



United States Department of the Interior
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

SELF-BOND INDEMNITY AGREEMENT

Permit No. _____

Self-Bond No. _____

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

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

WHEREAS, Permittee has satisfied the self-bonding requirements and criteria set by OSM;

WHEREAS, Permittee desires to indemnify OSM from all loss and costs associated with its Self-Bond No. _____.

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

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

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

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

NOW THEREFORE, effective upon the execution of this agreement by all parties, for value received, and in consideration of the approval and execution of Self-Bond No. _____, it is agreed by and between the Permittee, OSM, and the Guarantor as follows:

- I. Permittee and Guarantor, their successors and assigns, jointly and severally do hereby covenant and agree to indemnify OSM of, from and against any and all demands, liabilities, charges, costs and expenses of whatsoever kind or nature, which OSM may sustain or incur in consequence of the failure by the Permittee to faithfully perform all the requirements of the Surface Mining Control and Reclamation Act (SMCRA) and any amendments thereto, OSM regulations and amendments thereto, applicable federal laws and regulations as they apply to mining operations under the aforesaid Permit No. _____ and the mining and reclamation plans approved therewith. With the exception of litigation and administrative

costs as referenced in paragraph VI, Permittee's liability hereunder shall not exceed the principal amount set forth in Permittee's Self-Bond No. _____ and any modifications thereto.

- II. Upon this agreement becoming effective, OSM shall deliver and execute, as necessary, to Permittee any and all documents and forms needed to allow Permittee to substitute any existing bonds, letters of credit, certificates of deposit, cash or government securities or portions thereof that are being replaced by this self-bond and self-bonding indemnity agreement.
- III. This indemnity agreement is continuing and is to be in full force and effect until all of the terms of the Permittee's self-bond have been satisfactorily performed or otherwise discharged to the satisfaction of OSM.
- IV. Permittee and Guarantor hereby fully consent and agree that any of the following shall not affect nor change or discharge the obligations of this indemnity agreement:
 - 1. Any renewals, revisions, modifications or riders to the terms of Self-Bond No. _____, including increases or decreases in the dollar amount of the self-bond, or the lands to which it applies, in accordance with the requirements of the Surface Mining Control and Reclamation Act (SMCRA) and the rules and regulations promulgated thereunder;
 - 2. Any extension of time for performance of the whole or any part of the conditions of Self-Bond No. _____;
 - 3. Any changes, revisions, modifications or renewals to the terms of Permit No. _____ including the mining and reclamation plans contained therein.
- V. If in OSM's opinion Permittee has refused or is unable to conduct reclamation of an unabated violation, or if the terms of Mining Permit No. _____ are not met, or if the Permittee defaults on the conditions under which Self-Bond No. _____ is accepted, OSM may institute bond forfeiture proceedings against the Permittee and/or Guarantor in accordance with the forfeiture proceedings at 30 CFR 800.50.

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

refund to Permittee and/or Guarantor by OSM shall be in immediately available federal funds and shall be made to such bank account as Permittee and/or Guarantor may specify in writing to OSM.

VI. In the event OSM initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements under this indemnity agreement, the Permittee agrees to pay all litigation costs incurred by OSM in any successful effort to enforce this agreement against the Permittee with respect to the operations or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the operation or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the litigation costs and all administrative costs reasonably incurred in the course of enforcing or in preparation to enforce the rules and regulations for self-bonding against the Permittee 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 Permittee's Self-Bond. Permittee 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 OSM certifies in writing to the Permittee that Permittee has successfully completed as required by the Surface Mining Control and Reclamation Act and any amendments thereto, and applicable federal laws and regulations, the mining and reclamation activities pursuant to Permit No. _____, for which this agreement is posted; or (b) when and as OSM certifies in writing to the Permittee that the Permittee has provided an acceptable corporate surety bond, letter of credit or other security complying with 30 CFR § 800.12 in substitution for this agreement; or (c) when OSM otherwise authorizes release of this agreement in whole or in part to the Permittee pursuant to the Surface Mining Control and Reclamation Act and the rules and regulations promulgated thereunder.

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

VIII. There are no conditions or limitations to this indemnity agreement except those contained herein at the date hereof; and thereafter, no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the Permittee and/or Guarantor, and approved by OSM.

IX. Permittee agrees to pay all costs and expenses incurred by OSM 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 Permittee and/or Guarantor.

XI. No changes, revisions, modifications or renewals to the self-bond of the Permittee or the terms of Permit No. _____ shall act as a release of the Permittee and/or Guarantor from this indemnity agreement.

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

1. For the Permittee:

2. For OSM:

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 Permittee, all funds represented by the self-bond shall immediately become due and payable.

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

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

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

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

XVIII. If at any time during the period that Self-Bond No. _____ is posted and in effect the financial conditions of the Permittee or Guarantor change so that the financial criteria at 30 CFR § 800.23 are not satisfied, Permittee shall notify OSM immediately and shall within ninety(90) days post an alternate, allowable form of bond in the same amount as the self-bond.

XIX. EXECUTION BY THE PERMITTEE:

(Corporate Seal)

PERMITTEE (please print or type)

DATE: _____

BY: _____ TITLE: _____

BY: _____ TITLE: _____

ATTEST: _____

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me by _____, this _____ day of _____, 20____.
(Name of Principal Signatory - please print or type)

Witness my hand and official seal.

(Notary Public or other Authorized Officer)

(Title - Name printed or typed)

My Commission Expires: _____

XX. GUARANTOR ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit A.

XXI. EXECUTION BY GUARANTOR:

GUARANTOR (please print or type)

(Corporate Seal)

BY: _____ TITLE: _____

BY: _____ TITLE: _____

ATTEST: _____

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me by _____, this _____ day of _____, 20____.
(Name of Principal Signatory - please print or type)

Witness my hand and official seal.

(Notary Public or other Authorized Officer)

(Title - Name printed or typed)

My Commission Expires: _____

XXII. CORPORATE GUARANTOR ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit B.

XXIII. EXECUTION BY OSM

In witness whereof, this Agreement is dated and effective as of this ____ day of _____, 20

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

BY: _____ TITLE: _____

The foregoing instrument was acknowledged before me by _____, this ____ day of _____, _____. (Name of OSM Signatory - please type or print)

Witness my hand and official seal.

NOTARY PUBLIC

My Commission Expires: _____

Paperwork Reduction Act Notice

We use the information required by this form to ensure that the requirements for a self-bond under 30 CFR 800.23 are met. You must provide the requested information to obtain a benefit (a self-bond). Under 30 CFR 842.16, the information collected is a matter of public record.

The time needed to complete this form and submit the requested information will vary depending on individual circumstances. We estimate that the average time will be 3 hours per response. This number includes the time spent reviewing instructions, learning about the regulations, gathering and maintaining information, and completing and reviewing the form. If you have comments concerning the accuracy of this estimate or suggestions for simplifying the form or instructions, you may write to the Information Collection Clearance Officer, Office of Surface Mining Reclamation and Enforcement, Room 202 SIB, 1951 Constitution Ave, NW, Washington, D.C. 20240.

Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), you are not required to respond to, nor will you be subject to a penalty for a failure to comply with, a collection of information unless it displays a currently valid OMB control number.

OMB Control No. 1029-0043; expires 1/31/2009