

AMENDMENT TO AGREEMENT

THIS AGREEMENT entered into this 2nd day of January, 1992, by and between the **BOROUGH OF INDIAN LAKE**, a Pennsylvania municipal corporation organized and existing under the laws of the Commonwealth of Pennsylvania, having its principal office at R. D. #1, Central City, Pennsylvania, 15962, (hereinafter referred to as "Indian Lake"); and **PBS COALS, INC.**, a Delaware corporation, in its own right and a successor by merger to NSM Coal Company Limited and NSM Coals, Inc., having its principal office at R. D. #2, Box 260, Friedens, Pennsylvania, 15541 (hereinafter referred to as "PBS"):

WHEREAS, Indian Lake and PBS did on May 25, 1989, enter into an Agreement providing for the payment to Indian Lake of certain monies from PBS upon certain terms and conditions (hereinafter referred to as "Agreement"); and,

WHEREAS, as security for the payment to Indian Lake by PBS of those certain monies, PBS agreed in Paragraph 4 of the Agreement to secure an Irrevocable Stand-by Letter of Credit to be issued by Barclays Bank, P. L. C. or another bank of similar credit standing (hereinafter referred to as "Letter of Credit") in the initial amount of Two Hundred Thousand and 00/100 (\$200,000.00) Dollars; and,

WHEREAS, the Letter of Credit has not been obtained by PBS and PBS has requested that a substitute form of the security be allowed; and,

WHEREAS, Indian Lake has agreed to accept a substitute form of security for the Letter of Credit.

NOW, THEREFORE, the parties hereto intending to be legally bound, and also in consideration of the mutual covenants herein contained hereby agree as follows:

1. That PBS is not required to obtain the Letter of Credit required in Paragraph 4 of the Agreement.

2. That in place of the Letter of Credit, PBS agrees to maintain that certain Payment Guarantee Bond from Utica Mutual Insurance Company, Numbered SU-1461330, a copy of which is attached hereto and made a part hereof as Exhibit "A".
3. That the original Payment Guarantee Bond or a certified copy thereof shall be delivered to Indian Lake simultaneously with the execution hereof.
4. That all remaining terms of the Agreement are hereby ratified and reaffirmed.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

ATTEST:

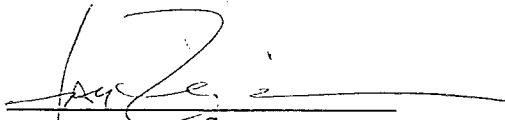
INDIAN LAKE BOROUGH


Secretary

By: 
President

ATTEST:

PBS COALS, INC.


Secretary

By: 
President



BOND NUMBER: SU-1461330

Box 530, Utica, New York 13503
Telephone 315/734-2000

PAYMENT GUARANTEE BOND

KNOW ALL MEN BY THESE PRESENTS, that we, P.B.S. COALS, INC. herein after, ("P.B.S.") with its principal office located Friedens, PA, as Principal, and the Utica Mutual Insurance Company, a New York Corporation, as Surety, are held and firmly bound unto The Borough of Indian Lake, PA, Obligee, in the sum of One Hundred Twenty-Five Thousand (\$125,000.00) Dollars for the payment of which sum well and truly to be made, we the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally firmly by these presents:

WHEREAS, the obligee has required the principal to file a surety bond in the amount of One Hundred Twenty-Five Thousand (\$125,000.00) Dollars to satisfy the agreement that was signed on May 25, 1989, between P.B.S. and the Borough of Indian Lake in which P.B.S. agreed to pay Two Hundred Thousand (\$200,000.00) Dollars to the Borough of Indian Lake at the rate of five (\$.05) cents per ton for every ton of coal mined by P.B.S. on or after January 1, 1989, within the permit area or Two Thousand (\$2,000.00) Dollars per month whichever sum is greater, until the total of all contributions equals Two Hundred Thousand (\$200,000.00) Dollars.

ALTHOUGH, the face amount of the bond may be reduced by Two Thousand (\$2,000.00) Dollars each month, the bond is irrevocable until the entire Two Hundred Thousand (\$200,000.00) Dollars is paid to the Borough. The Indian Lake Borough must confirm in writing that the above amount has been paid if the bond is to be cancelled before the expiration date.

THE BOND will automatically be in default when P.B.S. becomes more than sixty (60) days in arrears on their monthly payments and at that time the amount of the Two Hundred Thousand (\$200,000.00) Dollars that has not been paid to the Borough of Indian Lake must be paid within ten (10) days from the day of determination of default in a lump sum to Indian Lake Borough. The determination of P.B.S. being in arrears more than sixty (60) days shall be made by Indian Lake Borough from the records of receipt of Indian Lake Borough, and P.B.S. agrees by execution of the bond that this default determination will require payment by the surety.

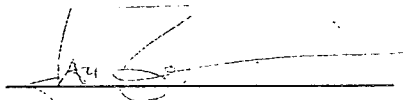
NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH that if the Principal shall pay into an escrow account until a fund of \$200,000 is established, this bond shall be null and void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, this bond is executed by the Surety and accepted by the Obligee subject to the following conditions:

1. Under no circumstances shall the aggregate liability of the Surety exceed the penal sum above stated.
2. The bond shall expire on July 1, 1996.

IN WITNESS WHEREOF, the Principal and Surety have hereunto set their hands and seals the 29th day of March, 1991.

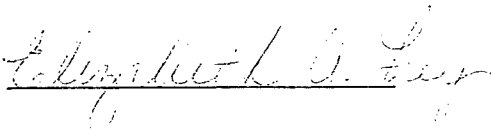
WITNESS:




P.B.S. COALS, INC.

BY: 

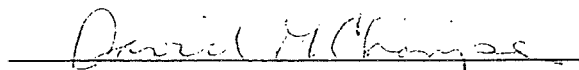
WITNESS:



UTICA MUTUAL INSURANCE COMPANY

BY: 
_____ Michael C. Barbarita, Attorney-in-Fact

COUNTERSIGNED BY:


_____ David M. Champe
Licensed Resident Agent
State of Pennsylvania

UTICA MUTUAL INSURANCE COMPANY

NEW HARTFORD, NEW YORK

No. 307

POWER OF ATTORNEY

Know all men by these Presents the UTICA MUTUAL INSURANCE COMPANY, a New York Corporation, having its principal office in the Town of New Hartford, County of Oneida State of New York, does hereby make, constitute and appoint MICHAEL C. BARBARITA, RICHARD A. LANKEN, R. GEORGE VOINCHET AND GERALD A. WALSH
Pittsburgh, Pennsylvania

its true and lawful Attorney(s)-in-fact in their separate capacity, if more than one is named above to make, execute, sign, seal and deliver for and on its behalf as surety and as its act and deed (without power of redelegation) any and all bonds and undertakings and other writings obligatory in the nature thereof (except bonds guaranteeing the payment of principal and interest of notes, mortgage bonds and mortgages) provided the amount of no one bond or undertaking exceeds FIVE HUNDRED THOUSAND-- Dollars (\$ 500,000.00).

The execution of such bonds and undertakings shall be as binding upon said UTICA MUTUAL INSURANCE COMPANY as fully and to all intents and purposes as if the same had been duly executed and acknowledged by its regularly elected officers at its Home Office in New Hartford, New York.

This Power of Attorney is granted under and by authority of the following resolution adopted by the Directors of the UTICA MUTUAL INSURANCE COMPANY on the 27th day of November 1961.

Resolved, that the President or any Vice-President in conjunction with the Secretary or any Assistant Secretary be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company in its name and as its acts to execute and acknowledge for and on its behalf as Surety and other bonds, recognizances, contracts of indemnity and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company, and such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly acknowledged by the regularly elected Officers of the Company in their own proper persons.

Now Therefore the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney by a facsimile and any such Power of Attorney bearing such facsimile signatures or seal shall be valid and binding upon the Company.

In Witness Whereof, the UTICA MUTUAL INSURANCE COMPANY has caused these presents to be signed by its Authorized Officers, this 24th day of January, 19 90.

UTICA MUTUAL INSURANCE COMPANY

[Signature]

Secretary



[Signature]

President

STATE OF NEW YORK }
COUNTY OF ONEIDA } ss:

On this 24th day of January, 19 90, before me, a Notary Public in and for the State of New York, personally came WALLACE H. WATKINS and JOHN P. SULLIVAN to me known, who acknowledged execution of the preceding instrument and, being by me duly sworn, do depose and say, that they are President and Secretary respectively of UTICA MUTUAL INSURANCE COMPANY, and that the seal affixed to said instrument is the corporate seal of UTICA MUTUAL INSURANCE COMPANY; and that said corporate seal is affixed and their signatures subscribed to said instrument by authority and order of the Board of Directors of said Corporation.

In Testimony Whereof, I have hereunto set my hand at New Hartford, New York, the day and year first above written.

STATE OF NEW YORK }
COUNTY OF ONEIDA } ss:



[Signature]
Notary Public

I, John D. Yonkers Assistant Secretary of the UTICA MUTUAL INSURANCE COMPANY do hereby certify that the foregoing is a true and correct copy of a Power of Attorney, executed by said UTICA MUTUAL INSURANCE COMPANY, which is still in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of the said Corporation at New Hartford, New York, this 29th day of March, 19 91

[Signature]
Assistant Secretary

UTICA MUTUAL INSURANCE COMPANY
FINANCIAL STATEMENT AS OF DECEMBER 31, 1989

From Annual Report Filed with New York Insurance Department

ASSETS	LIABILITIES AND SURPLUS
U.S. Governmental Direct and Guaranteed Bonds \$ 267,250,698	Reserve for All Losses \$ 552,328,468
All Other Bonds 632,818,578	Unearned Premiums 187,271,411
Stocks 31,598,288	Reserve for Claim Expense 117,019,405
Mortgages -0-	Dividends 6,830,540
Cash 8,512,217	Taxes Accrued 7,349,323
Equities & Deposits in Pools and Associations 18,630,625	Federal Income Tax 784,801
Premiums in Course of Collection 44,211,201	Miscellaneous Accounts Payable 59,089,405
Interest Due and Accrued 20,684,614	
Other Admitted Assets 77,691,104	
Total Admitted Assets \$1,101,195,319	Total Liabilities \$ 930,673,353

Surplus Funds:

Dividend Reserve \$ 1,101,027	
General Voluntary Reserve 1,500,000	
Special Contingent Surplus 1,700,000	
Divisible Surplus 168,220,939	
Surplus as regards Policyholders 170,521,966	
Total \$ 1,101,195,319	

STATE OF NEW YORK
 COUNTY OF ONEIDA ss:

WALLACE H. WATKINS, President of the UTICA MUTUAL INSURANCE COMPANY, New Hartford, New York, being duly sworn, says that he is the above described officer of said Corporation, and that on the 31st day of December, 1989, all the assets shown above were the absolute property of the said Corporation, free and clear from all liens or claims thereon except as above stated, and that the foregoing statement is a full and true exhibit of all assets and liabilities of the said Corporation at the close of business December 31, 1989, according to the best of his knowledge, information and belief.

Subscribed and sworn to before me the

Rosemary Wadas

Wallace H. Watkins
 President

ROSEMARY WADAS
 Notary Public in the State of New York
 Appointed in Oneida County
 My Commission Expires April 30, 1990

Attest

John P. Liscivan
 Secretary