

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In The Matter Of:

Al Hamilton Contracting Company  
R.D. 1, Box 87  
Woodland, PA 16881

Consensual Bond  
Default Payment

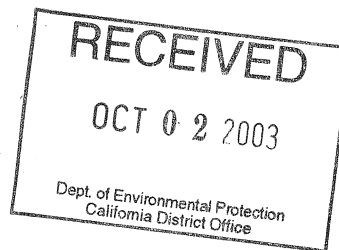
Manor Mining and Contracting Corp.  
P.O. Box 368  
Bigler, PA 16825

Travelers Indemnity Company  
One Tower Square  
Hartford, CT 06183

ACE-INA  
1601 Chestnut Street  
Philadelphia, PA 19192-2201

and

American Insurance Company  
P.O. Box 740010  
Atlanta, GA 30374



**CONSENT ORDER AND AGREEMENT**

This Consent Order and Agreement is entered into this 23 day of Sept, 2003, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department"), Travelers Indemnity Company ("Travelers"), Al Hamilton Contracting Company ("Al Hamilton"), Manor Mining and Contracting Corporation ("Manor"), ACE-INA ("ACE-INA") and American Insurance Company ("AIC").

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and

enforce The Surface Mining Conservation and Reclamation Act, Act of May 31, 1945, P.L.  
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1198, as amended, 52 P.S. §1396.1 et seq., (“Surface Mining Act”); the Coal Refuse Disposal Control Act, Act of September 24, 1968, P.L. 1040, as amended, 52 P.S. § 30.51 et seq. (“Coal Refuse Disposal Act”); The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §691.1 *et seq.* (“Clean Streams Law”); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 (“Administrative Code”); and the rules and regulations promulgated thereunder.

B. Al Hamilton Contracting Company (“Al Hamilton”) is a Pennsylvania corporation with a business address of R.D. 1, Box 87, Woodland, PA 16881, whose business includes the mining of bituminous coal in the Commonwealth by the surface mining method.

C. Manor Mining & Contracting Corp. (“Manor”) is a Pennsylvania Corporation with a business address of P.O. Box 368, Bigler, PA 16825, whose business includes the underground mining of bituminous coal in the Commonwealth.

D. C. Alan Walker is currently the President of Al Hamilton and Manor, and is the person responsible for their day to day operations. C. Alan Walker “owns or controls” Al Hamilton and Manor as those terms are defined at 25 Pa. Code § 86.1. Al Hamilton and Manor are “related part[ies]” as that term is defined at 25 Pa. Code § 86.1.

E. Travelers is a Connecticut Corporation with a business address of One Tower Square, Hartford, CT 06183, whose business includes among other things, the issuance of surety bonds for mining operations in Pennsylvania.

F. ACE-INA is a corporation with a business address of 1601 Chestnut Street, Philadelphia, PA 19192-2201, and is the successor to the Insurance Company of North America

and whose business includes among other things, the issuance of surety bonds for mining operations in Pennsylvania ("ACE-INA").

G. AIC is a corporation with a business address of P.O. Box 740010, Atlanta, GA 30374-0010, and whose business includes among other things, the issuance of surety bonds for mining operations in Pennsylvania.

H. This Agreement is to detail the framework for addressing long term pollutional water treatment obligations of Al Hamilton and Manor with the cooperation of the sureties in the development of a long term water treatment trust to provide funds for treatment and related costs.

*Al Hamilton's Water Treatment Obligations*

I. At all times relevant hereto, Al Hamilton was the permittee and/or a contract miner on the mine sites listed below pursuant to the permits referenced therein. Al Hamilton is required to treat post-mining acid mine drainage (AMD) discharges from those mine sites pursuant to the compliance orders further referenced therein. Travelers, ACE-INA and AIC issued surety bonds for these permits as identified below.

J. Brenda Gayle Operation: Al Hamilton Contracting Company, Mine Drainage permit (MDP) No. 4770BSM9, Rush Township, Centre County:

1. Al Hamilton is required to collect and treat three on-site gravity flow discharges. These AMD discharges are collected and flow to a common collection pond and then are pumped and treated with caustic soda and are discharged to Moshannon Creek, which is AMD impacted prior to receiving the final discharge from the site. If pumping were to cease, the discharges would flow to Mountain Branch, which is a stocked trout stream and is part of the

Houtzdale Municipal Water Authority water system. A separate discharge flows from a constructed trench/anoxic limestone drain (A.L.D.) as required by a Consent Order and Agreement (CO&A) and flows to constructed wetlands.

2. History of Treatment Obligations on the Brenda Gayle Operation: The Department issued treatment Orders 84-44 on May 16, 1984, 84-120 on October 18, 1984, 85-H-027 on March 15, 1985, 85-H-035 on April 1, 1985, 85-H-122 on December 16, 1985. These Orders all were appealed to the Environmental Hearing Board (EHB) and consolidated at Docket No. 84-187-W. Al Hamilton lost all EHB appeals in a decision issued November 24, 1993. Al Hamilton appealed to Commonwealth Court which affirmed the EHB in a decision issued in January, 1995. The Supreme Court denied allocatur in July, 1995. The Department and Al Hamilton entered into CO&A 964028 on October 2, 1996 for a passive treatment system. Neither Al Hamilton nor Travelers appealed the October 2, 1996 CO&A.

3. Travelers issued surety bond numbers in the amounts of:

3S43747	\$99,215
3S45272	15,000
3S43974	<u>1,500</u>
TOTAL	\$115,715

to guarantee Al Hamilton's reclamation obligations on the Brenda Gayle operation.

K. Kaufman Operations: Al Hamilton Contracting Company, Surface Mining Permit (SMP) No. 17890115, Boggs Township, Clearfield County:

1. Al Hamilton is required to treat two discharges designated GR-533 and GR-535. These discharges are being passively treated with limestone and/or a settling pond.

The receiving stream is Sanbourn Run.

2. History of Treatment Obligations: Al Hamilton was issued a Treatment Order to treat points GR-533 and GR-535 on 6/2/00. This Order was not appealed to the Environmental Hearing Board.

3. Travelers issued surety bond numbers in the amounts of:

3S100744235BCA	\$231,650
3S100959452BCA	164,240
3S101013493BCA	<u>11,400</u>
TOTAL	\$407,290

to guarantee Al Hamilton's reclamation obligations on the Kaufman Operation.

L. Kaufman North Operation: Al Hamilton Contracting Company, SMP No. 17970107, Boggs Township, Clearfield County:

1. Al Hamilton is required to treat AMD discharges designated as GR460, GR461, GR777, JER1, JER1A, JER3, JER3A, JER4 and JER5. The receiving stream is Camp Hope Run.

2. History of Treatment Obligations: The Department issued Al Hamilton a Treatment Liability Letter on July 6, 2000 notifying Al Hamilton that the Department considered it responsible for treatment points GR-460 and GR-461. Al Hamilton began treatment. By Order dated June 27, 2002, the Department ordered Al Hamilton to treat the discharges referenced in paragraph 1. Neither Travelers nor Al Hamilton appealed the June 27, 2002 Order to the EHB.

3. Travelers issued surety bond number 3S101069814BCM in the amount of \$462,100.00 to guarantee Al Hamilton's reclamation obligations on the Kaufman North Operation.

M. Little Beth Operation: Al Hamilton Contracting Company, SMP No. 17723164, and MDP No. 4472SM15, Bradford Township, Clearfield County:

1. Al Hamilton is required to treat an on-site AMD discharge and the discharge is being pumped and treated conventionally by the use of caustic soda. The receiving stream is Valley Fork Run.

2. History of Treatment Obligations: The Department issued Al Hamilton an Administrative Order on September 24, 1992 for a discharge of AMD identified as "Discharge 1." Al Hamilton appealed to the EHB, which was docketed as No. 92-468-E. The appeal was dismissed on August 8, 1994. Al Hamilton appealed to Commonwealth Court, No. 2308 C.D. 1994. Commonwealth Court affirmed the EHB decision on May 11, 1995.

3. Travelers issued surety bond numbers in the amounts of:

MDP No. 4472SM15	3S43762	\$450
	3S45280	<u>360</u>
	TOTAL	\$810

SMP No. 17723164	3S100006951	\$139,420
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to guarantee Al Hamilton's reclamation obligations on the Little Beth Operation.

N. Pearce Operation: Al Hamilton Contracting Company, SMP No. 17820106, Bradford Township, Clearfield County:

1. Al Hamilton is required to treat AMD discharges designated as W33 and W36. These discharges are being treated with an Anoxic Limestone Drain. The receiving stream is Roaring Run.

2. History of Treatment Obligations: The Department sent Al Hamilton a Treatment Liability Letter on January 22, 1996 to treat discharge points W33 and W36. Al Hamilton began treatment on August 31, 1996. Compliance Order 024030 was issued to Al Hamilton on June 25, 2002 requiring treatment of these discharges. Neither Travelers nor ACE-INA, nor Al Hamilton appealed that Order to the EHB.

3. Travelers issued surety bond numbers in the amounts of:

3S46201	\$292,380
3S100025815	<u>30,600</u>
TOTAL	\$322,980

and ACE-INA issued surety bond number in the amount of:

K03300754	\$118,100
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to guarantee Al Hamilton's reclamation obligations on the Pearce Operation.

O. Caledonia Pike Operation: Al Hamilton Contracting Company, MDP No. 4577SM8, Covington Township, Clearfield County:

1. Al Hamilton is required to treat an AMD discharge designated as F172. This on-site gravity flow discharge is being treated conventionally with caustic soda. A Notice of Violation from the federal Office of Surface Mining initiated treatment. The Department conducted a hydrological investigation that concluded that Al Hamilton is responsible for the discharge. Receiving stream is unnamed tributary to Sandy Creek.

2. History of Treatment Obligations: The Department issued Al Hamilton Compliance Order No. 024029 on June 25, 2002 for discharge F172. Neither Travelers nor Al Hamilton appealed that Order to EHB.

3. Travelers issued surety bond number 3S0000100483765 in the amount of \$179,840.00 to guarantee Al Hamilton's reclamation obligations on the Caledonia Pike Operation.

P. Miller/Stein Operation: Al Hamilton Contracting Company, SMP No. 17753159, Decatur Township, Clearfield County:

1. Al Hamilton is required to treat several discharges as follows. Passive treatment systems (A.L.D.) are installed on two pre-existing discharges on the north end of the permit that flow to an unnamed tributary to Laurel Run. On the south side of the site a caustic system is used to treat AMD from two sources. The first source is AMD, which flows subsurface to an old sediment pond, where it is collected and pumped to the treatment facility. The second source of AMD is pumped from a nearby drilled well in an effort to lower the groundwater level to eliminate fugitive seeps that surface at stream level on an adjoining property. Again, this water is pumped to the treatment facility and treated with caustic soda. Shimmel Run is the receiving stream of these discharges, which before mining, supported fish. With treatment, Shimmel Run continues to support fish. Without treatment, Shimmel Run to its confluence with Moshannon Creek, which is approximately 2.5 miles, will be degraded.

2. History of Treatment Obligations: On April 10, 1985 the Department issued a Treatment Order to Central Pennsylvania Coal to treat a discharge known as the "S1B



Discharge.” When Al Hamilton transferred this permit they assumed liability for treatment. A Treatment Liability Letter was sent to Al Hamilton on January 22, 1996 for discharges W101 and W102. Al Hamilton initiated treatment of these discharges on August 31, 1996. The Department on June 25, 2002 issued Compliance Order No. 024033 to Al Hamilton for discharges W101 and W102. The Department on June 27, 2002 issued Order No. 024034 to Al Hamilton for the additional discharges referenced therein. Neither Travelers nor Al Hamilton appealed the June 27, 2002 Order to the EHB.

3. Travelers issued surety bond number 3S100744232BCA in the amount of \$802,300.00 to guarantee Al Hamilton’s reclamation obligations on the Miller/Stein Operation.

Q. Sandturn Operation: Al Hamilton Contracting Company, SMP No. 17803176, Decatur Township, Clearfield County:

1. Al Hamilton is responsible for an AMD discharge designated as SP11. That AMD discharge, which used to be a spring/private water supply, is being collected, pumped and treated with caustic soda. The receiving stream is Coal Run.

2. History of Treatment Obligations: The Department issued Al Hamilton a Treatment Order on March 24, 1993. Al Hamilton appealed the Order to the EHB and was docketed as No.93-072-MJ. The EHB sustained the Order and dismissed the appeal on November 29, 1995.

3. Travelers issued surety bond number in the amount of:

3S100824333BCA \$5,600

ACE-INA issued surety bond numbers in the amounts of:

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K02183651	\$190,280
MK02671141	<u>\$36,700</u>
Total	\$226,980

to guarantee Al Hamilton's reclamation obligations on the Sandturn Operation.

R. Ralston Operation: Al Hamilton Contracting Company, SMP No. 17850109,  
Decatur Township, Clearfield County:

1. Al Hamilton is responsible for treating three pre-existing seeps that were further degraded by its mining. All the seeps are diverted and gravity flow to a common treatment pond and are treated with caustic soda. Receiving stream is Morgan Run.

2. History of Treatment Obligations: The Department issued Al Hamilton a Treatment Order on October 12, 1990 to treat discharge point GR193. A Treatment Liability Letter was sent on January 22, 1996 for discharges GR192 and GR196. Al Hamilton initiated treatment of those discharges on August 31, 1996. On June 25, 2002, the Department issued Compliance Order No. 024031 to Al Hamilton for discharges GR192 and GR 196. Neither ACE-INA nor Al Hamilton appealed those Orders to EHB.

3. ACE-INA issued surety bond number in the amount of:

MK03295473	\$122,000
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to guarantee Al Hamilton's reclamation obligations on the Ralston Operation.

S. Lezzer Operation: Al Hamilton Contracting Company, SMP No.17870104, Pike Township, Clearfield County:

1. Al Hamilton is responsible for treating an AMD discharge located on the SMP. This seep is collected in a sump and pumped to a treatment facility and treated conventionally with caustic. The receiving stream is an unnamed tributary to the West Branch of the Susquehanna River.

2. History of Treatment Obligations: The Department issued Penn Grampian Coal Co. a Treatment Order on June 13, 1994 to treat this discharge. The permit along with liability for the discharge was transferred to Al Hamilton on June 13, 1995.

3. Travelers issued surety bond number 3S100948097BCA in the amount of \$36,300.00 to guarantee Al Hamilton's reclamation obligations on the Lezzer Operation.

T. Carnwath Operation: Al Hamilton Contracting Company, SMP No. 17820166, Knox Township, Clearfield County:

1. Al Hamilton is required to treat an AMD discharge designated as I107A. The discharge is being treated utilizing soda ash briquettes. The receiving stream is Potts Run.

2. History of Treatment Obligations: The Department issued Al Hamilton a Treatment Order on July 7, 1994 to treat discharge point No. I107A. Neither Travelers nor Al Hamilton appealed that Order to EHB.

3. Travelers issued surety bond number 3S100741220BCA in the amount of \$26,775.00 to guarantee Al Hamilton's reclamation obligations on the Carnwath Operation.

U. Buck Run No. 2 Operation: Al Hamilton Contracting Company, MDP No. 4578BC4, Girard Township, Clearfield County:

1. Al Hamilton is required to treat an AMD discharge designated as “EAST.”

The on-site gravity flow discharge is collected and conventionally treated with caustic soda. A sediment pond, which contains a large volume of water, also occasionally requires batch treatment to meet effluent limits. This pond acts as a sediment control pond for the Buck Run No. 3 Operation although it is physically located on the Buck Run No. 2 Operation. Receiving stream is an unnamed tributary to Deer Creek.

2. History of Treatment Obligations: The Department issued Al Hamilton Compliance Order No. 024032 on June 25, 2002 for the discharges referenced in paragraph T1. Neither Travelers nor Al Hamilton appealed that Order to the EHB.

3. Travelers issued surety bond number 3S43962 in the amount of \$41,800 to guarantee Al Hamilton’s reclamation obligations on the Buck Run No. 2 Operation.

V. Morris No. 2 Operation: Thompson Brothers Coal Company, SMP No. 17810104, Morris Township, Clearfield County:

1. Al Hamilton mined this site as a contract operator for Thompson Brothers Coal Company and is responsible for treating an AMD discharge designated as MP11. Al Hamilton is chemically treating discharge MP11 with caustic soda. The discharge is pumped to the treatment facilities. Flows range from nothing to over 100 gallons per minute. The receiving stream is Laurel Run. Thompson Brothers has voluntarily defaulted on its bonded obligations.

2. History of Treatment Obligations: The Department issued Al Hamilton and Thompson Brothers a Joint Administrative Order to treat discharge point MP11 on June 25, 1999. This Order was upheld by the EHB and Commonwealth Court and is final.

3. ACE-INA issued surety bond numbers in the amounts of:

K03301229	\$113,500
K03301217	<u>\$ 84,100</u>
Total	\$197,600

and AIC issued surety bond numbers in the amounts of:

2604681	\$164,200
2623591	<u>\$ 69,800</u>
Total	\$234,000

to guarantee Thompson Brothers' reclamation obligations on the Morris No. 2 Operation.

Manor's Treatment Obligations

W. At all times relevant hereto, Manor was the permittee of the mine site listed below pursuant to the permit referenced therein. Manor is required to treat a post-mining AMD discharge from that mine site pursuant to the below-referenced permit.

X. Manor No. 44 Deep Mine: Manor Mining, SMP No. 17841301, Girard Township, Clearfield County:

1. Manor is required to treat a gravity flow discharge from the mine portal. Treatment is accomplished with lime. The receiving stream is Bald Hill Run. Approximately 100 yards downstream of where the treated water enters Bald Hill Run a large Lower Kittanning surface mine discharge enters Bald Hill Run. The treated water effectively neutralizes the Lower Kittanning discharge.

2. Treatment of the discharge referenced above is required by Part A of Manor's Permit. This permit was not appealed and is administratively final.

3. Travelers issued surety bond numbers in the amounts of:

3S100702880BCA	\$34,200
3S101069800BCA	<u>\$14,429</u>
TOTAL	\$48,629

and ACE-INA issued surety bond number in the amount of:

K02869792	\$184,200
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to guarantee Al Hamilton's reclamation obligations on the Manor No. 44 Deep Mine.

Y. Al Hamilton and Manor have requested that the Department authorize Travelers, ACE-INA and AIC to pay the bond proceeds from the mine permits referenced herein to the Trustee of the Clean Streams Trust as provided in a Participation Agreement to be executed by the parties. Al Hamilton and Manor agree to voluntarily default the Travelers, ACE-INA and AIC bonds posted on the mine permits referenced herein.

Z. The Department has agreed to provide Travelers, ACE-INA and AIC with a full waiver of collection regarding the bond amounts in consideration of the funds being utilized to fund a trust to ensure the long term treatment obligations referenced herein.

AA. The Department may declare forfeit the bonds issued by Travelers, ACE-INA and AIC and referenced herein for any violation by Al Hamilton or Manor of the acts and regulations referenced in Paragraph A or for failure to comply with a Department Order. Cessation of treatment of the discharges referenced herein or financial inability to continue treatment would constitute such a violation of the act, regulations and Department orders.

BB. Al Hamilton and Manor have advised the Department that they are financially unable to continue to meet the treatment obligations referenced herein and that they intend to

discontinue such treatment. Al Hamilton and Manor have voluntarily defaulted on their bonded obligations and have requested assistance from the sureties to fulfill their bonded obligations.

CC. Travelers has agreed to forfeiture of the surety bonds referenced herein in the total amount of \$2,589,559 and the use of the bond proceeds to partially fund a treatment trust as set forth below.

DD. ACE-INA has agreed to forfeiture of the surety bonds referenced herein in the total amount of \$848,880 and the use of the bond proceeds to partially fund a treatment trust as set forth below.

EE. AIC has agreed to forfeiture of the surety bonds referenced herein in the total amount of \$234,000 and the use of the bond proceeds to partially fund a treatment trust as set forth below.

After full and complete negotiation of all matters set forth in this Consent Order and Agreement and upon mutual exchange of covenants contained herein, the parties desiring to avoid litigation and intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by Travelers, ACE-INA, AIC, Al Hamilton and Manor as follows:

1. Authority. This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Section 5 of the Clean Streams Law, 35 P.S. § 691.5; and Section 1917-A of the Administrative Code, 71 P.S. § 510-17.

2. Findings.

- a. Travelers, ACE-INA, AIC, Al Hamilton and Manor agree that the

findings in Paragraph A through EE are true and correct and, in any matter or proceeding

involving Travelers, ACE-INA, AIC, Al Hamilton, Manor and the Department, neither Travelers, ACE-INA, AIC, Al Hamilton nor Manor shall challenge the accuracy or validity of these findings.

b. The parties do not authorize any other persons to use the findings in this Consent Order and Agreement in any matter or proceeding.

3. Bond Forfeiture/Waiver of Collection/Funding of a Trust.

a. The surety bonds referenced herein in the total amount of \$3,672,439 are hereby declared forfeit.

b. Travelers, ACE-INA, AIC, Al Hamilton and Manor shall not appeal the forfeitures. Travelers, ACE-INA and AIC shall utilize the funds attributed to the forfeited bonds to partially fund a treatment trust established to ensure long term treatment of the discharges referenced herein. Travelers, ACE-INA and AIC shall provide the funds to the Trustee in accord with the Clean Streams Trust Participation Agreement between Travelers, ACE-INA, AIC, Al Hamilton, Manor, Bradford Coal Co. and the Department.

c. The Department, upon a demonstration by Travelers, ACE-INA, and AIC that the funds have been paid over to the trustee will waive collection on the full bond amounts and Travelers', ACE-INA's and AIC's obligation under this Consent Order and Agreement and obligations under the bond shall be fully satisfied.



4. Al Hamilton and Manor Mining will assign to the Trustee any and all rights of access held by either of them to property affected by discharges and subject to treatment.

5. Reservation of Rights. Except as provided in the Consent Decree to be entered in the matter of DEP v. Al Hamilton et.al., Pennsylvania Commonwealth Court, Doc. No. 2002, the Department reserves the right to require additional measures to achieve compliance with applicable law. Al Hamilton and Manor Mining reserve the right to challenge any action which the Department may take to require those measures.

6. Limitation of Liability. For purposes of this Consent Order and Agreement, Travelers, ACE-INA and AIC shall not by virtue of this Consent Order and Agreement or any activities hereunder; (i) be deemed an “operator of a mine” or an “occupier of land” or a party related to Al Hamilton or Manor under Section 315 or 316 of the Clean Streams Law, 35 P.S. §§ 691.315 or 691.316, or under the Surface Mining Act or any regulations promulgated thereunder; or, (ii) be deemed to have assumed any liabilities or obligations of Al Hamilton or Manor, except to the extent expressly set forth in this Consent Order and Agreement. This Consent Order and Agreement is not intended to create rights in any parties other than those who have signed below.

7. Transfer of Site.

a. The duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated or otherwise altered by the transfer of any legal or equitable interest in the mine sites referenced herein or any part thereof.

b. If Al Hamilton or Manor intend to transfer any legal or equitable interest in the mine sites referenced herein which is affected by this Consent Order and Agreement, Al Hamilton or Manor shall serve a copy of this Consent Order and Agreement upon the prospective transferee of the legal and equitable interest at least thirty (30) days prior to the contemplated transfer and shall simultaneously inform the Hawk Run District Office of the Department of such intent.

8. Correspondence with Department. All correspondence with the Department concerning this Consent Order and Agreement shall be addressed to:

Michael W. Smith  
District Mining Manager  
Empire Road  
P.O. Box 209  
Hawk Run, PA 16840-0209

With a copy to:

Dennis A. Whitaker, Assistant Counsel  
Dept. of Environmental Protection  
Southcentral Regional Office  
909 Elmerton Avenue, 3rd Floor  
Harrisburg, PA 17110

9. Correspondence with Travelers and ACE-INA. All correspondence with Travelers and ACE-INA concerning this Consent Order and Agreement shall be addressed to:

Frank E. Caufield  
Bond Claims Manager  
Travelers Indemnity Company  
One Tower Square, 14CV  
Hartford, CT 06183-9062

Henry R. Minissale, Esquire  
ACE-INA  
1601 Chestnut Street, TL33L  
Two Liberty Place  
Philadelphia, PA 19101-1484

Copy to:

William T. Gorton III, Esquire  
Stites and Harbison  
250 West Main Street  
Lexington, KY 40507

10. Correspondence with AIC. All correspondence with AIC concerning this Consent Order and Agreement shall be addressed to:

Robert Craton  
American Insurance Company  
c/o Firemens Fund Insurance Company  
Atlanta District Office, Surety Claims  
P.O. Box 740010  
Atlanta, GA 30374-0010

With a copy to:

J. Michael McCague, Esquire  
Griffith McCague & Fermsler P.C.  
Suite 3626, Gulf Tower  
707 Grant Street  
Pittsburgh, PA 15219

11. Correspondence with Al Hamilton or Manor. All correspondence with Al Hamilton or Manor concerning this Consent Order and Agreement shall be addressed to:

C. Alan Walker, President  
R.D. 1, Box 87  
Woodland, Pa 16881

and

William Kriner, Esquire  
P.O. Box 1425  
Clearfield, PA 16830

Copy to:

Stanley Geary, Esquire  
110 Ontario Court  
Gibsonia, PA 15044-8018

Al Hamilton or Manor shall notify the Department whenever there is a change in the contact person's name, title, or address. Service of any notice or any legal process for any purpose under this Consent Order and Agreement, including its enforcement, may be made by mailing a copy by first class mail to the above address.

12. Severability. The paragraphs of this Consent Order and Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the parties.

13. Entire Agreement. This Consent Order and Agreement shall constitute the entire integrated agreement of the parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or extent of any provisions herein in any litigation or any other proceeding.

14. Attorney Fees. The parties shall bear their respective attorney fees, expenses and other costs in the prosecution or defense of this matter or any related matters, arising prior to execution of this Consent Order and Agreement.

15. Modifications. No changes, additions, modifications, or amendments of this Consent Order and Agreement shall be effective unless they are set out in writing and signed by the parties hereto.

16. Titles. A title used at the beginning of any paragraph of this Consent Order and Agreement may be used to aid in the construction of that paragraph, but shall not be treated as controlling.

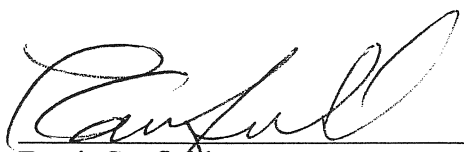
17. Decisions Under Consent Order. Any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code § 1021.2, nor an adjudication under 2 Pa. C.S. § 101. Any objection which Travelers, ACE-INA and AIC may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

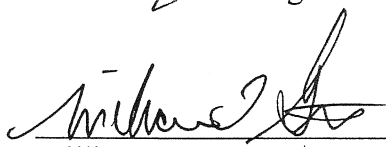
18. Counterpart. This Consent Order and Agreement may be signed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Facsimile signatures shall be valid and effective.

IN WITNESS WHEREOF, the parties hereto have caused this Consent Order and Agreement to be executed by their duly authorized representatives. The undersigned representatives of Travelers, ACE-INA, AIC, Al Hamilton and Manor certify under penalty of law, as provided by 18 Pa. C.S. § 4904, that they are authorized to execute this Consent Order and Agreement on behalf of Travelers, ACE-INA, AIC, Al Hamilton and Manor; that Travelers, ACE-INA, AIC, Al Hamilton and Manor consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that Travelers, ACE-INA, AIC, Al Hamilton and Manor hereby knowingly waive their rights to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, Act of July 13, 1988, P.L. 530, 35 P.S. § 7514; the

Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provisions of law. Signature by Travelers, ACE-INA, Al Hamilton, AIC and Manor's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR TRAVELERS:

  
\_\_\_\_\_  
Frank Caufield  
Bond Claims Manager

  
\_\_\_\_\_  
William T. Gorton III  
Attorney for Travelers

FOR THE COMMONWEALTH OF  
PENNSYLVANIA, DEPARTMENT OF  
ENVIRONMENTAL PROTECTION:

\_\_\_\_\_  
Michael W. Smith  
District Mining Manager

\_\_\_\_\_  
Dennis A. Whitaker  
Assistant Counsel

FOR AL HAMILTON AND MANOR:

\_\_\_\_\_  
C. Alan Walker  
President

\_\_\_\_\_  
Stanley Geary  
Attorney for Al Hamilton and Manor

FOR AIC:

\_\_\_\_\_  
Robert Craton

\_\_\_\_\_  
J. Michael McCague  
Attorney for AIC

FOR ACE-INA

\_\_\_\_\_  
Henry Minissale  
Assistant Vice President

\_\_\_\_\_  
William T. Gorton III  
Attorney for ACE-INA

FROM : HAMILTON

FAX NO. : 18148575142

Sep. 19 2003 01:17PM P3

Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provisions of law. Signature by Travelers, ACE-INA, Al Hamilton, AIC and Manor's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR TRAVELERS:

FOR THE COMMONWEALTH OF  
PENNSYLVANIA, DEPARTMENT OF  
ENVIRONMENTAL PROTECTION:

Frank Caulfield  
Bond Claims Manager

Michael W. Smith  
District Mining Manager

William T. Gorton III  
Attorney for Travelers

Dennis A. Whitaker  
Assistant Counsel

FOR AL HAMILTON AND MANOR:

FOR ACE-INA

*C. Alan Walker, President*  
C. Alan Walker  
President

Henry Minissale  
Assistant Vice President

Stanley Geary  
Attorney for Al Hamilton and Manor

William T. Gorton III  
Attorney for ACE-INA

FOR AIC:

Robert Craton

J. Michael McCague  
Attorney for AIC

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Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provisions of law. Signature by Travelers, ACE-INA, Al Hamilton, AIC and Manor's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR TRAVELERS:

\_\_\_\_\_  
Frank Canfield  
Bond Claims Manager

\_\_\_\_\_  
William T. Gorton III  
Attorney for Travelers

FOR AL HAMILTON AND MANOR:

\_\_\_\_\_  
C. Alan Walker  
President

*Stanley R Geary*  
\_\_\_\_\_  
Stanley Geary  
Attorney for Al Hamilton and Manor

FOR AIC:

\_\_\_\_\_  
Robert Craton

\_\_\_\_\_  
J. Michael McCague  
Attorney for AIC

FOR THE COMMONWEALTH OF  
PENNSYLVANIA, DEPARTMENT OF  
ENVIRONMENTAL PROTECTION:

\_\_\_\_\_  
Michael W. Smith  
District Mining Manager

\_\_\_\_\_  
Dennis A. Whitaker  
Assistant Counsel

FOR ACE-INA

\_\_\_\_\_  
Henry Minissale  
Assistant Vice President

\_\_\_\_\_  
William T. Gorton III  
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FOR TRAVELERS:

FOR THE COMMONWEALTH OF  
PENNSYLVANIA, DEPARTMENT OF  
ENVIRONMENTAL PROTECTION:

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Frank Caufield  
Bond Claims Manager

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District Mining Manager

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William T. Gorton III  
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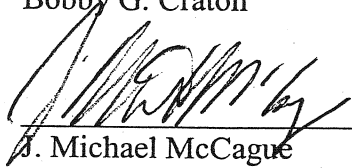
FOR AIC:

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Bobby G. Craton

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J. Michael McCague  
Attorney for AIC

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President

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Robert Craton

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ENVIRONMENTAL PROTECTION:

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*Dennis A. Whitaker*  
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FOR AIC:

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Robert Craton

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FOR THE COMMONWEALTH OF  
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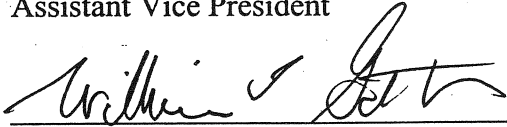
Dennis A. Whitaker  
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William T. Gorton III  
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