

0084



Canyon Fuel  
Company, LLC.  
Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Wess Sorensen, Mine Manager  
HCR 35, Box 380  
Helper, UT 84526  
(435) 448-2619 - Office  
(435) 448-2632 - Fax

October 17, 2006

Ms. Pamela Grubaugh-Littig  
Utah Division of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210

*Wess Sorensen*  
C/007/005  
#2675

RE: Permit Renewal, Skyline Mines, Canyon Fuel Company, LLC, C/007/005, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Canyon Fuel Company, LLC, hereby files application for renewal of permit C/007/005, to operate under the provisions of the Utah Coal Mining and Reclamation Act pursuant to R645-303-300 of the Utah Coal Program Regulations. The legal description of the area associated with the Skyline Mines can be found in the newspaper notice attached.

The permit renewal package includes the following in compliance with the application requirements (R645-303-232):

- Evidence of a liability insurance policy;
- Evidence of a performance bond in effect for the operation;
- A copy of the proposed newspaper notice as required by R645-300-121.100 and;
- Proof of publication of newspaper notice (submitted after completion of publication).

Should you have any questions please contact either Gregg Galecki (435) 448-2636.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Wess Sorensen'.

Wess Sorensen  
General Manager

Cc: Carl Winters  
Gregg Galecki  
Chris Hansen

RECEIVED

OCT 23 2006

DIV. OF OIL, GAS & MINING

# APPLICATION FOR COAL PERMIT PROCESSING

Permit Change  New Permit  Renewal  Exploration  Bond Release  Transfer

**Permittee:** Canyon Fuel Company, LLC

**Mine:** Skyline Mine

**Permit Number:** C/007/005

**Title:** Permit Renewal

**Description,** Include reason for application and timing required to implement:

Required information for Permit Renewal

**Instructions:** If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes  No 1. Change in the size of the Permit Area? Acres: \_\_\_\_\_ Disturbed Area: \_\_\_\_\_  increase  decrease.
- Yes  No 2. Is the application submitted as a result of a Division Order? DO# \_\_\_\_\_
- Yes  No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes  No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes  No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes  No 6. Does the application require or include public notice publication?
- Yes  No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes  No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes  No 9. Is the application submitted as a result of a Violation? NOV # N06-39-3-1
- Yes  No 10. Is the application submitted as a result of other laws or regulations or policies?  
*Explain:* R645-303-232

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- Yes  No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes  No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes  No 13. Does the application require or include collection and reporting of any baseline information?
- Yes  No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes  No 15. Does the application require or include soil removal, storage or placement?
- Yes  No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes  No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes  No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes  No 19. Does the application require or include certified designs, maps or calculation?
- Yes  No 20. Does the application require or include subsidence control or monitoring?
- Yes  No 21. Have reclamation costs for bonding been provided?
- Yes  No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes  No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

**Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you.** (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Wesley K. Severson  
Print Name

Wesley K. Severson  
Sign Name, Position, Date

Subscribed and sworn to before me this 17<sup>th</sup> day of Oct, 2006

K. R. [Signature]  
Notary Public

My commission Expires: 12/02, 2007  
Attest: State of Utah } ss:  
County of Carbon

General Manager  
10/17/06

**For Office Use Only:**

**Assigned Tracking Number:**

**Received by Oil, Gas & Mining**

RECEIVED

OCT 23 2006

DIV OF OIL, GAS & MINING



# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
07/27/2006

**PRODUCER**  
Aon Risk Services, Inc. of Oregon  
1211 S.W. 5th Avenue  
Suite 600  
Portland OR 97204-3799 USA

PHONE: (503) 224-9700 FAX: (503) 295-0923

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.**

**INSURED**  
Waste Connections, Inc.  
35 Iron Point Circle, Suite 200  
Folsom CA 95630-8589 USA

| INSURERS AFFORDING COVERAGE |                                | NAIC # |
|-----------------------------|--------------------------------|--------|
| INSURER A:                  | ACE American Insurance Company | 22667  |
| INSURER B:                  |                                |        |
| INSURER C:                  |                                |        |
| INSURER D:                  |                                |        |
| INSURER E:                  |                                |        |

**COVERAGES** SIR May Apply

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | ADD'L INSRD | TYPE OF INSURANCE  | POLICY NUMBER | POLICY EFFECTIVE DATE(MM/DD/YY) | POLICY EXPIRATION DATE(MM/DD/YY) | LIMITS  |             |
|----------|-------------|--|---------------|---------------------------------|----------------------------------|---|-------------|
| A        |             | <b>GENERAL LIABILITY</b><br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br>CLAIMS MADE <input checked="" type="checkbox"/> OCCUR<br>_____<br>_____<br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC |               | 08/01/06                        | 08/01/07                         | EACH OCCURRENCE   | \$1,000,000 |
|          |             |  |               |                                 |                                  | DAMAGE TO RENTED PREMISES (Ea occurrence)   | \$5,000     |
|          |             |  |               |                                 |                                  | MED EXP (Any one person)  |             |
|          |             |  |               |                                 |                                  | PERSONAL & ADV INJURY   | \$1,000,000 |
|          |             |  |               |                                 |                                  | GENERAL AGGREGATE   | \$2,000,000 |
|          |             |  |               |                                 |                                  | PRODUCTS - COMP/OP AGG  | \$1,000,000 |
| A        |             | <b>AUTOMOBILE LIABILITY</b><br><input checked="" type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS<br><input type="checkbox"/> NON OWNED AUTOS<br>_____   |               | 08/01/06                        | 08/01/07                         | COMBINED SINGLE LIMIT (Ea accident)   | \$5,000,000 |
|          |             |  |               |                                 |                                  | BODILY INJURY (Per person)  |             |
|          |             |  |               |                                 |                                  | BODILY INJURY (Per accident)  |             |
|          |             |  |               |                                 |                                  | PROPERTY DAMAGE (Per accident)  |             |
|          |             | <b>GARAGE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br>_____  |               |                                 |                                  | AUTO ONLY - EA ACCIDENT   |             |
|          |             |  |               |                                 |                                  | OTHER THAN AUTO ONLY: EA ACC  |             |
|          |             |  |               |                                 |                                  | AGG   |             |
|          |             | <b>EXCESS /UMBRELLA LIABILITY</b><br><input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE<br><input type="checkbox"/> DEDUCTIBLE<br><input type="checkbox"/> RETENTION  |               |                                 |                                  | EACH OCCURRENCE   |             |
|          |             |  |               |                                 |                                  | AGGREGATE   |             |
| A        |             | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b><br>ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED?<br>If yes, describe under SPECIAL PROVISIONS below   |               | 08/01/06                        | 08/01/07                         | <input checked="" type="checkbox"/> WC STATUTORY LIMITS<br><input type="checkbox"/> OTHER |             |
|          |             |  |               |                                 |                                  | E.L. EACH ACCIDENT  | \$1,000,000 |
|          |             |  |               |                                 |                                  | E.L. DISEASE-EA EMPLOYEE  | \$1,000,000 |
|          |             |  |               |                                 |                                  | E.L. DISEASE-POLICY LIMIT   | \$1,000,000 |
| A        |             | <b>OTHER</b><br>Excess WC  |               | 08/01/06                        | 08/01/07                         | EL Each Accident  | \$1,000,000 |
|          |             |  |               |                                 |                                  | EL Disease - Policy   | \$1,000,000 |
|          |             |  |               |                                 |                                  | EL Disease - Ea Emp   | \$1,000,000 |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS  
 Named Insured Includes: CITY SANITATION, INC.

**CERTIFICATE HOLDER**  
 SKYLINE MINE  
 P O BOX 719  
 HELPER UT 84526 USA

**CANCELLATION**  
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE 

Holder Identifier : Certificate No : 570018843197

# MARSH

# CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER

**PRODUCER**

Marsh USA Inc.  
800 Market Street, Suite 2600  
St. Louis, MO 63101-2500  
Attn: stlouis.certrequest@marsh.com 212-948-0811

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

**COMPANIES AFFORDING COVERAGE**

001950-state-GL8-06-07

Y

COMPANY  
A ACE AMERICAN INSURANCE COMPANY

**INSURED**

Canyon Fuel Company, LLC  
c/o Arch Western Bituminous Group, L.L.C.  
225 N. 5th Street, Suite 900  
Grand Junction, CO 81501

COMPANY  
B

COMPANY  
C

COMPANY  
D

**COVERAGES**

This certificate supersedes and replaces any previously issued certificate for the policy period noted below. 10

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE  | POLICY NUMBER  | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS                       |              |
|--------|--|--|----------------------------------|-----------------------------------|------------------------------|--------------|
| A      | GENERAL LIABILITY  | *****\$500,000 general aggregate<br>*****per location***** | 07/31/06                         | 07/31/07                          | GENERAL AGGREGATE            | \$ * 500,000 |
|        | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY               |  |                                  |                                   | PRODUCTS - COMP/OP AGG       | \$ 500,000   |
|        | <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR |  |                                  |                                   | PERSONAL & ADV INJURY        | \$ 300,000   |
|        | OWNER'S & CONTRACTOR'S PROT  |  |                                  |                                   | EACH OCCURRENCE              | \$ 300,000   |
|        | <input checked="" type="checkbox"/> Includes XCLU                              |  |                                  |                                   | FIRE DAMAGE (Any one fire)   | \$ 50,000    |
|        |  |  |                                  |                                   | MED EXP (Any one person)     | \$ 5,000     |
|        |  |  |                                  |                                   |                              |              |
|        | AUTOMOBILE LIABILITY   |  |                                  |                                   | COMBINED SINGLE LIMIT        | \$           |
|        | <input type="checkbox"/> ANY AUTO  |  |                                  |                                   | BODILY INJURY (Per person)   | \$           |
|        | <input type="checkbox"/> ALL OWNED AUTOS                                       |  |                                  |                                   | BODILY INJURY (Per accident) | \$           |
|        | <input type="checkbox"/> SCHEDULED AUTOS                                       |  |                                  |                                   | PROPERTY DAMAGE              | \$           |
|        | <input type="checkbox"/> HIRED AUTOS   |  |                                  |                                   |                              |              |
|        | GARAGE LIABILITY   |  |                                  |                                   | AUTO ONLY - EA ACCIDENT      | \$           |
|        | <input type="checkbox"/> ANY AUTO  |  |                                  |                                   | OTHER THAN AUTO ONLY:        |              |
|        |  |  |                                  |                                   | EACH ACCIDENT                | \$           |
|        |  |  |                                  |                                   | AGGREGATE                    | \$           |
|        | EXCESS LIABILITY   |  |                                  |                                   | EACH OCCURRENCE              | \$           |
|        | <input type="checkbox"/> UMBRELLA FORM   |  |                                  |                                   | AGGREGATE                    | \$           |
|        | <input type="checkbox"/> OTHER THAN UMBRELLA FORM                              |  |                                  |                                   |                              | \$           |
|        |  |  |                                  |                                   |                              |              |
|        | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY                                  |  |                                  |                                   | WC STATUTORY LIMITS          | OTHER        |
|        | <input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:       | <input type="checkbox"/> INCL                              |                                  |                                   | EL EACH ACCIDENT             | \$           |
|        | <input type="checkbox"/> OTHER   | <input type="checkbox"/> EXCL                              |                                  |                                   | EL DISEASE-POLICY LIMIT      | \$           |
|        |  |  |                                  |                                   | EL DISEASE-EACH EMPLOYEE     | \$           |

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS**

Permit Skyline Mine C007005  
Blasting and use of explosives is not excluded under the policy.

**CERTIFICATE HOLDER**

Utah Dept. Of Natural Resources  
Division of Oil, Gas and Mining  
1594 W. North Temple  
Suite 1210  
Salt Lake City, UT 84114-5801

**CANCELLATION**

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL SEND BY MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN.

MARSH USA INC.

By: Alfred A. Peterfeso

*Alfred A. Peterfeso*

MM1(3/02)

VALID AS OF: 07/27/06

## LEGAL NOTICE

Canyon Fuel Company, LLC, hereby announces its intent to renew its coal mining permit for the Skyline Mines under the laws of the State of Utah and the U.S. Office of Surface Mining. The currently approved mining permit is number C/007/005.

Canyon Fuel Company, LLC operates the Skyline Mines with surface facilities located in Eccles Canyon which is approximately 4 miles southwest of the town of Scofield, Utah.

Underground coal mining will take place in coal reserves owned or leased by Canyon Fuel Company, LLC. No new leases or modifications to the permit are included with the current permit renewal. A description of the permit area follows:

Legal Description of Permit Area:

### Township 12 South, Range 6 East, SLBM

Section 26, S2SE, SESW  
Section 34, Lots 1-4, S2NE, SENW, E2 SWNW, N2S2  
Section 35, All

### Township 13 South, Range 6 East, SLBM

Section 2, All  
Section 3, All  
Section 10, Lots 1-2, NE, E2NW  
Section 11, N2, N2S2

### Township 13 South, Range 6 East, SLBM

Section 10: Portion  
Section 11: Portion  
Section 13: Portion  
Section 14: All  
Section 15: All  
Section 22: All  
Section 23: All  
Section 24: Portion  
Section 25: Portion  
Section 26: All  
Section 27: All  
Section 34: All  
Section 35: Portion  
Section 36: Portion

### Township 13 South, Range 7 East, SLBM

Section 4: Portion  
Section 5: Portion  
Section 17: Portion  
Section 18: Portion  
Section 19: Portion

Township 14 South, Range 6 East, SLBM

Section 2: Portion  
Section 3: Portion

Total acres within the PERMIT AREA: 10,374

The acreage of 10,374 acres is an AutoCAD® generated number from drawing number 1.6-3.

The address of the applicant is: Canyon Fuel Company, LLC  
225 North 5<sup>th</sup> Street, Suite 900  
Grand Junction, CO 81501

After filing, copies of this permit renewal application will be available for inspection at the following locations: Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah, and the Carbon County Courthouse, 120 East Main Street, Price, Utah.

Written comments or requests regarding this permit renewal must be made within 30 days of the last publication of this notice, and may be addressed to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate and the Emery County Progress on (dates).

**EXHIBIT "D"**

**Stipulation to Revise  
Reclamation Agreement  
(Federal)**

Permit Number: C/007/005  
Effective Date: \_\_\_\_\_  
Bond Number: \_\_\_\_\_

**COAL**  
**STIPULATION TO REVISE RECLAMATION AGREEMENT**  
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Attached is a Surety Rider and other supporting documentation indicating the Reclamation Bond has been increased from \$5,076,000.00 to \$5,137,000.00.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

\_\_\_\_\_ Replace the Reclamation agreement in its entirety.

\_\_\_\_\_ Replace Exhibit "A"- bonded area.

  X   Replace Exhibit "B"- bonding agreement

\_\_\_\_\_ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$5,076,000.00 to \$5,137,000.00.

The bonding type is changed from \_\_\_\_\_ to \_\_\_\_\_.

The surface disturbance is revised from \_\_\_\_\_ acre to \_\_\_\_\_ acres.

The expiration date is revised from \_\_\_\_\_ to \_\_\_\_\_.

The liability insurance carrier is changed from \_\_\_\_\_ to \_\_\_\_\_.

The amount of insurance coverage for bodily injury and property damage is changed from \$ \_\_\_\_\_ to \$ \_\_\_\_\_.

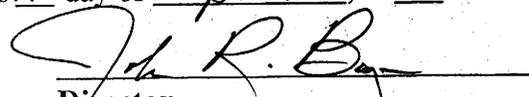
IN WITNESS WHEREOF, CANYON FUEL COMPANY, LLC the PERMITTEE has hereunto set  
its signature and seal this 19<sup>th</sup> day of September, 2006.

  
PERMITTEE

By: Gene E. DiClaudio

Title: Chief Executive Officer

ACCEPTED BY THE STATE OF UTAH this 19<sup>th</sup> day of September, 2006.

  
Director,  
Division of Oil, Gas and Mining

**NOTE:** An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

Bond Number

**AFFIDAVIT OF QUALIFICATION  
PERMITTEE/OPERATOR**

--ooOOoo--

Gene E. DiClaudio, being first duly sworn under oath, deposes and says that he is the President of Arch Western Bituminous Group; and that he is duly authorized to execute and deliver the foregoing obligations; and that said PERITTEE/OPERATOR is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Gene E. DiClaudio, President

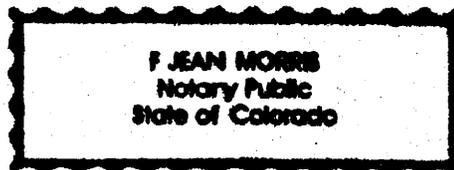
Subscribed and sworn to before me this 30<sup>th</sup> day of August, 2006.

F. Jean Morris  
Notary Public

My Commission Expires:

May 13, 2009.

Attest:



STATE OF Colorado )

COUNTY OF Mesa )

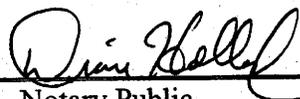
Bond Number \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
DIRECTOR  
--000000--**

John R. Baza, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

  
\_\_\_\_\_  
John R. Baza, Director  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 19 day of September 2006.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

05/08, 2010.



Attest:

STATE OF Utah )

COUNTY OF Salt Lake )

) ss:



July 25, 2006

**Via UPS Next Day**

Ms. Pam Grubaugh-Littig  
Utah Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

*Fireproof  
7/27/2006*

Re: Bond # \_\_\_\_\_

Dear Pam:

Enclosed is a rider to the above captioned bond increasing the bond amount from \$5,076,000 to \$5,137,000. Also enclosed is the Affidavit of Qualification Surety Company.

If you have any questions, please give me a call.

Sincerely,

*Stacy Carr*  
Stacy Carr

Risk Management Department

Enclosures

cc: Greg Galecki, CFC Skyline

RECEIVED  
JUL 27 2006  
DIV. OF OIL, GAS & MINING

SURETY RIDER

be attached to and form a part of

Bond No. \_\_\_\_\_

Type of Bond: Reclamation Bond

dated effective 05/18/2000 (MONTH-DAY-YEAR)

executed by Canyon Fuel Company, LLC (PRINCIPAL)

,as Principal,

and by St. Paul Fire and Marine Insurance Company

,as Surety,

in favor of State of Utah, Division of Oil, Gas and Mining and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

Increase bond amount from \$5,076,000.00 to \$5,137,000.00.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider is effective 07/19/2006 (MONTH-DAY-YEAR)

Signed and Sealed 07/19/2006 (MONTH-DAY-YEAR)

Canyon Fuel Company, LLC (PRINCIPAL)

By: James E. Florczak (PRINCIPAL) James E. Florczak, Vice President and Treasurer

St. Paul Fire and Marine Insurance Company (SURETY)

By: Carolyn E. Wheeler (ATTORNEY-IN-FACT) Carolyn E. Wheeler

**AFFIDAVIT OF QUALIFICATION  
SURETY COMPANY**

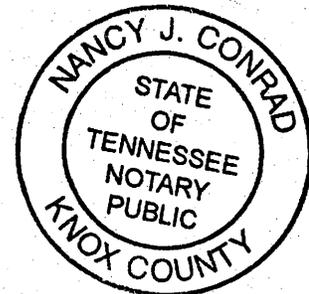
--oo00oo--

I, Carolyn E. Wheeler, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) ATTORNEY-IN-FACT of ST. PAUL FIRE AND MARINE INSURANCE COMPANY; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **SURETY COMPANY** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed) Carolyn E. Wheeler  
Surety Company Officer - Position  
Carolyn E. Wheeler, Attorney-In-Fact

Subscribed and sworn to before me this 19th day of July, ~~2006~~.

Nancy J. Conrad  
Notary Public  
Nancy J. Conrad



My Commission Expires:

November 8, ~~2008~~.

~~ATTEST~~ WITNESS:

Kellie Turner

Kellie Turner

STATE OF TENNESSEE )

COUNTY OF KNOX ) ss:



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 215311

Certificate No. 000436850

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Debra Elaine Clark, Joseph R. Poplawski, Joy M. Williams, Elizabeth A. Hartzberg, and Carolyn E. Wheeler

of the City of Knoxville, State of Tennessee, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 31st day of March, 2006.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 31st day of March, 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2006.



[Signature]
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kori M. Johanson, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 19th day of July, 2006

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

*Kori M. Johanson*  
Kori M. Johanson, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.stpaultravelersbond.com](http://www.stpaultravelersbond.com). Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.