

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In The Matter Of:

PRI Treatment Trust

International Steel Group, Inc.
3250 Interstate Drive
Richfield, OH 44286

and

Pristine Resources, Inc.
P.O. Box 36
Revloc, PA 15948

:	Nanty Glo Mine #31, 1170301
:	Revloc/Behula Mine #32, 11841301
:	Cambria Slope Mine #33, 11841301
:	Mine #38D, 1171301
:	Brookdale Mine #77, 1183201
:	Mine #77 CRDA, 500129
:	Windber Mine #78, 56841328
:	Mine #78 CRDA, 56743705
:	Fawn Mine #91, 10841302
:	Mine #91 CRDA, 10743701
:	Alternative Financial Assurance Mechanism

POSTMINING TREATMENT TRUST
CONSENT ORDER AND AGREEMENT

TABLE OF CONTENTS

	<u>Page Number</u>
FINDINGS	
The Parties (A through C).....	1
BACKGROUND (D through T).....	2
The May 7, 2003 Consent Order And Agreement (D through G).....	2
Transfer And Issuance Of Permits Authorizing PRI's Operation Of Treatment Facilities At Mines And CRDAs (H and I).....	4
Establishment Of The Escrow Account (J).....	4
The Operational Improvement Plan And The Proposal To Establish A Financial Mechanism (K through T).....	5
PRI'S OBLIGATION TO TREAT POST-MINING DISCHARGES AND PERFORM SURFACE RECLAMATION AT THE MINES AND CRDAs (U through X).....	7
RELEASE OF EXISTING BETH ENERGY BONDS (Y and Z).....	8
PARTIES' AGREEMENT TO OBTAIN AND USE CERTAIN INFORMATION AND FIGURES TO MAINTAIN PROPER AMOUNT OF FINANCIAL ASSURANCE (AA and AB).....	10
ORDER	
1. Order Authority.....	10
2. Findings.....	11
3. Incorporation of Exhibits I-IV into Consent Order.....	11
4. Definitions.....	11
5. Annual Treatment Costs; Records; Factors; Accounting.....	13
6. Operational Improvement Plan.....	14
7. Establishment of Treatment Trust.....	15
8. Funding of the Primary Trust Account.....	16

9.	Annual Distribution or Contribution Payments - Primary Trust Account.....	17
10.	Adjustments to the Primary Target Valuation for Deviations Between Actual Treatment Cost and Calculated Treatment Cost.....	18
11.	Distribution Payments for Adjustments to the Primary Target Valuation.....	19
12.	Capital Improvement Account.....	20
13.	Transfer of Funds to the Capital Improvement Account.....	22
14.	Distribution Payments from the Capital Improvement Account.....	22
15.	Miscellaneous Distribution Payments from the Primary Trust Account and the Capital Improvement Account.....	23
16.	Real and Personal Property.....	24
17.	Public Liability Insurance.....	25
18.	Annual Meeting.....	25
19.	PRI's Continuing Obligation.....	26
20.	ISG's Financial Guarantee.....	26
21.	Stipulated Civil Penalties.....	26
22.	Additional Remedies.....	27
23.	Reservation of Rights.....	27
24.	Liability of PRI.....	27
25.	Modification or Termination of PRI's Duties and Obligations in the Context of a Transfer of Mines and CRDAs.....	28
26.	Dispute Resolution Procedures for Paragraphs 9, 14, and 15.....	29
27.	Correspondence with Department.....	30
28.	Correspondence with ISG.....	31
29.	Correspondence with PRI.....	31

30.	Severability.....	32
31.	Entire Agreement.....	32
32.	Attorney Fees.....	32
33.	Modifications.....	32
34.	Titles.....	32
35.	Decisions under Consent Order.....	32
36.	Successors.....	33
37.	Counterpart Signatures.....	33

EXHIBITS

Exhibit I - May 7, 2003 Consent Order and Agreement

Exhibit II - ISG's Guaranty Obligation

Exhibit III - Escrow Agreement

Exhibit IV - PRI's September 11, 2003 Financial Assurance
Mechanism Proposal supplemented and revised by
submittals dated August 15, 2003, January 19, 2004
and January 30, 2004

Exhibit V - Raw Water Quality at Discharge Points (*See Paragraph W*)

Exhibit VI - Graphical Depiction of Distribution or Contribution Payment
Payment Amounts Discussed In Paragraph 9

Exhibit VII - Graphical Depiction of Adjustments to the
Primary Target Valuation for Deviations Between
Actual Treatment Cost and Calculated Treatment
Cost Discussed in Paragraph 10

Exhibit VIII - Tabular Representation of Capital Improvement Account
(*See Paragraph 12*)

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In The Matter Of:

PRI Treatment Trust

International Steel Group, Inc.
3250 Interstate Drive
Richfield, OH 44286

and

Pristine Resources, Inc.
P.O. Box 36
Revloc, PA 15948

:	Nanty Glo Mine #31, 1170301
:	Revloc/Behula Mine #32, 11841301
:	Cambria Slope Mine #33, 11841301
:	Mine #38D, 1171301
:	Brookdale Mine #77, 1183201
:	Mine #77 CRDA, 500129
:	Windber Mine #78, 56841328
:	Mine #78 CRDA, 56743705
:	Fawn Mine #91, 10841302
:	Mine #91 CRDA, 10743701
:	Alternative Financial Assurance Mechanism

**POSTMINING TREATMENT TRUST
CONSENT ORDER AND AGREEMENT**

This Consent Order and Agreement is entered into this 10th day of June, 2004,
by and between the Commonwealth of Pennsylvania, Department of Environmental Protection
("Department"), International Steel Group Inc. ("ISG"), and Pristine Resources Inc. ("PRI").

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. 1198, *as amended*, 52 P.S. §§ 1396.1-1396.19a ("Surface Mining Act"); the Bituminous Mine Subsidence and Land Conservation Act, Act of April 27, 1966, P.L. 31, *as amended*, 52 P.S. §§ 1406.1-1406.21 ("Mine Subsidence Act"); the Coal Refuse Disposal Control Act, Act of September 24, 1968, P.L. 1040, *as amended*, 52 P.S. §§ 30.51-30.206 ("Coal Refuse Disposal Act"); the Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§ 691.1-

691.1001 ("Clean Streams Law"); the Dam Safety and Encroachments Act, Act of November 26, 1978, P.L. 1375, No. 325, *as amended*, 32 P.S. Section §§ 693.1-693.27 ("Dam Safety Act"), 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 regulation ("rules and regulations") promulgated thereunder.

B. ISG is a Delaware corporation with a business address of 3250 Interstate Drive, Richfield, Ohio 44286.

C. PRI is a Delaware corporation with a mailing address of P.O. Box 36, Revloc, Pennsylvania 15948, and is a wholly-owned subsidiary of ISG.

BACKGROUND

The May 7, 2003 Consent Order And Agreement

D. On May 7, 2003, the Department, ISG and PRI entered into a Consent Order and Agreement (the "May 7, 2003 CO&A") that provided, among other things, for PRI's assumption of responsibility for the perpetual post-mining treatment obligations associated with the bituminous coal mines ("Mines") and coal refuse disposal areas ("CRDAs") listed below.

NAME	PERMIT NO.	TOWNSHIP	COUNTY
Mine #31	1170301 - expired	Jackson	Cambria
Mine #32 (a/k/a Behula Mine)	11841301	Cambria	Cambria
Mine #33 (a/k/a Cambria Slope)	11841301	Cambria	Cambria
Mine #38	1171301	Croyle	Cambria
Mine #77	1183201 - expired	East Taylor	Cambria

Mine #77 CRDA	500129	East Taylor	Cambria
Windber Mine #78	56841328	Paint	Somerset
Winder #78 CRDA	56743705	Paint	Somerset
Fawn #91 CRDA	10743701	Clinton	Butler
Fawn #91	10841302	Clinton	Butler

E. The May 7, 2003 CO&A also provided that PRI would:

1. Submit to the Department all information necessary to facilitate the required transfer of existing permits and issuance of any other necessary permits to authorize PRI's assumption of responsibility for the Mines and CRDAs;
2. Submit an Operational Improvement Plan ("OIP") identifying actions PRI proposed to improve the efficiency of actions required at the Mines and CRDAs;
3. Submit a proposal to establish a trust or alternative financial assurance mechanism sufficient to secure the post-mining treatment obligations described in the May 7, 2003 CO&A. PRI's proposal was to include the amount PRI believes necessary to fund the trust or alternative financial mechanism, the name of the trustee or form of the alternative financial mechanism and the manner in which and over what time period of time the trust or alternative financial mechanism would be funded; and
4. Establish an escrow account in preparation for establishing the trust or alternative financial assurance mechanism and make an initial deposit of \$1 million into the account and thereafter monthly amounts of \$150,000 in cash or equivalent assets.

F. Paragraph 11 of the May 7, 2003 CO&A required ISG to guarantee PRI's financial obligations to fund the trust or alternative financial assurance mechanism and PRI's

financial ability to perform its additional operational obligation under the CO&A pursuant to the Guaranty Agreement attached to the CO&A as Exhibit A.

G. Complete copies of the May 7, 2003 CO&A, the Guaranty Agreement and the June 16, 2003 Escrow Agreement are attached hereto as Exhibits I, II and III.

**Transfer And Issuance Of Permits Authorizing PRI's
Operation Of Treatment Facilities At Mines And CRDAs**

H. On or about April 14, 2004, the Department transferred Permit No. 10743701 authorizing operation of the Treatment Facilities for the Fawn #91 CRDA to PRI. In accordance with Paragraph 4 of the May 7, 2003 CO&A, PRI has submitted all information necessary for the Department to transfer the remaining existing BethEnergy permits authorizing operation of the Treatment Facilities for Mine #32, Mine #33, Mine #38, Mine #77 CRDA, Mine #78, Mine #78 CRDA, and Fawn Mine #91. PRI has submitted applications for new permits to replace the expired BethEnergy permits authorizing operation of the Treatment Facilities for Mine #31 and Mine #77 (hereinafter, all existing Permits to be transferred and new permits to be issued shall be collectively referred to as the "Permits").

I. Execution of this Consent Order and Agreement satisfies the Department's requirement that PRI submit adequate Post-Mining Treatment Bonds for the Permits. Prior to issuance or transfer of the Permits to PRI by the Department, PRI may also have to submit surface reclamation bonds for some of the Permits for Department approval.

Establishment Of The Escrow Account

J. On or about June 16, 2003, PRI, the Department and Huntington National Bank entered into an Escrow Agreement establishing an escrow account. In accordance with the May 7, 2003 CO&A and the Escrow Agreement, ISG made an initial deposit of one million dollars (\$1,000,000) and subsequent consecutive monthly deposits of one hundred fifty thousand

dollars (\$150,000) into the Escrow Account. As of May 26, 2004, the balance of funds in the Escrow Account is \$2,663,721.27.

The Operational Improvement Plan And The Proposal To Establish A Financial Mechanism

K. By letter dated June 30, 2003, PRI submitted a proposed OIP to the Department identifying, among other things, various capital and operational improvements options proposed to reduce annual treatment costs at the Mines and CRDAs from those estimated by the Department.

L. On August 15, 2003, PRI supplemented the OIP with a more detailed proposal relating to Mine #33.

M. On or about September 11, 2003, PRI submitted to the Department a "Proposal to Establish a Financial Mechanism for Mines, CRDAs and Treatment Facilities" ("Proposed Financial Assurance Mechanism"). Among other things, the Proposed Financial Assurance Mechanism provided estimated capital improvement costs to implement recommendations of the proposed OIP, estimated future annual operation and maintenance (O&M) costs, and the present value of the estimated annual O&M costs and re-capitalization (re-cap) costs.

N. In accordance with Paragraph 8 of the May 7, 2003 CO&A, the Department commented on the Proposed Financial Assurance Mechanism requesting PRI to revise, among other things, its calculation of certain costs at some of the Mines and CRDAs in accordance with the calculation methods used by the Department.

O. At a November 21, 2003 meeting, PRI and the Department agreed that PRI would use re-cap and demolition costs generated by the Department's AMD Treat software and actual O&M costs from past operations where possible or AMD Treat cost estimates where no existing O&M costs existed.

P. By letter dated January 19, 2004, PRI submitted the "Addendum to the September 11, 2003 OIP" ("Addendum"). The Addendum provides anticipated future operation and maintenance costs, re-cap costs, and demolition costs related to the Mines and CRDAs calculated in accordance with the methods the parties agreed upon at the November 21 meeting. The Addendum also provides the following estimated costs:

1. Current estimated future costs of roughly \$3.9 million for the proposed operational improvements;
2. Estimated future annual O&M costs of roughly \$846,000 after implementation of the operational improvements;
3. Estimated present value re-cap costs of \$506,791; and
4. Estimated demolition costs of \$23,890 for Mine 32.

Q. By letter dated January 30, 2004, PRI submitted revisions to the Proposed Financial Assurance Mechanism attaching and incorporating into the proposal the January 19 Addendum and the original attachments to the September 11, 2003 submittal. In summary, PRI proposed:

1. Establishing and funding a trust over ten years until it is fully funded at \$18,923,500. This amount covered O&M, re-cap and demolition costs.
2. Anticipated capital expenditures of roughly \$4.1 million.
3. Making minimum annual contributions of \$1,000,000 and 3-year average cash contributions of \$5,800,000 to the proposed trust until it is fully funded.
4. Continuing to make monthly contributions to the Escrow Account consistent with the Escrow Agreement and the May 7, 2003 CO&A pending establishment of the proposed trust.

5. Assigning the right to the net proceeds obtained from the liquidation of PRI assets (the "Assets") less PRI's operating costs and proceeds in excess of its funding obligation to the proposed trust. PRI's Assets are identified in Exhibits F, G and H attached to the Financial Assurance Mechanism Proposal. A copy of PRI's Financial Assurance Mechanism Proposal supplemented and revised by submittals dated August 15, 2003, January 19, 2004 and January 30, 2004 is attached to this Consent Order and Agreement as Exhibit IV.

R. On or about March 15, 2004, the Department provided PRI with additional information regarding its calculation of the total value of the proposed financial assurance mechanism and requested that PRI further modify its calculation to increase the present value of the fully funded financial mechanism from \$18,923,500 to \$19,928,839.

S. On March 16, 2003, PRI agreed to revise the Financial Assurance Mechanism Proposal to show a total present funded value of \$19,928,839.

T. On March 23, 2004, PRI proposed by May 1, 2004, to establish an irrevocable trust to be known as the "PRI Treatment Trust" as the financial vehicle securing its environmental obligations as described in the May 7, 2003 CO&A.

**PRI'S OBLIGATION TO TREAT POST-MINING
DISCHARGES AND PERFORM SURFACE
RECLAMATION AT THE MINES AND CRDAS**

U. As provided in the May 7, 2003 CO&A, PRI has the legal responsibility to treat or abate the post-mining discharges emanating from the Mines and CRDAs identified in Paragraph D, hereof (the "Discharges").

V. The effluent limits applicable to the Discharges are those at 25 Pa. Code §§ 87.102, 89.52 and 90.102. Any effluent limits established in the Permits shall supersede these limits.

W. PRI's surface reclamation, sealing and structure demolition obligations at the Mines and CRDAs will be set forth in the Permits.

X. Raw water quality of each of the Discharges is set forth in Exhibit V.

RELEASE OF EXISTING BETH ENERGY BONDS

Y. Existing surety bonds posted by BethEnergy Mines, Inc., the former owner and operator of the Mines and CRDAs ("BethEnergy Bonds"), are as follows:

MINE	BOND AMOUNT	TYPE SURETY COMPANY	PURPOSE OF BOND
Mine 33 a/k/a Cambria Slope No. 33	\$5,001,570	Surety Bond No. 112183 Frontier Insurance Co.	To guarantee reclamation of the mine, including treatment of discharges from the mine.
Permit No. 11841301	\$3,500	Surety Bond U2467879 United Pacific Ins. Co.	Water loss coverage.
	\$10,000	Surety Bond No. 3SM961141 American Motorists Insurance Co.	Subsidence Bond
	Subtotal: \$5,015,070		
Windber Mine No. 78	\$967,468	Surety Bond No. 112185 Frontier Insurance Co.	To guarantee reclamation of the mine including treatment of discharges from the mine.
Permit No. 56841328	\$3,500	Surety Bond No. U2467885 United Pacific Ins. Co.	Water loss coverage.
	Subtotal: \$970,968		

Windber Mine No. 78 CRA Permit No. 56743705	\$87,000	Surety Bond No. KO2526645 Insurance Company of North America	To guarantee reclamation of the CRA, including treatment of discharges from the CRA.
	\$3,500	Surety Bond No. U2467886 United Pacific Ins. Co.	Water loss coverage.
Fawn No. 91 Deep Mine Permit No. 10841302	\$1,016,672	Surety Bond No. 112184 Frontier Insurance Co.	To guarantee reclamation of the mine, including treatment of discharges from the mine.
	\$3,500	Surety Bond No. 3SM961140 American Motorist Insurance Company	Water loss coverage.
	\$10,000	Surety Bond No. U2467887 United Pacific Ins. Co.	Subsidence Bond.
	Subtotal: \$1,030,172		
Fawn No. 91 CRA Permit No. 10743701 (Permit transferred to PRI)	\$90,000	Surety Bond No. KO2526888 Insurance Company of North America	To guarantee reclamation of the CRA, including treatment of discharges from the CRA.
	\$3,500	Surety Bond No. U2467888 United Pacific Ins. Co.	Water loss coverage.
	\$10,000	Letter of Credit No. SM418872 First Union National Bank (11/15/01)	Additional bond to guarantee reclamation of the CRA, including treatment of discharges from the CRA.
	Subtotal: \$103,500		

Z. PRI proposes to establish a trust as the financial assurance mechanism to provide for the long-term treatment of the Discharges, and to secure the release of BethEnergy Bonds upon completion of all other reclamation requirements.

PARTIES' AGREEMENT TO OBTAIN AND USE CERTAIN INFORMATION AND FIGURES TO MAINTAIN PROPER AMOUNT OF FINANCIAL ASSURANCE

AA. The parties have discussed the need to obtain accurate and timely information on the costs of operating and maintaining the Treatment Systems in order to maintain the proper amount of financial assurance. The parties have agreed that: the current annual cost of operating and maintaining the water treatment systems at the Mines and CRDAs ("Treatment Systems") is \$ 846,209, the current estimated present value re-cap costs are \$506,791 and the current demolition costs are \$23,890.

AB. The parties agree to use the information and figures which will be provided by the Accounting required by Paragraph 5 hereof to calculate and adjust the proper amount of the alternative financial assurance mechanism as described below. The parties also agree to use the formulas set forth below to calculate the present value of the alternative financial assurance mechanism.

ORDER

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 intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by ISG and PRI as follows:

1. This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Section 5, 316, 402 and 610 of the Clean Streams Law, 35 P.S. § 691.5, 691.316, 691.402 and 691.610; Sections 4.2 and 4.3 of the Surface Mining Act, 52 P.S.

§ 1396.4b and 1396.4c; Section 9 of the Coal Refuse Disposal Act, 52 P.S. § 30.59; Section 9 of the Mine Subsidence Act, 52 P.S. § 1406.9, Section 20 of the Dam Safety Act, 32 P.S. § 693.20, and Section 1917-A of the Administrative Code, 71 P.S. § 510-17. The failure of ISG and PRI to comply with any term or condition of this Consent Order and Agreement shall subject ISG and PRI to all penalties and remedies provided by those statutes for failing to comply with an order of the Department.

2. Findings.

a. ISG and PRI agree that the findings in Paragraphs A through AB are true and correct and, in any matter or proceeding involving ISG, PRI and the Department, ISG and PRI shall not 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. Incorporation of Exhibits I-IV into Consent Order.

The May 7, 2003 CO&A, ISG's Guaranty Agreement, the Escrow Agreement and PRI's September 11, 2003 Financial Assurance Mechanism Proposal supplemented and revised by submittals dated August 15, 2003, January 19, 2004 and January 30, 2004 are hereby incorporated into this Consent Order and Agreement as if fully set forth herein. (Exhibits I-IV).

4. Definitions.

a. Accounting. The accounting required by Paragraph 5 of this Agreement.

b. Actual Treatment Cost. The average of three consecutive years of the costs and expenses of treatment, calculated by using the Accountings for those three years.

c. Annual Anniversary Date. The annual recurrence of the month and day that this Consent Order and Agreement is executed.

d. Calculated Treatment Cost. The projected future annual cost of treatment, based on the Actual Treatment Cost, compounded at three and one tenth percent (3.1%) annually.

e. Capital Improvement Account. The sub-account within the Trust that is primarily used to finance anticipated and periodic capital expenditures for the Treatment Systems.

f. Distribution Payment. The Trustee's disbursement of money from the Trust made at the written direction of the Department to a person and in an amount specified by the Department and as provided by this Consent Order and Agreement.

g. Formula. The equation used to calculate the Present Value of the future operation and maintenance ("O&M") of the Treatment Systems. The equation is:

$$\begin{array}{lll} \text{PV} & = & (A/[E-I]) + A \\ \text{where: PV} & = & \text{Present Value of the O\&M Costs} \\ A & = & \text{Current Actual Treatment Cost} \\ E & = & \text{Expected annual earnings/Interest Rate} \\ & & \text{(assumed to be 8.43\% or .0843)*} \\ I & = & \text{Inflation Rate (assumed to be 3.1\% or .031)} \end{array}$$

*This assumption will remain the same unless the parties agree otherwise.

h. Primary Basis Valuation. 100% of the present value of the future cost of treatment as determined by the Formula.

i. Primary Target Valuation. 116% percent of the present value of the future cost of treatment as determined by the Formula.

j. Primary Trust Account. The sub-account within the Trust that is primarily used to finance annual operating and maintenance costs of the Treatment Systems.

k. Primary Trust Valuation. The cash, cash equivalents, investments at market value of investments and the face amount of surety bond currently held by the Trust in the Primary Trust Account.

5. Annual Treatment Costs; Records; Factors; Accounting.

a. PRI shall keep accurate financial records of all the costs and expenses of annual treatment for each year. The various cost factors fall into several general categories, including, but not limited to: Reagent; Polymer; Electrical; Sludge Removal; Labor, including benefits; Maintenance; Sampling; Overhead; and Miscellaneous. The individual items shall be tracked and reported for each general category.

b. PRI shall keep separate records for each of the following Treatment Systems:

Mine #31 Treatment System
Mine #32 Treatment System
Mine #33 Pump System
Mine #33 Wetland System (when activated)
Mine #38D/Ehrenfeld Treatment System
Mine #77 Treatment Facility
Mine #78 Treatment System
Fawn #91 Treatment System

c. PRI shall provide an annual accounting of the costs and expenses of annual treatment ("the Accounting") to the Department on or before the 90th day following the last day of the fiscal year for which the Accounting is being provided. The first Accounting shall be due on April 1, 2005, and shall cover the fiscal year beginning January 1, 2004 and continuing through December 31, 2004. Thereafter, the Accounting shall cover the fiscal year beginning each January 1st and continuing through December 31st of the same year, or other fiscal year as PRI may adopt for its corporate finances in the future, and shall be in accordance with Generally Accepted Accounting Principles. The Accounting shall be accompanied by an affidavit of the treasurer or other corporate officer responsible for the financial affairs of PRI and by the Vice

President or President of PRI attesting to the completeness and accuracy of the records of the costs and expenses of annual treatment as reported in the Accounting.

d. PRI's obligation to keep records and provide the Accounting shall continue for the period during which PRI is operating the Treatment Systems.

e. In the event of a dispute about the costs and expenses of treatment incurred by PRI, PRI shall bear the burden of proving the accuracy and completeness of the Accounting and the records upon which the Accounting is based. A Special Report prepared pursuant to Generally Accepted Accounting Principles as to the treatment costs incurred by PRI, prepared by an independent licensed public or certified public accountant, shall satisfy PRI's burden of proof as to any of these matters.

6. Operational Improvement Plan.

a. By August 1, 2004, PRI shall submit a separate, complete and detailed design plan and implementation schedule to the California District Mining Office (DMO) for the operational improvements proposed at the Mine #31, Mine #77 and Mine #78 Treatment Systems.

b. By August 1, 2004, PRI shall submit a monitoring plan and a request to cease treatment at the Mine #32 Treatment System to the California DMO.

c. Within 30 days of receiving the Department's written approval or approval with modifications of each plan and schedule referenced in paragraphs 6.a and b, PRI shall commence construction and complete implementation of the approved plan in accordance with the approved schedule.

d. On or prior to December 1, 2004, PRI shall submit a status report with respect to the design and implementation schedule for the "Option B" or Wetland Treatment Facility at Mine #33, subject to modification reflecting the restart of the mining operations.

e. If the status report shows that mining operations will not be restarted, PRI shall submit a complete and final design plan and implementation schedule to the Department on or prior to August 1, 2005.

f. If the status report shows that mining operations will not be restarted and a design and implementation schedule is therefore submitted to the Department, PRI shall commence construction on or prior to April 1, 2006, and complete implementation of the plan approved by the Department for Mine #33 in accordance with the approved schedule and in no event later than October 31, 2006.

g. PRI shall submit the plans, schedules, report and request described in Paragraphs 6.a through e hereof, to the District Mining Manager of the California DMO, California Technology Park, 25 Technology Drive, Coal Center, Pennsylvania 15423.

7. Establishment of Treatment Trust. PRI shall establish and fund the PRI Treatment Trust ("Trust") as follows.

a. The initial fully funded amount of the Trust shall be \$19,928,839. The fully funded trust amount shall consist of the Primary Target Valuation plus the present value of the re-cap costs and demolition costs. The Trust shall provide for the treatment of the Discharges of mine drainage at the Mines and CRDAs, including the operation and maintenance of the Treatment Systems until water treatment is no longer necessary, and to provide financial resources to the Department and the citizens of the Commonwealth to maintain and operate the Treatment Systems, and to treat the mine drainage in the event PRI becomes unable or unwilling to meet these obligations.

b. On or before July 31, 2004, PRI shall submit to the Department for its approval a proposed Trust Agreement modeled after the Department's "Post-Mining Discharge Treatment Trust."

c. PRI and the Trustee shall execute the Trust Agreement and shall complete the establishment of the Trust within 60 days of the Department's final approval of the Trust Agreement and related documents.

d. PRI shall establish within the Trust two sub-accounts: a sub-account designated as the Primary Trust Account; and a sub-account designated as the Capital Improvement Account.

e. Pending establishment of the Trust, PRI shall continue to fund the Escrow Account pursuant to the Escrow Agreement and the May 7, 2003 CO&A.

8. Funding of the Primary Trust Account.

a. *Initial Payment to the Primary Trust Account.* Upon establishment of the Trust detailed in Paragraph 7.a. hereof, PRI shall deposit the entire contents of the Escrow Account into the Primary Trust Account. PRI's initial deposit of the entire contents of the Escrow Account into the Primary Trust Account shall constitute PRI's payment to the Primary Trust Account for year 2004. Upon transfer of the contents of the Escrow Account to the Trust, the Escrow Agreement shall be terminated, the Escrow Account shall be closed and PRI shall have no further obligation to fund the Escrow Account.

b. *Ongoing Payments to the Primary Trust Account.* PRI's minimum annual cash contribution to the Trust shall be no less than \$1,000,000 and PRI's actual rolling three year average cash contribution to the Trust, the first three year rolling average being calculated no earlier than December 31, 2006, shall be no less than \$6,000,000, until the Primary Trust Account is fully funded.

When PRI has completed the funding of the Primary Trust Account to the Primary Target Valuation, additional PRI contributions shall be deposited into the Capital Improvement Sub-

Account until the Capital Improvement Sub-Account is fully funded to cover all anticipated re-cap costs. The present value of the PRI's anticipated re-cap costs is \$506,791.

c. *Surety Bonds as part of the Corpus of the Primary Trust Account.* There are no surety bonds posted for the Mines and the CRDAs that are to be made assets of the Trust. The Department will release BethEnergy Bonds (See Paragraph Y hereof) according to the schedule outlined in paragraphs 9.d and e hereof. The Department shall have sole discretion as to the order in which the BethEnergy Bonds are released.

9. Annual Distribution or Contribution Payments - Primary Trust Account.

a. All calculations under this Paragraph shall be based on values as determined on the Annual Anniversary Date.

b. Once all of the BethEnergy Bonds have been released, Distribution Payments shall be made according to Paragraph 9.c. Otherwise, Distribution Payments shall be made according to Paragraph 9.d and e.

c. If at the end of any year the Primary Trust Valuation is greater than the Primary Target Valuation, then a Distribution Payment shall be made to PRI. The amount of such Distribution Payment will be equal to the difference between the Primary Trust Valuation and the Primary Target Valuation, or equal to the Calculated Treatment Cost, whichever is less. This amount is depicted graphically at Points 1, 2 and 3 on Exhibit VI. This reference to the graphical depiction on Exhibit VI and all other references in this Consent Order and Agreement to amounts depicted or shown on Exhibits VI–VIII are strictly for demonstrative purposes and do not constitute a binding part of this Consent Order and Agreement.

d. If at the end of any year the Primary Trust Valuation is greater than the Primary Target Valuation, then a Distribution Payment shall be made in the form of a surety bond reduction of the BethEnergy Bonds identified in Paragraph Y hereof. This amount is

depicted graphically at Point 1 on Exhibit VI. Such surety bond reduction shall be in an amount determined by the following formula:

$$\begin{array}{lll} \text{BR} & = & ((1+\text{RoR}) (\text{TR} + \text{B}) - (1.031(\text{TV}))) \\ \text{where: BR} & = & \text{surety bond reduction} \\ \text{B} & = & \text{surety bond amount} \\ \text{RoR} & = & \text{assumed net rate of return or effective rate of return} \\ \text{TV} & = & \text{Primary Target Valuation} \\ \text{TR} & = & \text{Primary Trust Valuation} \end{array}$$

e. In the year the final bond is released, if the Primary Trust Valuation after the final surety bond release remains greater than the newly calculated Primary Target Valuation, then an additional Distribution Payment in cash shall be made pursuant to paragraph 9.c.

f. If the Primary Trust Valuation is less than or equal to the Primary Target Valuation, but greater than or equal to the Primary Basis Valuation, then no Distribution Payment shall be made and no additional contribution shall be required. This provision is depicted graphically as Point 4 on Exhibit VI.

g. If the Primary Trust Valuation is less than the Primary Basis Valuation, then PRI shall make an additional contribution into the Primary Trust Account in an amount equal to the difference between the Primary Basis Valuation and the Primary Trust Valuation, or in an amount equal to the Calculated Treatment Cost, whichever is less except as provided in Paragraph 15.a. This amount is depicted graphically as points 5 and 6 on Exhibit VI. This provision does not apply until PRI has fulfilled its obligations to make ongoing payments under Paragraph 8.b hereof.

10. Adjustments to the Primary Target Valuation for Deviations
Between Actual Treatment Cost and Calculated Treatment Cost.

a. All calculations under this paragraph shall be based on values as determined on the Annual Anniversary Date and before any Distribution Payment.

b. If the Actual Treatment Cost for any year is greater than or equal to 110% percent or less than or equal to 90% percent of the Calculated Treatment Cost, the Department will calculate a new Primary Basis Valuation using the Formula and the newly determined Actual Treatment Cost. A new Primary Target Valuation will then be determined by calculating 116% percent of the new Primary Basis Valuation. Exhibit VII is a graphical depiction of the adjustment.

11. Distribution Payments for Adjustments to the Primary Target Valuation.

a. After all of the outstanding BethEnergy Bonds identified in Paragraph Y hereof have been released, Distribution Payments shall be made according to Paragraph 11.c. Otherwise, Distribution Payments shall be made according to Paragraph 11.d.

b. If the newly calculated Primary Target Valuation which has been adjusted under Paragraph 10 above is less than the Primary Trust Valuation, no distribution payment shall be made under this paragraph.

c. If the newly calculated Primary Target Valuation which has been adjusted under Paragraph 10 above is based on a reduced Actual Treatment Cost, and the Primary Trust Valuation is greater than the newly calculated Primary Target Valuation, then a Distribution Payment shall be made to PRI. The amount of such Distribution Payment will be equal to the percent change in Actual Treatment Cost times the Primary Trust Valuation, or in an amount equal to the difference between the Primary Trust Valuation and the newly calculated Primary Target Valuation, whichever is less. The amount of such Distribution Payment shall be determined by the following formulas:

$$\begin{array}{lcl} \text{DP} & = & \text{TR} (1 - (\text{new ATC} / \text{prior ATC})) \\ \text{Or} & & \\ \text{DP} & = & \text{TR} - \text{new TV} \\ \text{where: DP} & = & \text{Distribution Payment} \\ \text{TR} & = & \text{Primary Trust Valuation} \end{array}$$

TV = Primary Target Valuation
 ATC = Actual Treatment Cost

d. If the newly calculated Primary Target Valuation which has been adjusted under Paragraph 10, above, is based on reduced Actual Treatment Cost, and the Primary Trust Valuation is greater than the newly calculated Primary Target Valuation, then a distribution payment shall be made to PRI in the form of a surety bond reduction. Such bond reduction shall be in an amount determined by the following formula:

BR = $((1+RoR) (TR + B) - (1.031(TV)))$
 where: BR = surety bond reduction
 RoR = assumed net rate of return or effective rate of return
 TV = Primary Target Valuation
 TR = Primary Trust Valuation
 B = surety bond amount

e. In the year the final BethEnergy Bond is released, if the Primary Trust Valuation after the final surety bond release remains greater than the newly calculated Primary Target Valuation, then an additional Distribution Payment shall be made under Paragraph 11.c.

12. Capital Improvement Account.

a. PRI shall establish within the Trust a sub-account designated as the Capital Improvement Account. Assets of the Capital Improvement Account may be commingled with assets of the Primary Trust Account for purposes of investment, but must be accounted for and reported separately as if they are assets of a separate and distinct fund.

b. On the date of this Consent Order and Agreement the present value of the required annual balance of the Capital Improvement Account for a 75 year period has been determined to be \$506,791.

c. To determine the required balance in the Capital Improvement Account the following methodology shall be used.

i. For each planned capital replacement component or activity, the current cost of that component or the cost to complete that activity will be determined.

ii. For each planned capital replacement component or activity, the estimated number of years in the life cycle of the component or the number of years between when the activity is needed will be determined.

iii. If the water treatment facility has been in operation for a significant period of time, then for each planned capital replacement component or activity, the estimated number of years until the next replacement or activity is needed will be determined.

iv. For each planned capital replacement component or activity, the future value of the first replacement or activity will be calculated using a Present Value equal to the current cost, a rate of 3.1 percent, the amount of payment equal to \$0.00, the number of payment periods equal to the number of years from the date of this agreement until the next replacement or activity, and a beginning of period payment.

v. For each planned capital replacement component or activity, the Present Value will be calculated using the Future Value calculated in paragraph 12.c.iv. above, a rate equal to the assumed net rate of return used elsewhere in this agreement, and all other variables the same as used in paragraph 12.c.iv. above.

vi. For each planned capital replacement component or activity, the Future Value of the second and each subsequent capital replacement or activity will be calculated using the same values as in paragraph 12.c.iv. above except the value for the number of payment periods. The value for the number of payment periods for the second replacement or activity will be equal to the number of years until the next replacement or activity plus the number of years in the expected life cycle as determined in paragraph 12.c.ii. above. The number of payment periods for the third replacement will be equal to the number of years until the next replacement or activity plus two times the number of years in the expected life cycle. The number of periods for the fourth replacement will be equal to the number of years until the first replacement plus three times the years in the life cycle. The Future Value of each replacement will be calculated in like manner until the number of periods is equal to the number of years until the last replacement or activity is expected to occur that does not exceed 75 years from the year the calculations are being made.

vii. For each planned capital replacement component or activity, the Present Value of the second and each subsequent capital replacement or activity will be calculated using the same values as in Paragraph 12.c.v. above except the value for the number of payment periods which shall be determined in like manner to Paragraph 12.c.vi. above.

viii. The required balance in the Capital Improvement Account for the current year shall be equal to the sum of all Present Values calculated in Paragraph 12.b.v. and vii. above.

ix. The required balance in the Capital Improvement Account shall be recalculated on an annual basis and each time a Distribution Payment is contemplated under Paragraph 14 hereof. Such recalculation shall be deemed an amendment to Exhibit VIII of this Consent Order and Agreement, and shall be used in making all future calculations involving the Capital Improvement Account.

13. Transfer of Funds to the Capital Improvement Account.

a. The provisions of this paragraph do not apply until all of the BethEnergy Bonds identified in Paragraph Y hereof have been released.

b. If the Primary Trust Valuation after any Distribution Payment under Paragraph 9 above is greater than the Primary Target Valuation, then a transfer of funds to the Capital Improvement Account shall be made if the current balance in the Capital Improvement Account is less than the required balance for the current year as indicated on Exhibit VIII. The amount of such transfer will be equal to the difference between the required balance and the current balance, or in an amount equal to the difference between the Primary Trust Valuation and the Primary Target Valuation, whichever is less.

14. Distribution Payments from the Capital Improvement Account.

a. A distribution payment shall be made to PRI any time a planned capital replacement is made as indicated on Exhibit VIII. The capital replacement and maintenance activities shall be made as needed, which may be sooner or later than the projected time. The amount of the Distribution Payment shall be equal to the calculated cost of the Capital Improvement as indicated on Exhibit VIII, or in an amount equal to the difference between the current balance in the Capital Improvement Account and the required balance after the capital improvement Distribution Payment, whichever is less.

b. Each time a Distribution Payment from the Capital Improvement Account is contemplated under this Paragraph or Paragraph 15 below, the required balance in the Capital Improvement Account must be recalculated to determine the required balance after the proposed Distribution Payment, and to determine the appropriate Distribution Payment.

15. Miscellaneous Distribution Payments from the Primary Trust Account and the Capital Improvement Account.

If the Primary Trust Valuation exceeds the Primary Target Valuation in the Primary Trust Account, or if the balance in the Capital Improvement Account exceeds the required balance as indicated on Exhibit VIII, then such surplus funds may be used for the following purposes:

a. Surplus funds in the Capital Improvement Account shall be transferred to the Primary Trust Account to reduce or completely satisfy PRI's obligation to make a contribution payment under Paragraph 9.g. This amount is depicted graphically at Point 5 on Exhibit VI. However, the amount of surplus funds transferred to the Primary Trust Account may exceed PRI's obligation under paragraph 9.g if additional funds are needed so that the Primary Trust Valuation equals the Primary Basis Valuation. This amount is depicted graphically at Point 6 on Exhibit VI.

b. Surplus funds in the Capital Improvement Account or the Primary Trust Account may be used by the PRI to pay for unanticipated capital expenditures, or anticipated capital expenditures that exceed the calculated cost of the capital improvement as indicated on Exhibit VIII.

c. Surplus funds in the Capital Improvement Account or the Primary Trust Account may be used by the PRI to finance implementation of a new treatment technology, provided the application of such treatment technology is first approved by the Department.

d. Surplus funds in the Capital Improvement Account or the Primary Trust Account may be used by the PRI to implement remediation or abatement activities to reduce or eliminate the discharge, or to improve the quality of the discharge, provided the Department first approves such activities.

16. Real and Personal Property.

a. By September 1, 2004, PRI shall submit to the Department's California DMO, at the address specified in Paragraph 6, above, a list of all equipment, pumps, plumbing, buildings, structures and other personal and real property which together comprise the Treatment Systems.

b. Within 30 days of PRI's establishment of the Trust, PRI shall convey to the Trust a first priority security interest in and to all personal property detailed in the listing required by Paragraph 16.a above or such other property interest acceptable to the Department to ensure the Trust can utilize such property as necessary to operate and/or improve the Treatment Systems.

c. Within 60 days of PRI's establishment of the Trust, PRI shall convey to the Trust all easements, rights of ways, rights of access, or other real property interests as are acceptable to the Department and necessary for the continued operation and/or potential improvement of the Treatment Systems.

d. As to wetland treatment facilities which PRI anticipates constructing for Mine #33, PRI shall convey to the Trust all personal and real property interests as are acceptable to the Department and necessary for the continued operation and/or improvement of the wetland Treatment Systems.

17. Public Liability Insurance.

a. At all times PRI shall maintain public liability insurance coverage for the operation, maintenance, improvement of and all other activities associated with the Treatment Systems and the real and personal property which is identified in the Post Mining Treatment Trust Agreement as part of the Trust Principal. PRI shall also provide fire damage insurance in an appropriate amount with respect to the Treatment Facilities. PRI shall ensure the Trustee and the Commonwealth of Pennsylvania are listed as additional insureds on the policy or policies.

b. In addition to the requirements of Paragraph 17.a above, PRI shall ensure that the public liability insurance policy is also consistent with the requirements of 25 Pa. Code § 86.168(a)-(e), or, in the alternative, as provided by Paragraph 17.c below.

c. In lieu of the insurance requirements of Paragraph 17.b above and, in addition to the requirements of Paragraph 17.a above, PRI shall ensure that the public liability insurance policy is written on an occurrence basis and shall provide bodily injury and property damage coverage in the minimum amounts of \$250,000 per person and \$1,000,000 per occurrence. PRI shall also ensure that the insurance policy includes a rider requiring the insurer to notify the Department 30 days prior to substantive changes being made to the policy or prior to termination or failure to renew. PRI shall provide proof of insurance consisting of a certificate of insurance filed annually with the Department which certifies PRI has a public liability insurance policy in force meeting the requirements of this paragraph.

18. Annual Meeting. The parties will review and discuss the Annual Accounting on or before the 30th day following delivery to the Department of the Annual Accounting. The parties will review and discuss the Accounting for the then completed fiscal year, review the effectiveness of the Treatment Systems and any change in the fiscal year, and resolve any issues which arise as a result of that change or the performance of the Trust, calculate, recalculate or

adjust the size of the Primary Target Valuation, the Calculated Treatment Cost, and distribution payments from or additional payments into the Trust, and address any other issues that may concern this Consent Order and Agreement or its implementation.

19. PRI's Continuing Obligation. Neither PRI's agreement to fund the Trust, nor the full or partial funding of the Trust, nor the exhaustion of the Trust shall in any way limit PRI's obligation to operate the Treatment Systems. Furthermore, exhaustion of the Trust shall not excuse PRI from PRI's obligation to adequately treat or abate the Discharges.

20. ISG's Financial Guarantee. ISG's financial guarantee of PRI's financial obligation to fund the Trust as required by the May 7, 2003 CO&A shall terminate without further action by the parties hereto when the Trust corpus is first fully funded pursuant to the provisions of this Consent Order and Agreement.

21. Stipulated Civil Penalties.

a. In the event PRI fails to comply in a timely manner with any term or provision of this Consent Order and Agreement, PRI shall be in violation of this Consent Order and Agreement and, in addition to other applicable remedies, shall pay a civil penalty in the amount of \$100.00 per day for each violation.

b. Stipulated civil penalty payments shall be payable monthly on or before the fifteenth day of each succeeding month, and shall be forwarded to:

District Mining Manager
Cambria District Mining Office
286 Industrial Park Road
Ebensburg, PA 15931-4119
Phone: (814) 472-1900
Facsimile: (814) 472-1898

c. Any payment under this paragraph shall neither waive PRI's duty to meet its obligations under this Consent Order and Agreement nor preclude the Department from

commencing an action to compel PRI's compliance with the terms and conditions of this Consent Order and Agreement. The payment resolves only PRI's liability for civil penalties arising from the violation of this Consent Order and Agreement for which the payment is made.

- d. Stipulated civil penalties shall be due automatically and without notice.

22. Additional Remedies.

a. In the event PRI fails to comply with any provision of this Consent Order and Agreement, the Department may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the Department, including an action to enforce this Consent Order and Agreement.

b. In the event PRI defaults on the obligations of this Consent Order and Agreement PRI will be subject to a permit block on the Department's compliance tracking system and the federal Applicant Violator System and the Department will, in addition to any other remedy or penalty prescribed herein, list PRI as a violator on the Department's compliance tracking system and on the federal Applicant Violator System.

c. The remedies provided by this Consent Order and Agreement are cumulative and the exercise of one does not preclude the exercise of any other. The failure of the Department to pursue any remedy shall not be deemed to be a waiver of that remedy. The payment of a stipulated civil penalty, however, shall preclude any further assessment of civil penalties for the violation for which the stipulated civil penalty is paid.

23. Reservation of Rights. The Department reserves the right to require additional measures to achieve compliance with applicable law. PRI reserves the right to challenge any action which the Department may take to require those measures.

24. Liability of PRI. PRI shall be liable for any violations of the Consent Order and Agreement, including those caused by, contributed to, or allowed by its officers, agents,

employees, or contractors. Except as provided in Paragraph 25 hereof, PRI also shall be liable for any violation of this Consent Order and Agreement caused by, contributed to, or allowed by its successors and assigns.

25. Modification or Termination of PRI's Duties and Obligations
In the Context of a Transfer of Mines and CRDAs.

- a. PRI may desire to sell some or all of the Mines and CRDAs and seek modification or termination by the Department of some or all of its duties and obligations under this Consent Order and Agreement. The Department will agree to modify or terminate some or all of PRI duties and obligations under this Consent Order and Agreement provided:
 - i. the Trust established by PRI pursuant to Paragraph 7 hereof is fully funded in accordance with the provisions of this Consent Order and Agreement;
 - ii. PRI's proposed operational improvements have been fully implemented in accordance with Paragraph 6 hereof;
 - iii. the entity who purchases the Mines or CRDAs successfully re-permits or ensures that another party re-permits the Mines and CRDAs and posts any necessary surface reclamation bonds as required by law; and
 - iv. the entity who purchases the Mines or CRDAs establishes a trust modeled after PRI's Post-Mining Treatment Trust as approved by the Department pursuant to this Consent Order and Agreement, and fully funds it to secure the purchasing entity's obligation to operate and maintain the Treatment Facilities associated with the Mines or CRDAs, as required by law and by this Consent Order and Agreement,
- b. In order to be effective, any modification or termination of PRI's duties and obligations under this Consent Order and Agreement by the Department must be in writing.
- c. Upon PRI's sale of any or all of the Mines and CRDAs and its satisfaction of the requirements set forth in Paragraph 25 a. above, the Department will re-calculate the Trust and make any appropriate distributions in accordance with the provisions of this Consent Order and Agreement which precede this paragraph.

d. If PRI intends to transfer any legal or equitable interest in the Mines or CRDAs which is affected by this Consent Order and Agreement, PRI 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 Director, District Mining Operations of such intent.

e. In the event the Department refuses to modify or terminate some or all of PRI's duties and obligations in accordance with the provisions of Paragraph 25. a above, PRI may initiate the following dispute resolution procedures.

i. PRI shall provide written notice to the Department within 10 days of the refusal. The parties will endeavor to reach agreement as to the matter for an additional 30 days.

ii. If the parties are unable to reach agreement within 15 days after the end of such 30 day period, PRI may raise objections to the Department's refusal to the Deputy Secretary for Mineral Resources Management ("Deputy Secretary") by written notice. The Deputy Secretary shall determine if the Department's refusal to modify or terminate PRI's duties and obligations is inconsistent with the provisions of Paragraph 25.a above, within 15 days of such written notice.

iii. The determination by the Deputy Secretary provided for in Paragraph 25. e. ii above, shall be appealable to the Environmental Hearing Board. PRI and the Department will request the Environmental Hearing Board to handle any appeal that is filed pursuant to this paragraph on an expedited basis.

26. Dispute Resolution Procedures for Paragraphs 9, 14, and 15.

a. PRI may initiate dispute resolution under this Paragraph in response to any decision required by the Department pursuant to Paragraphs 9, 14, and 15 hereof.

b. To initiate dispute resolution, PRI shall provide written notice to the Department within 10 days of the decision in dispute. The parties will endeavor to reach agreement as to the matter for an additional 30 days.

c. If the parties are unable to reach agreement within 15 days after the end of such 30 day period, PRI may raise objections to the Department's decision to the Deputy

Secretary by written notice. The Deputy Secretary shall render a final decision resolving the dispute within 15 days of such written notice.

d. The decision by the Deputy Secretary shall be appealable to the Environmental Hearing Board. PRI and the Department will request the Environmental Hearing Board to handle any appeal that is filed pursuant to this paragraph on an expedited basis.

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

District Mining Manager
Department of Environmental Protection
Cambria District Mining Office
286 Industrial Park Road
Ebensburg, PA 15931-4119
Phone: (814) 472-1900
Facsimile: (814) 472-1898

with copies to:

Director, District Mining Operations
Department of Environmental Protection
Greensburg District Mining Office
Armbrust Professional Bldg
RR #2, Box 603C
Greensburg, PA 15601
Phone: (724) 925-5500
Facsimile: (724) 925-5557

and:

District Mining Manager
Department of Environmental Protection
Knox District Mining Office
White Memorial Building
P.O. Box 669
Knox, PA 16232
Phone: (814) 797-1191
Facsimile: (814) 797-2706

28. Correspondence with ISG. All correspondence with ISG concerning this Consent

Order and Agreement shall be addressed to:

Keith A. Nagel
Manager of Environmental Affairs
3250 Interstate Drive
Richfield, OH 44286
Phone: (330) 659-9165
Facsimile: (330) 659-7434

with a copy to:

Dale E. Papajcik, Esquire
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, OH 44114-1304
Phone: (216) 479-8479
Facsimile: (216) 479-8776

29. Correspondence with PRI. All correspondence with PRI concerning this Consent

Order and Agreement shall be addressed to:

Pristine Resources Inc.
3250 Interstate Drive
Richfield, Ohio 44286
Attn: General Manager of Operations
Phone: (330) 659-9100
Facsimile: (330) 659-9132

with copies to:

Pristine Resources Inc.
129 Bethlehem Road
Revloc, PA 15948
Attn: Larry Neff, Manager of Operations
Phone: (814) 472-1209
Facsimile: (814) 472-1298

and:

Dale E. Papajcik, Esquire
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, OH 44114-1304

Phone: (216) 479-8479
Facsimile: (216) 479-8776

ISG and PRI 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.

30. 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.

31. 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.

32. 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.

33. Modifications. Except as provided in Paragraph 12.c.ix, 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.

34. 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.

35. Decisions under Consent Order. Except for Paragraphs 9, 14, and 15 which are subject to the dispute resolution procedures of Paragraph 26, and Paragraph 25 which contains its

own dispute resolution procedures, 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 PRI may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

36. Successors. This Consent Order and Agreement shall be fully and completely binding upon any successor of PRI. For purposes of this Paragraph, successor shall mean any corporation or entity: (1) PRI consolidates with or merges into or permits to merge with it and PRI is not the surviving corporation or entity; or (2) which acquires, by purchase or otherwise, all or substantially all of PRI's properties or assets which include, but is not limited to, voting stock of PRI. Successor does not include any corporation or other entity to which PRI transfers or assigns all or substantially all of its financial or non-financial liabilities.

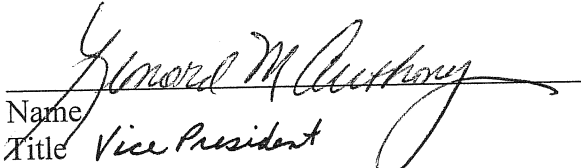
PRI shall notify the Department, without delay, of any successor as defined herein and shall provide such successor with a copy of this Consent Order and Agreement.

37. Counterpart Signatures. The parties agree to execute this Consent Order and Agreement by counterpart signatures transmitted via facsimile.

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 ISG and PRI 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 ISG and PRI; that ISG and PRI consent to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that ISG and PRI hereby knowingly waive their rights to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be

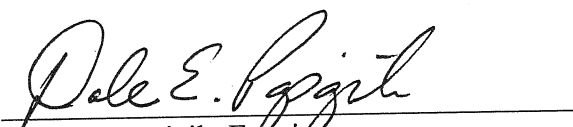
available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No 1988-94, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa.C.S. § 103(a) and Chapters 5A and 7A; or any other provision of law. Signature by ISG's and PRI's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR PRISTINE RESOURCES INC.:


Name
Title Vice President

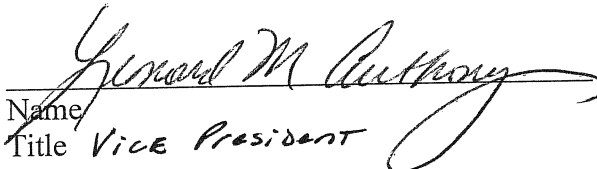
FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:

Michael Terretti
Director
District Mining Operations

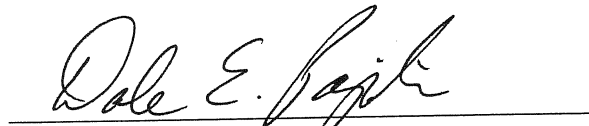

Dale E. Papajcik, Esquire
Attorney for Pristine Resources Inc.

Diana J. Stares
Regional Counsel

FOR INTERNATIONAL
STEEL GROUP, INC.:


Name
Title VICE President

Gail A. Myers
Assistant Counsel


Dale E. Papajcik, Esquire
Attorney for International Steel Group Inc.

available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No 1988-94, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa.C.S. § 103(a) and Chapters 5A and 7A; or any other provision of law. Signature by ISG's and PRI's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR PRISTINE RESOURCES INC.:

Name
Title

Dale E. Papajcik, Esquire
Attorney for Pristine Resources Inc.

FOR INTERNATIONAL
STEEL GROUP, INC.:


Name
Title

Dale E. Papajcik, Esquire
Attorney for International Steel Group Inc.

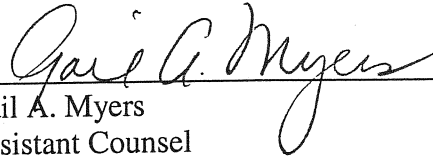
FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:



Michael Terretti
Director
District Mining Operations



Diana J. Stares
Regional Counsel



Gail A. Myers
Assistant Counsel