining permit (U.S. 35-11-405). To include additional lands within a permit area it is necessary to amend the permit (U.S. 35-11-405, (a), (viii)), so care should be taken to include all lands necessary to the mining and reclamation operation as defined in U.S. 35-11-103, (c), (viii). All acreage figures should be obtained from official survey documents or recent surveys if available. An original U.S.C.S. topographic map with the permit area clearly outlined should accompany each permit application.

All	Section	16	, T. 35	N., R. 74	W., Acres	640
All	Section	17	, T. 35	N., R. 74	W., Acres	640
All	Section	18	, T. 35	N., R. 74	W., Acres	640
W <sub>1</sub> N <sub>2</sub>	Section	19	, T. 35	N., R. 74	W., Acres	80
N <sub>2</sub>	Section	21	, T. 35	N., R. 74	W., Acres	320
SE <sub>1</sub>	Section	13	, T. 35	N., R. 75	W., Acres	160
N <sub>2</sub> NE <sub>1</sub>	Section	24	, T. 35	N., R. 75	W., Acres	80
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	
	Section		, T.	N., R.	W., Acres	

County of Converse, WyomingSubtotal Above Acres 2560Municipal Corporation -----Total Permit (Amendment) Acres 28,360Reviewed (compiled),  
DEQ/LOD

Date

Applicant Signature *Chuck R. Ruppel*8/7/85  
Date

Checked, DEQ/LOD

Date

Permit No. 304CVTN -----

Revised 4/1980

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## APPENDIX "C"

This appendix "C" represents the location of lands by legal subdivision, section, township, range, county, and municipal corporation, if any, U.S. 35-11-405, (a), (vi)) and the number of acres in each description. No mining activity may take place on land for which there is not in effect a valid mining permit (U.S. 35-11-405). To include additional lands within a permit area it is necessary to amend the permit (U.S. 35-11-405, (a), (vii)), no care should be taken to include all lands necessary to the mining and reclamation operation as defined in U.S. 35-11-103, (e), (viii). All acreage figures should be obtained from official survey documents or recent surveys if available. An original U.S.G.S. topographic map with the permit area clearly outlined should accompany each permit application.

All	Section 25	T. 36 N., R. 74 W., Acres	640
All	Section 26	T. 36 N., R. 74 W., Acres	640
All	Section 27	T. 36 N., R. 74 W., Acres	640
All	Section 33	T. 36 N., R. 74 W., Acres	640
All	Section 34	T. 36 N., R. 74 W., Acres	640
All	Section 35	T. 36 N., R. 74 W., Acres	640
All	Section 36	T. 36 N., R. 74 W., Acres	640
N $\frac{1}{2}$ , N $\frac{1}{2}$ Sec 4, S $\frac{1}{2}$ Sec 4	Section 2	T. 35 N., R. 74 W., Acres	400
All	Section 3	T. 35 N., R. 74 W., Acres	640
All	Section 4	T. 35 N., R. 74 W., Acres	640
All	Section 5	T. 35 N., R. 74 W., Acres	640
All	Section 8	T. 35 N., R. 74 W., Acres	640
All	Section 9	T. 35 N., R. 74 W., Acres	640
All	Section 10	T. 35 N., R. 74 W., Acres	640
N $\frac{1}{2}$ , N $\frac{1}{2}$ Sec 10, S $\frac{1}{2}$ Sec 10, S $\frac{1}{2}$ Sec 11	Section 11	T. 35 N., R. 74 W., Acres	400

COUNTY of Converse, Wyoming Subtotal Above Acres 9280

Municipal Corporation --- Total Permit (Amendment) Acres 28360

Reviewed (compiled), --- Date 8/7/85  
DEQ/LQP Applicant Signature James R. Raulo Date

Checked, DEQ/LQP --- Date --- Permit No. 304C

Revised 4/1980

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## APPENDIX "C"

This appendix "C" represents the location of lands by legal subdivision, section, township, range, county, and municipal corporation, if any, (U.S. 35-11-408, (a), (vi)) and the number of acres in each description. No mining activity may take place on lands for which there is not in effect a valid mining permit (U.S. 35-11-408). To include additional lands within a permit area it is necessary to amend the permit (U.S. 35-11-408, (a), (vi)), so care should be taken to include all lands necessary to the mining and reclamation operation as defined in U.S. 35-11-103, (e), (viii). All acreage figures should be obtained from official survey documents or recent surveys if available. An original U.S.G.S. topographic map with the permit area clearly outlined should accompany each permit application.

All	Section 5	T. 36 N., R. 73 W.	Acres 640
All	Section 6	T. 36 N., R. 73 W.	Acres 640
W 1/2	Section 7	T. 36 N., R. 73 W.	Acres 320
N 1/2, S 1/2, SE 1/4 NE 1/4, SW 1/4, SW 1/4 SE 1/4	Section 19	T. 36 N., R. 73 W.	Acres 320
E 1/2 W 1/2, W 1/2 SW 1/4	Section 20	T. 36 N., R. 73 W.	Acres 240
W 1/2, SE 1/4	Section 29	T. 36 N., R. 73 W.	Acres 480
E 1/2, NW 1/4, N 1/2 SW 1/4, SE 1/4 SW 1/4	Section 30	T. 36 N., R. 73 W.	Acres 600
NW 1/4	Section 31	T. 36 N., R. 73 W.	Acres 160
S 1/2	Section 11	T. 36 N., R. 74 W.	Acres 220
All	Section 12	T. 36 N., R. 74 W.	Acres 640
All	Section 13	T. 36 N., R. 74 W.	Acres 640
All	Section 14	T. 36 N., R. 74 W.	Acres 640
All	Section 22	T. 36 N., R. 74 W.	Acres 640
All	Section 23	T. 36 N., R. 74 W.	Acres 640
All	Section 24	T. 36 N., R. 74 W.	Acres 640

County of Converse, Wyoming Subtotal Above Acres 7560

Municipal Corporation --- Total Permit (Amendment) Acres 28,360

Reviewed (compiled), --- Date --- Applicant Signature James Paulsen Date 6/7/85  
BHQ/LQS

Checked, BHQ/LQS Date --- Permit No. 304C

Revised 4/1983

Page 2 of 4



# APPENDIX "C"

This appendix "C" represents the location of lands by legal subdivision, section, township, range, county, and municipal corporation, if any, (W.S. 35-11-406, (a), (vi)) and the number of acres in each description. No mining activity may take place on land for which there is not in effect a valid mining permit (W.S. 35-11-405). To include additional lands within a permit area it is necessary to amend the permit (W.S. 35-11-406, (a), (vii)), so care should be taken to include all lands necessary to the mining and reclamation operation as defined in W.S. 35-11-103, (c), (viii). All acreage figures should be obtained from official survey documents or recent surveys if available. An original U.S.G.S. topographic map with the permit area clearly outlined should accompany each permit application.

S 1/2	Section 33	T. 38 N., R. 73 W., Acres	320
S 1/2	Section 34	T. 38 N., R. 73 W., Acres	320
All	Section 3	T. 37 N., R. 73 W., Acres	640
All	Section 4	T. 37 N., R. 73 W., Acres	640
All	Section 9	T. 37 N., R. 73 W., Acres	640
All	Section 10	T. 37 N., R. 73 W., Acres	640
All	Section 15	T. 37 N., R. 73 W., Acres	640
All	Section 16	T. 37 N., R. 73 W., Acres	640
All	Section 21	T. 37 N., R. 73 W., Acres	640
All	Section 22	T. 37 N., R. 73 W., Acres	640
All	Section 27	T. 37 N., R. 73 W., Acres	640
All	Section 28	T. 37 N., R. 73 W., Acres	640
All	Section 32	T. 37 N., R. 73 W., Acres	640
All	Section 33	T. 37 N., R. 73 W., Acres	640
All	Section 34	T. 37 N., R. 73 W., Acres	640

County of Converse, Wyoming Subtotal Above Acres 8960

Municipal Corporation ----- Total Permit (Amendment) Acres 28,360

Reviewed (copied), ----- Date 8/7/85  
 DSQ/LQD Applicant Signature James H. Smith Date 8/7/85

Checked, DSQ/LQD ----- Date ----- Permit No. 304C

Revised 4/1980 Page 1 of 4





Appendix "C"

Bearing and Distance Description

This appendix "C" represents the location of lands by legal subdivision, section, township, range, county, and municipal corporation, if any, (W.S. 35-11-406, (a), (vi)) and the number of acres in each bearing and distance description. No mining activity may take place on land for which there is not in effect a valid mining permit (W.S. 35-11-405). To include additional lands within a permit area it is necessary to amend the permit (W.S. 35-11-406, (a), (xii)). so care should be taken to include all lands necessary to the mining operation as defined in W.S. 35-11-103, (e), (viii). Each description should be sufficient to locate the area on a U.S.G.S. topographic map without reference to any additional maps, diagrams, or descriptions. Each description should state the acreage encompassed by the description and the total permit acreage should be stated. An original U.S.G.S. topographic map with the permit area clearly outlined should accompany each permit application.

A road right-of-way including 50 feet on both sides of a center-line:

Beginning at a point 130 feet due east of the west 1/4 corner of Section 34, T.38N, R.73W., thence N 00°00' E for a distance of 2,508.24 feet, thence N49°25'40" W for a distance of 355.73 feet, thence N 8°32'40" W for a distance of 1,121.90 feet, thence N27°54'19" W for a distance of 1,722.99 feet, thence N 3°30'36" E for a distance of 4,938.57 feet, thence N 7°12'56" E for a distance of 2,661.46 feet, thence N 11°50'15" E for a distance of 263 feet to a point on the north section line of Section 21 which is 450 feet due west of the NE corner of Section 21, T.38N, R.73W.



*David S. Haulstine* 8/7/85  
Applicant Signature Date

COUNTY of \_\_\_\_\_  
Municipal Corporation \_\_\_\_\_  
Amendment A-1 is 0.02% of the original permit acreage.

Description Acres \_\_\_\_\_  
Total (Amendment) Acres \_\_\_\_\_  
Applicant \_\_\_\_\_  
Date \_\_\_\_\_

SELF BONDING INDEMNITY AGREEMENT

Permit No. 304C

Self Bond No. SBNC-013

THIS AGREEMENT OF INDEMNITY, by and between the State of Wyoming, Department of Environmental Quality, as indemnitee, (hereinafter referred to as the "Department"), and Smythugh Fuels Corporation, duly authorized to do business in the State of Wyoming, as indemnitor, (hereinafter referred to as the "Operator");

WITNESSETH

WHEREAS, Operator has filed with the Department an application to self-bond in compliance with provisions of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder, in connection with Operator's Mining Permit No. 304C;

WHEREAS, Operator presents this agreement for the purpose of meeting the requirements of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder;

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

WHEREAS, Operator desires to indemnify the Department from all loss and costs associated with its self bond No. SBNC-013;

WHEREAS, Operator has the full authority under the laws of the State of its incorporation, 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, the Department, pursuant to the Wyoming Environmental Quality Act, has the legal authority to administer the bonding requirements for mine operations in the State of Wyoming.

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 SBNC-013, it's agreed by and between the Operator and the Department as follows:

I. Operator, their successors and assigns, jointly and severally do hereby covenant and agree to indemnify the Department of, from and against any and all demands, liabilities, charges, costs and expenses of whatever kind or nature, which the Department may sustain or incur by reason of or in consequence of the failure by the Operator to faithfully perform all the requirements of the Wyoming Environmental Quality Act and any amendments thereto and Land Quality Division regulations and any amendments thereto as it applies to mining operations under the aforesaid mining permit no. 304C 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, bond no. SBNC-013.

II. Upon this agreement becoming effective, the Department shall deliver and execute, as necessary, to Operator any and all documents and forms needed to allow 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.

FORM 35-INDEMNITY/  
REV. 3/78  
Page 1 of 1



III. This indemnity agreement is continuing 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 the State of Wyoming.

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, amendments, modifications or riders to the terms of the self bond, number SBNC-013, 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 Environmental Quality 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 SBNC-013.
3. Any changes, amendments, or modifications to the terms of the permit, number 304C including the mining and reclamation plans contained therein.
4. The acceptance by the State of Wyoming of any collateral of any kind to further secure the self bond, number SBNC-013.

V. If in the Department's opinion Operator has violated the Wyoming Environmental Quality Act as it applies to the mining operations under said Mining Permit No. 304C, the Department may institute bond forfeiture proceedings against Operator in accordance with the forfeiture proceedings set forth in the Wyoming Environmental Quality Act, W.S. 35-11-421, as amended (1981).

In the event an order of forfeiture is entered by the Wyoming Environmental Quality Council against Operator as a result of such bond forfeiture proceedings requiring the forfeiture of all or any part of the self-bond, the Department may call to Operator written demand for payment of the amount of the self-bond which may be ordered forfeited and Operator shall pay such amount in full to the Department, in immediately available federal funds, within three (3) business days after receipt of such demand. Payment to the Department shall be made to such bank account as the Department 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 the Department by Operator hereunder shall be refunded to Operator in full within three (3) business days after receipt by the Department of a certified copy of the ruling, order or other action by such court or administrative agency. Any refund to Operator by the Department 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 the Department initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements, the Operator agrees to pay all litigation costs incurred by the State in any successful effort to enforce this agreement against the Operator with respect 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 the Department certifies in writing to the Operator that Operator has satisfactorily completed as required by the Environmental Quality Act the mining and reclamation activities pursuant to Mining Permit No. 304C, for which this agreement is posted; or (b) when and as the Department certifies in writing to the Operator that the Operator has provided an acceptable corporate surety bond, letter of credit or other security complying with W.S. 35-11-418 in substitution for this agreement; or (c) when the Department otherwise authorizes release of this agreement in whole or in part to the Operator pursuant to the Environmental Quality 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 W.S. 35-11-418 with the Department in substitution for and release of all or part of this agreement. Operator shall notify the Department in writing of any such substitution, and the Department shall notify the Operator in writing of the acceptability of any such substitution.

Said substitution shall not be valid and effective until the Department certifies in writing as such.

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 the administrator of the Land Quality Division.

IX. Operator agrees to pay all costs and expenses incurred by the Department 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, amendments, modifications or renewals to the self bond of the Operator or the terms of permit number 204C 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 addressee at the addresses specified below.

1. For the Operator: Mr. James G. Randolph, President  
Sequoiah Fuels Corporation  
P.O. Box 25861  
Oklahoma City, Oklahoma 73125

2. For the Department:

Department of Environmental Quality  
Land Quality Division  
Herschler Building, 3rd Floor  
122 West 25th Street  
Cheyenne, WY 82002

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 Operator.

XV. This indemnity agreement is a Wyoming contract and shall be construed under and subject to the laws of the State of Wyoming.

XVI. This agreement, together with the application for self-bonding applicable to Mining Permit No. 204C, contains the entire agreement of the parties hereto with respect to indemnification.



XVII. EXECUTION BY THE OPERATOR:

Seaway Fuels Corporation  
OPERATOR

BY: James G. Randolph  
James G. Randolph, President  
BY: Robert P. Luke  
Robert P. Luke, Executive Vice President

ATTEST:  
Don Heger

THE STATE OF OKLAHOMA )  
COUNTY OF OKLAHOMA ) SS.

The foregoing instrument was acknowledged, subscribed and sworn to before me this 28th day of August, 1985.

Becky Branstetter  
NOTARY PUBLIC

My Commission Expires: 4/29/88

XVIII. CORPORATE ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit A.

XIX. EXECUTION BY GUARANTORS: Kerr-McGee Corporation  
GUARANTOR

BY: J. W. McKeany  
J. W. McKeany, President  
BY: Thomas B. Stephens  
Thomas B. Stephens, Vice President & Treasurer

ATTEST:  
Don Heger

THE STATE OF OKLAHOMA )  
COUNTY OF OKLAHOMA ) SS.

The foregoing instrument was acknowledged, subscribed and sworn to before me this 28th day of August, 1985.

Becky Branstetter  
NOTARY PUBLIC

My Commission Expires: 4/29/88

XX. CORPORATE ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit B.



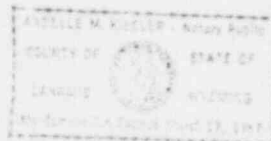
XII. APPROVED AS TO FORM AND EXECUTION:

A.C. McClintock  
Attorney GeneralBY: Weldon Stoddard  
Assistant Attorney GeneralDate 9/6/85

XIII. EXECUTION BY THE DEPARTMENT

In witness whereof, this Agreement is dated and effective as of  
October 25, 1985.STATE OF WYOMING  
DEPARTMENT OF ENVIRONMENTAL QUALITYBY: Ralph Wark 10-25-85  
DirectorBY: Roger Steffen  
AdministratorTHE STATE OF WYOMING )  
COUNTY OF LARAMIE ) SS.The foregoing instrument was acknowledged, subscribed and sworn to before  
me this 25 day of October, 1985.

Witness my hand and official seal.

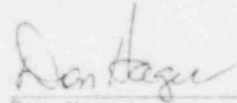
Arthur M. Kuehn  
NOTARY PUBLICMy Commission Expires: 2-11-87

C E R T I F I C A T E

I, DON HAGER, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of SEQUOYAH FUELS CORPORATION, a Delaware corporation.

I further certify that James G. Randolph is the duly elected and qualified President of the Corporation and that Robert P. Luke is the duly elected Executive Vice President of the Corporation and each is fully empowered to execute for and on behalf of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation this 25<sup>th</sup> day of September, 1985.

  
\_\_\_\_\_  
Don Hager  
Assistant Secretary



SELF BOND CORPORATE GUARANTY

Permit No. 104C

Self Bond No. SRMC-013

WITNESSETH

WHEREAS Rock-McCoy Corporation, (hereinafter referred to as Guarantor) owns or controls Sequoyah Fuel Corporation, (hereinafter referred to as Operator);

WHEREAS, Guarantor satisfies the financial requirements and criteria set by the Department of Environmental Quality, Land Quality Division rules and regulations;

WHEREAS, Operator has requested and desires to place with the State of Wyoming its self bond to secure reclamation obligations;

WHEREAS, Guarantor desires to guarantee the funds pledged under the Operator's self bond;

WHEREAS, Guarantor has the full authority under the laws of the State of its incorporation, its articles of incorporation and bylaws to enter into this guaranty;

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

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

WHEREAS, the Department of Environmental Quality, pursuant to the Wyoming Environmental Quality Act, has the legal authority to administer the bonding requirements for mine operations in the State of Wyoming;

I. NOW, for value received, and in consideration of the approval and execution of self bond, number SRMC-013, Guarantor, a corporation created and existing under the laws of the State of Delaware, their successors and assigns, jointly and severally, do hereby covenant, guarantee, promise and agree to the State of Wyoming to make prompt payment upon demand of the full amount, or portions thereof, of the self bond of Operator, self bond no. SRMC-013, on the terms and conditions described herein, said payment of monies to be used for the reclamation of all lands affected under permit 104C in accordance with the provisions and requirements of the Wyoming Environmental Quality Act and any amendments thereto, the rules and regulations promulgated thereunder and any amendments thereto, and the terms and conditions of the mining permit. This Guaranty covers any and all demands, liabilities, charges, and expenses of whatever kind or nature, which the State of Wyoming may at any time sustain or incur by reason of or in consequence of having accepted the self bond of the operator, including all litigation costs and all administrative costs reasonably incurred by the State of Wyoming in any successful effort to enforce obligations and requirements of the operator with respect to the operation or activity that is bonded.

II. This guaranty is a continuing guaranty 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 the State of Wyoming.

III. Guarantor hereby fully consents to the following, any of which shall not affect nor change or discharge the obligations of this Guaranty:

1. Any renewals, amendments, modifications or riders to the terms of the self bond, number SRMC-013, 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 Environmental Quality Act and the rules and regulations promulgated thereunder.

WITNESSETH

BY: Rock-McCoy

DATE: 2/2/79

Page 1 of 4





By: [Signature]  
J. H. McPherson, President

By: [Signature]  
Thomas B. Stephens, Vice President & Treasurer

THE STATE OF OKLAHOMA }  
COUNTY OF OKLAHOMA }

The foregoing instrument was acknowledged, subscribed, and sworn to before me this 18th day of August, 1985.

Witness my hand and official seal.

[Signature]  
Notary Public - Henry Branstetter

My Commission Expires: 4/20/88

XVII. CORPORATE ACKNOWLEDGMENTS:

Attached and incorporated herein as Exhibit A.

XVIII. APPROVED AS TO FORM AND EXECUTION:

[Signature]  
Attorney General

By: [Signature]  
Assistant Attorney General

Date: 9/6/85

XIX. STATE OF WYOMING SIGNATURES:

By: [Signature] 10-25-85  
Director, Department of Environmental Quality

By: [Signature]  
Administrator, Land Use Division

THE STATE OF WYOMING }  
COUNTY OF LARAMIE }

The foregoing instrument was acknowledged, subscribed and sworn to before me this 25 day of October, 1985.

Witness my hand and official seal.



[Signature]  
Notary Public

My Commission Expires: 3-27-87







- XI. This Guaranty is a binding contract and shall be enforceable under the laws of the State of Kansas.
- XII. The failure of any person or persons to sign this Guaranty shall not release the Guarantor from its obligations.
- XIII. This Guaranty is one of payment and not of collection.
- XIV. This Guaranty may thereupon be enforced.
- XV. In case of the insolvency, bankruptcy or dissolution of the Operator, all funds represented by the said bond shall immediately become due and payable to the Guarantor.
- XVI. This Guaranty shall be void if the Operator is not certified.
- XVII. Personal delivery shall have the same effect as notice given by mail.

Chancellor, at 11002  
111 West 10th Street  
Kansas City, Missouri 64105  
Department of Environmental Quality  
Land Quality Division  
Receiving Building, 3rd Floor

2. For the State of Kansas:

- 1. For the Guarantor: Mr. James C. Smith, Sr., Vice President  
S.M. Box 11111  
Kansas City, MO 64111
- II. All bonds required to, or which may be given, shall be effective when received by the Guarantor at the address specified herein.
- III. The Guarantor, on this Guaranty, shall not be an operator or the holder of bonds.
- IV. No charges, expenses, deductions or interest to the said bond of the Guarantor shall be good and effective unless they are changed in the business name of the operator.
- V. This Guaranty shall be good and effective notwithstanding a change of name of this Guaranty.
- VI. Operator agrees to pay all costs and expenses incurred by the State of Kansas which are expended in any successful action brought to enforce the terms of this Guaranty.
- VII. There are no conditions or limitations on this Guaranty except those contained herein.
- VIII. This Guaranty shall be void and continue notwithstanding any present or future legal disability of the Operator.
- IX. The rules and regulations promulgated by the Department of the Environment shall be deemed to be incorporated in this Guaranty, and the Operator shall be deemed to have accepted the same and will not be deemed to have accepted the same before the date of the cancellation of the Operator's license.
- X. This Guaranty shall be void and continue notwithstanding any present or future legal disability of the Operator.



KERR-McGEE

KERR-McGEE CENTER • OKLAHOMA CITY, OKLAHOMA 73102

WILLIAM E. HEIMANN

VICE PRESIDENT AND GENERAL COUNSEL

August 27, 1985

Department of Environmental Quality  
Land Quality Division  
Herschler Building - Third Floor  
122 West 25th  
Cheyenne, Wyoming 82002

Gentlemen:

This opinion is delivered to you in connection with the execution and delivery by Kerr-McGee Corporation, a Delaware corporation, (the "Guarantor") of the SB Corporate Guaranty, dated August 28, 1985, with respect to Permit No. 304C, Self Bond No. SBNC-013 (the "Guaranty"). I am Vice President, General Counsel and Secretary of the Guarantor and render legal services to it and its wholly-owned subsidiary, Sequoyah Fuels Corporation, a Delaware corporation, (the "Company"). In such capacity, I am familiar with their affairs in general and with the Guaranty and the related Self Bond Agreement - Non-Coal.

In connection with the preparation of this opinion, I have reviewed such documents and records as I deemed prudent. Based upon this review and upon such other information as I believe necessary to enable me to render this opinion, I am of the opinion that:

(1) The Guarantor has full authority under its Articles of Incorporation and Bylaws and the laws of the State of Delaware to enter into the Guaranty and to perform its obligations thereunder.

(2) J. W. McKenny, President, and Thomas B. Stephens, Vice President and Treasurer, have full approval from the Board of Directors of the Guarantor to execute the Guaranty on behalf of the Guarantor.

Very truly yours,

*William E. Heimann*  
William E. Heimann

WEH/lwp



# C E R T I F I C A T E

I, DON HAGER, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of KERR-McGEE CORPORATION, a Delaware corporation.

I further certify that J. W. McKenny is the duly elected President of the Corporation, that Thomas B. Stephens is a duly elected Vice President and Treasurer of the Corporation and that William E. Heimann is a duly elected Vice President, General Counsel and Secretary of the Corporation and each is fully empowered to execute for and on behalf of the Corporation.

I further certify that the Third Article of the Certificate of Incorporation of Kerr-McGee Corporation contains the following paragraph:


To guarantee, purchase or otherwise acquire, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock, bonds or other evidence of indebtedness created by other corporations and while the holder of such stock to exercise all the rights and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do.

I further certify that the following is a true and correct copy of the resolution unanimously adopted by the Board of Directors of Kerr-McGee Corporation on May 7, 1985, all of which appears of record in the minute book of said Corporation and remains in full force and effect on the date hereof.

RESOLVED, that F. A. McPherson, Chairman of the Board, individually, or Jere W. McKenny, President, together with either Marvin K. Hambrick, Executive Vice President, or Thomas B. Stephens, Vice President and Treasurer, are hereby authorized, for and on behalf of the Company, to guarantee any and all payments of obligations of any wholly-owned subsidiary of the Company incurred in the ordinary course of business.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this 20th day of August, 1985.



  
Don Hager  
Assistant Secretary