

## Employee Home Equity Financing Guaranty Agreement

- 1. Parties.** The Parties to this Employee Home Equity Financing Guaranty Agreement effective October 22, 2007("Agreement"), are Bridger Coal Company, a joint venture with Pacific Minerals, Inc., a Wyoming Corporation and Idaho Energy Resources Company, a Wyoming Corporation ("Employer") and Wells Fargo Home Equity a division of Wells Fargo Bank, National Association ("Wells Fargo Home Equity") (Employer and Wells Fargo Home Equity are individually and collectively the "Party" and the "Parties" respectively.).
- 2. Recitals.** This Agreement documents the terms and conditions under which Wells Fargo Home Equity will offer Employer's Eligible Employees (as designated by Employer in writing pursuant to Attachment A) home equity financing. As set forth herein, Wells Fargo Home Equity shall provide Eligible Employees with a home equity loan secured by a second or subordinate position lien on the Eligible Employee's residence, the repayment of which is guaranteed in whole by the Employer (the "Loan"). Employer agrees that the Employer shall purchase the Loan of any Eligible Employee whose employment with Employer terminates for any reason or who has defaulted in his/her obligations under the Loan and that Employer guarantees all payments to Wells Fargo Home Equity of principal, interest, costs and expenses for each such Loan.
- 3. Agreement.** In consideration of the mutual promises in this Agreement and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, Wells Fargo Home Equity agrees to make Loans to Eligible Employees as defined in Attachment A to this Agreement, in accordance with the Lending Procedures set forth in Attachment A to this Agreement ("Lending Procedures"), a copy of which is attached hereto and incorporated herein by this reference as though set forth in full. Employer agrees to purchase the Loan of any Eligible Employee in the event that the Eligible Employee's employment with Employer terminates for any reason whatsoever or in the event that the Eligible Employee defaults under the terms of the Loan documents, including but not limited to the loan agreement, the mortgage, or the deed (the "Loan Documents") Furthermore, the Employer agrees to guaranty all payments of principal and interest, as well as the reasonable costs and expenses incurred by Wells Fargo Home Equity, if any, in connection with each Loan.
- 4. Purchase of Loan.** In the event Eligible Employee's employment has terminated, Employer shall promptly notify Wells Fargo Home Equity in writing and Employer is obligated to purchase the Loan. Within ten (10) days of its receipt of such notification, Wells Fargo Home Equity shall notify Employer in writing of the purchase price for such Loan. In the event that the Eligible Employee has defaulted in his/her obligations under the Loan Documents, Wells Fargo Home Equity shall notify the Employer in writing of the default and the amount of the purchase price for such Loan. The purchase price shall equal the unpaid principal balance of such Loan plus all accrued and unpaid interest,

unpaid closing costs, as well as costs, and expenses, if any, thereon up to the date that Wells Fargo Home Equity sells, transfers and assigns the Loan to Employer. Employer shall remit payment for any purchased Loan to Wells Fargo Home Equity by wire or Employer's check within thirty (30) days of receipt of notification by Wells Fargo Home Equity of the purchase price of the Loan..

- 5. Employer Guaranty.** To induce Wells Fargo Home Equity to make Loans to Eligible Employees, Employer absolutely and unconditionally guaranties to Wells Fargo Home Equity the full and prompt payment when due of each and every Loan, including all monthly and annual payments of interest or principal and interest, payments due at maturity, payments due upon acceleration of the Loan, payments due in the event Employer purchases a Loan, and closing costs for each Loan including, but not limited to, title insurance, homeowner's insurance, flood insurance (if required), recording fees, origination fees, commitment fees, and any state or local taxes and any other costs or expenses incurred in connection with the collateral property or Eligible Employee's default, if any. Employer understands that this guaranty is irrevocable; that this guaranty is one of payment and not collection, which means Wells Fargo Home Equity can insist that Employer pay it immediately; that Wells Fargo Home Equity is not required to attempt to collect from an Eligible Employee; and that if any moneys become available to apply to a Loan, Wells Fargo Home Equity shall apply them in accordance with the terms of the written Loan agreement between Wells Fargo Home Equity and such Eligible Employee. Employer understands and agrees that Wells Fargo Home Equity has information or may obtain information regarding the Eligible Employee that is protected by law from disclosure to Employer. Furthermore, Employer agrees that Wells Fargo Home Equity is not required to exercise any rights that it has against an Eligible Employee or the collateral property in order for Wells Fargo Home Equity to exercise its rights under this Agreement.

If Employer is a corporation, Employer represents and warrants that it expects to derive substantial benefits from the Eligible Employee and from any Loans, and that this guaranty is given for a corporate purpose. So long as this guaranty remains in effect, Wells Fargo Home Equity may rely conclusively on a continuing warranty, hereby made, that Employer continues to be benefited by this guaranty and Wells Fargo Home Equity shall have no duty to inquire into or confirm the receipt of any such benefits, and this guaranty shall be effective and enforceable by Wells Fargo Home Equity without regard to the receipt, nature or value of any such benefits.

It is the intent of Employer and Wells Fargo Home Equity that Employer's obligations and liabilities under this Section shall be absolute and unconditional under any and all circumstances. Employer waives (a) any and all requirements that Wells Fargo Home Equity institute any actions or proceedings or exhaust any or all Wells Fargo Home Equity's rights or remedies against any Eligible Employee or any other person as a condition precedent to requesting payment from Employer under this Guaranty, and (b) any defense arising by reason of any disability, insolvency, lack of capacity or authority, death or any other defense of any Eligible Employee, it being agreed that Employer shall

remain liable hereunder, regardless of whether Eligible Employee or any other person is not liable under the Loan Agreement for any reason.

6. **Expenses.** Wells Fargo Home Equity shall bear the expense of preparing, delivering and mailing all Loan Documents, forms, statements and notices, including adverse action notices, required by law to be delivered to Eligible Employees. Each Party to this Agreement shall otherwise pay its own costs and expenses (including attorneys' fees) incurred with the preparation, negotiation, and administration of this Agreement. Nothing in this Section 6 shall be construed to limit or qualify Employer's obligations to reimburse and indemnify Wells Fargo Home Equity in connection with certain expenses incurred by Wells Fargo Home Equity, as more fully provided in this Agreement.

7. **A. Representations and Warranties of Employer.** Employer represents and warrants to Wells Fargo Home Equity that:

- (1) Employer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it has been incorporated and has the corporate power and authority necessary to own its assets, carry on its business and enter into and perform its obligations hereunder.
- (2) The execution, delivery and performance of this Agreement are within Employer's power and authority, have been duly authorized by all necessary corporate action, and do not contravene (i) Employer's articles of incorporation or by-laws, (ii) any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, or (iii) any contractual restriction binding on or affecting Employer or its assets.
- (3) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery or performance by Employer of this Agreement.
- (4) The Agreement is, or when executed and delivered by Employer will be, the legal, valid and binding obligation of Employer enforceable against Employer in accordance with its terms.

**B. Representations and Warranties of Wells Fargo Home Equity.** Wells Fargo Home Equity represents and warrants to Employer that:

- (1) **Wells Fargo Home Equity** (i) is a national banking association, validly existing and in good standing under the laws of the United States of America, and (ii) has the power and authority necessary to own its assets, carry on its business and enter into and perform its obligations hereunder.

- (2) The execution, delivery and performance of this Agreement are within Wells Fargo Home Equity's power and authority, have been duly authorized by all necessary action, and do not contravene (i) Wells Fargo Home Equity's charter or by-laws, (ii) any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, or (iii) any contractual restriction binding on or affecting Wells Fargo Home Equity or its assets.
- (3) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery or performance by Wells Fargo Home Equity of this Agreement.
- (4) The Agreement is, or when executed and delivered by Wells Fargo Home Equity will be, the legal, valid and binding obligation of Wells Fargo Home Equity enforceable against Wells Fargo Home Equity in accordance with its terms.

**8. Credit Qualification on Loans.** Employer understands that its obligations and responsibilities hereunder apply regardless of whether Wells Fargo performs a credit qualification of the Eligible Employee and the Eligible Employee's residence and/or requires that the Eligible Employee and the Eligible Employee's residence meet Wells Fargo Home Equity's then current credit underwriting standards. In its sole discretion, Wells Fargo Home Equity may agree to make Loans available to Eligible Employees based on the Employer's guaranty and agreement hereunder; however, it is Wells Fargo Home Equity's intent to require each Eligible Employee and the Eligible Employee's residence to meet Wells Fargo Home Equity's then current credit underwriting standards. Nevertheless, whether Wells Fargo Home Equity requires or does not require credit qualification with respect to any Loan(s), the Employer's guaranty and repurchase obligations as to the Loan(s) shall not be changed, limited or modified in any way. Employer agrees that Wells Fargo Home Equity has no duty to share with or disclose to, and in fact, is prohibited by law, from disclosing any information resulting from any credit qualification of the Eligible Employee or the Eligible Employee's residence with the Employer.

**9. Modification, Renewal or Extension of Loans.** In the event that Employer fails to meet its obligations hereunder, including but not limited to, its timely failure to purchase a Loan or its timely failure to make the required payments on a Loan, Wells Fargo Home Equity may modify, renew or amend the Loan, in accordance with applicable law and prudent commercial and consumer banking standards. Notwithstanding any such modification, renewal or extension, the Loan shall remain subject to the Employer's guaranty of payment and purchase obligation as described herein.

- 10. Indemnification.** Except as otherwise provided in this Agreement, Employer agrees to indemnify and hold Wells Fargo Home Equity harmless from and against all liability, loss, damage and expense (including the actual and reasonable cost and expense of enforcing its rights under this Section, if any) actually suffered or incurred by Wells Fargo Home Equity in any case where such liability, loss, damage or expense arises from or relates to any breach by Employer of any representation or warranty made by Employer hereunder, or the failure by Employer to observe any of its covenants or obligations hereunder. Except as otherwise provided in this Agreement, Wells Fargo Home Equity agrees to indemnify and hold Employer harmless from and against all liability, loss, damage and expense (including the actual and reasonable cost and expense of enforcing its rights under this Section, if any), actually suffered or incurred by Employer in any case where such liability, loss, damage or expense arises from or relates to any breach by Wells Fargo Home Equity of any representation or warranty made by Wells Fargo Home Equity hereunder, or by the failure by Wells Fargo Home Equity to observe any of its covenants or obligations hereunder. The Parties' obligations under this Section 10 shall survive the termination of this Agreement.
- 11. Termination.** Either Party may terminate this Agreement by giving the other Party written notice thereof. Such termination shall be effective thirty (30) days after receipt of such written notice, except that any such termination shall not affect the rights and obligations of the Parties hereunder in respect to any Loans outstanding as of termination and any advances to be made thereafter pursuant to the terms of any Loans outstanding, including the obligations of Employer under Sections 4 and 5 of this Agreement and the obligations of Employer and Wells Fargo Home Equity under Sections 8 through 10 and 15 of this Agreement.
- 12. Notices.** All notices and other communication by either Party under this Agreement shall be in writing, and shall be (a) personally delivered, (b) transmitted by telegram, telecopier or telefacsimile, or (c) mailed via United States registered or certified mail, return receipt requested, electronic mail, postage prepaid, to the other Party at its address indicated below, or to such other address as such other Party shall specify by notice hereunder. A notice or other communication to a Party shall be effective the date of delivery to such address of the Party.

If to Employer:

Bridger Coal Company  
P.O. Box 68  
Point of Rocks, WY 82942  
Attn: Carl Polson

with a copy to:

Bridger Coal Company  
P.O. Box 68  
Point of Rocks, WY 82942  
Attn: Patrick Akers

If to Wells Fargo Home Equity:      Melissa Lucero  
   Administrative Assistant  
   526 Chapel Hills Drive  
   Colorado Springs, CO 80920  
   Phone: 719-536-3804  
   Fax: 866-279-0904

**13. Assignment and Binding Effect.** This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, provided, however, Wells Fargo Home Equity may assign Loans and the right to make Loans from time to time to its affiliates, and Wells Fargo Home Equity shall promptly notify Employer of any such assignment. Any assignment attempted in violation of this Agreement shall be null and void. This Agreement and the Parties' respective rights and obligations hereunder shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

**14. Entire Agreement.** This Agreement and the Attachments hereto constitute a complete statement of all the arrangements between the Parties as of the date hereof with respect to the transactions contemplated hereby, and supersede all prior agreements and understandings between them relating to the subject matter hereof. This Agreement may be modified, revised or amended only by consent of the Parties as evidenced by a written agreement duly executed by the Parties hereto.

**15. Settlement of Disputes.**

**A. Binding Arbitration Required.** Upon the demand of either Party, any Dispute shall be resolved by binding arbitration in accordance with the terms of this Section 14 except as set forth in subsection (e) below. A "**Dispute**" shall mean any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement. Any Party may, by summary proceedings, bring an action in court to compel arbitration of a Dispute. Any Party who fails or refuses to submit to arbitration following a lawful demand by the other Party shall bear all costs and expenses incurred by such other Party in compelling arbitration of any Dispute.

**B. Arbitration Association and Rules.** Arbitration proceedings shall be administered by the American Arbitration Association ("**AAA**"), or such other administrator as the Parties shall mutually agree upon. Arbitration shall be conducted in accordance with the AAA Commercial Arbitration Rules. If there is any inconsistency between the terms hereof and any such rules, the terms and procedures set forth herein shall control. All Disputes submitted to arbitration shall be resolved in accordance with the Federal Arbitration Act (Title 9 of the United States Code). The arbitration shall be conducted at a location in

California selected by the AAA or other administrator. All statutes of limitation applicable to any Dispute shall apply to any arbitration proceeding. All discovery activities shall be expressly limited to matters directly relevant to the Dispute being arbitrated. Judgment upon any award rendered in an arbitration may be entered in any court having jurisdiction; provided however, that nothing contained herein shall be deemed to be a waiver, by any Party that is a bank, of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

**C. Ancillary Remedies.** No provision hereof shall limit the right of either Party to obtain provisional or ancillary remedies, including without limitation injunctive relief, attachment or the appointment of a receiver, from a court of competent jurisdiction before, after or during any arbitration or other proceeding. The exercise of any such remedy shall not waive the right of a Party to compel arbitration hereunder.

**D. Arbitrator & Choice of Law.** Arbitrators must be active members of the California State Bar or retired judges of the state or federal judiciary of California, with expertise in the substantive laws applicable to the subject matter of the Dispute. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the state of California, (ii) may grant any remedy or relief that a court of the state of California could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the California Rules of Civil Procedure or other applicable law. Any Dispute in which the amount in controversy is \$5,000,000 or less shall be decided by a single arbitrator who shall not render an award of greater than \$5,000,000 (including damages, costs, fees and expenses). By submission to a single arbitrator, each Party expressly waives any right or claim to recover more than \$5,000,000. Any Dispute in which the amount in controversy exceeds \$5,000,000 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations.

**1. Findings and Conclusions.** Notwithstanding anything herein to the contrary, in any arbitration in which the amount in controversy exceeds \$5,000,000, the arbitrator shall be required to make specific, written findings of fact and conclusions of law.

**2. Damages.** The arbitrator(s) shall have no authority to award punitive or other damages not measured by the prevailing Party's actual damages, except as may be required by statute. The arbitrator(s) shall not award incidental or consequential damages in any arbitration initiated under this Section.

**3. Other.** To the maximum extent practicable, the AAA, the arbitrators and the Parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the Dispute with the AAA. No arbitrator or other Party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a Party required in the ordinary course of its business, by applicable law or regulation, or

to the extent necessary to exercise any judicial review rights set forth herein. This arbitration provision shall survive termination, cancellation, expiration or amendment of the Agreement or any other relationship between the Parties.

- 16. **Governing Law.** The laws of the State of California, without regard to conflicts of law principles, shall govern the execution, interpretation and performance of this Agreement.
- 17. **Joint Document.** This Agreement has been, and shall be construed to have been, drafted by Employer and Wells Fargo Home Equity.
- 18. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original; however, all such counterparts shall together constitute one and the same instrument.
- 19. **Waiver.** Failure of any Party to insist, in any one or more instances, on strict performance of any provisions of this Agreement, or to exercise any right, remedy or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver or relinquishment for the future of any such provisions, rights, remedies or options, and no waiver of any provision of this Agreement shall be deemed effective unless made in writing and signed by the Parties hereto.
- 20. **Severability.** Wherever possible, any provision of this Agreement shall be interpreted in such manner as to be effective and valid under Governing Law, but if any provision of this Agreement shall be prohibited by or invalid under Governing Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

Wells Fargo Bank, National Association

Pacific Minerals, Inc. on behalf of Bridger Coal Company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: Neil L. Getzelman

Title: \_\_\_\_\_

Title: President, Pacific Minerals, Inc.  
and member of Bridger Management Committee