

RAILROAD COMMISSION OF TEXAS
Surface Mining and Reclamation Division
Application for Self Bond

General Instructions:

This application form, SMRD-45(C), requires the use of the "Texas Surface Coal Mining and Reclamation Act" and the "Rules of the Surface Mining and Reclamation Division, Railroad Commission of Texas," in order to fully understand the requirements. If the applicant proposes to provide a third-party guarantee, an additional Form SMRD-45(C), "Application for Self Bond" completed by the third-party guarantor, must be submitted with this application. (NOTE: if the history or assets of a parent organization are relied upon in qualifying for a self bond or guarantor, all information required below shall be given for the parent organization as well as for the entity making direct application.)

1. This form is completed by (check the box that applies):
 Permit Applicant
 Third-Party Guarantor
2. Name of Applicant/Third-Party Guarantor: _____
3. Address: _____

City State Zip Code
4. Telephone: _____
5. Place of corporation (provide documentation): _____
6. Type of business organization (provide documentation): _____
7. Principal place of business: _____
8. Principal office in Texas: _____
9. Name, title and authority of persons signing this application (provide documentation evidencing authority): _____
10. If applicant/third-party guarantor is not a corporation, state how the enterprise is organized and the statutes under which it is formed (provide documentation): _____
11. For corporation, limited partnerships and other businesses entities which must qualify to do business in Texas, provide a statement of authority to do business in Texas (provide documentation): _____
12. Estimated amount of self-bond: _____
13. Estimated maximum reclamation cost during life of mine: _____
14. State whether the applicant/third-party guarantor has been in continuous operation during the five-year-period prior to the date the permit application was filed, or, if the applicant/third-party guarantor is a joint venture or syndicate with less than five years of continuous operations prior to the date the permit application was filed, state whether each member of the joint venture or syndicate has been in continuous operation for at least five years immediately preceding the date of application:

This question must be answered by the applicant if the applicant does not propose to provide a third-party guarantee. Otherwise, the third-party guarantor (and not the applicant) must answer this question on its separate application form. Please indicate (by check marks) which of the following criteria enables the applicant/third-party guarantor to qualify for self bonding/guarantor status and submit sufficient information to demonstrate that the specified criteria are met:

- The applicant/third-party guarantor has a current rating for its most recent bond issuance of "A" or higher as issued by either Moody's Investor Service or Standard and Poor's Corporation.

- The applicant/third-party guarantor has a tangible net worth of at least \$10 million, a ratio of total liabilities to net worth of 2.5 times or less, and a ratio of current assets to current liabilities of 1.2 times or greater.
 - The applicant/third-party guarantor's fixed assets in the United States total at least \$20 million, and the applicant/third-party guarantor has a ratio of total liabilities to net worth of 2.5 times or less, and a ratio of current assets to current liabilities of 1.2 times or greater.
 - The applicant/third-party guarantor has an investment-grade rating for its most recent bond issuance of "Baa3" or higher from Moody's Investor Service and "BBB-" or higher from Standard and Poor's Corporation, and meets the requirements of either (A) or (B) below (check which requirements apply).
 - (A) The applicant/third-party guarantor has (i) a tangible net worth of at least \$10 million and fixed assets in the United States totaling at least \$20 million; and (ii) has a ratio of total liabilities to net worth of 2.5 or less or a ratio of total liabilities to net worth that is equal or less than the industry median reported by Dun and Bradstreet Corporation for the applicant's/third-party guarantor's primary SIC code; and (iii) has a ratio of current assets to current liabilities that is equal or greater than the industry median reported by Dun and Bradstreet Corporation for the applicant's primary SIC code or the applicant/third-party guarantor has a current credit rating of "4A2" or higher from Dun and Bradstreet. (Where Dun and Bradstreet ratings are applicable, appropriate Dun and Bradstreet report must be provided).
 - (B) The applicant/third-party guarantor (i) has a net worth of at least \$100 million and fixed assets in the United States totaling at least \$200 million; and (ii) has issued and currently has outstanding securities pursuant to the provisions of the Securities Act of 1933 and is subject to the periodic financial reporting requirements established by the Securities and Exchange Act of 1934; and (iii) has a total amount of outstanding and proposed self-bonds for surface coal mining and reclamation operations not exceeding $16 \frac{2}{3}$ percent of the applicant's/third-party guarantor's net worth in the United States.
16. State the total amount of all outstanding and proposed self-bonds of the applicant/third-party guarantor for surface coal mining and reclamation operations in the United States. Also, state the ratio (as a percent) of the total amount of all outstanding and proposed self-bonds of the applicant/third-party guarantor for surface coal mining and reclamation operations in the United States to the applicant's/third-party guarantor's tangible net worth in the United States:
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17. State whether the applicant/third-party guarantor has been subject to bankruptcy proceedings during the 5-year period immediately prior to the date the permit application was filed with the Railroad Commission of Texas:
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18. Please submit the following:

(A) Financial statements for the most recently completed fiscal year accompanied by a report prepared by an independent certified public accountant in conformity with generally accepted accounting principles and containing the accountant's audit opinion or review opinion of the financial statements with no adverse opinion; and

(B) Unaudited financial statements for completed quarters in the current fiscal year.

Applicant/Third-Party Guarantor

By:

Typed Name

Title

By:

Typed Name

Title

By:

Typed Name

Title