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**Canyon Fuel Company, LLC**  
Soldier Canyon Mine  
P.O. Box 1029  
Wellington, Utah 84542  
(435) 637-6360 Fax: (435) 637-0108

October 28, 2004

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

*Fireproof*  
*Insurance*  
*C/007/0018*

RE: Revision to Reclamation Agreement, Soldier Canyon Mine, Canyon Fuel Company, LLC, C/007/018, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find:

Two copies of Bond Rider from St. Paul Fire and Marine Insurance Company, decreasing the bond for Dugout Canyon Mine from \$3,238,000 to \$1,593,000.

One copy has a Red X in lower left hand corner. The Red X'ed copy needs to be signed by UDOGM and returned to Stacy Carr at Arch Coal, self-addressed envelope attached.

Affidavit of Qualification Surety Company for St. Paul Fire and Marine Insurance Company

Disclosure Notice of Terrorism Coverage

Power of Attorney

Three copies of Exhibit "D" Signed and notarized

Affidavit of Qualification, Permittee

Please send a complete copy of the reclamation agreement documents to Mr. Gene DiClaudio and Mr. Rick Olsen, self addressed envelopes attached. Mr. DiClaudio's copy should include the 2<sup>nd</sup> copy of Exhibit "D" with an original signature by himself and by the Director of the Division of Oil, Gas and Mining.

Thank you for your assistance and if you have any questions or need additional information, please call me at (435) 636-2869.

Sincerely yours,

*Vicky S. Miller*

Vicky S. Miller

cc: Gene DiClaudio, Rick Olsen, Dave Spillman

RECEIVED  
OCT 28 2004  
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:** Soldier Canyon Mine

**Permit Number:** C/007/018

**Title:** Request for Bond Reduction

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

**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 # \_\_\_\_\_
- Yes  No 10. Is the application submitted as a result of other laws or regulations or policies?  
*Explain:* \_\_\_\_\_
- 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.

David Spillman  
Print Name

David Spillman, Engineering Manager  
Sign Name, Position, Date 10/25/04

Subscribed and sworn to before me this 25 day of OCTOBER, 2004

Vicky Sue Miller  
Notary Public

My commission Expires: 1-5, 2008  
Attest: State of UTAH } ss:  
County of CARBON



<p><b>For Office Use Only:</b></p>	<p>Assigned Tracking Number:</p>	<p>Received by Oil, Gas &amp; Mining</p> <p style="font-size: 24px; font-weight: bold;">RECEIVED</p> <p style="font-size: 24px; font-weight: bold;">OCT 28 2004</p> <p>DIV. OF OIL, GAS &amp; MINING</p>
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RIDER

To be attached to Bond No. \_\_\_\_\_ issued by  
ST. PAUL FIRE AND MARINE INSURANCE COMPANY

(As Surety) in the amount of Three Million Two Hundred Thirty Eight Thousand and 00/100 -----  
----- (\$ 3,238,000.00 )

Dollars, effective the 18TH day of May, 2000.

ON BEHALF OF CANYON FUEL COMPANY, LLC

STATE OF UTAH, DIVISION OF OIL, GAS AND MINING, AND THE U.S. DEPARTMENT OF INTERIOR, OFFICE OF  
IN FAVOR OF SURFACE MINING RECLAMATION AND ENFORCEMENT

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Principal and the Surety that: BOND AMOUNT IS HEREBY DECREASED FROM THE ABOVE TO: ONE MILLION FIVE HUNDRED NINETY THREE THOUSAND AND 00/100\*\*\*(\$1,593,000.00).

All other items, limitations and conditions of said bond except as herein expressly modified shall remain unchanged.

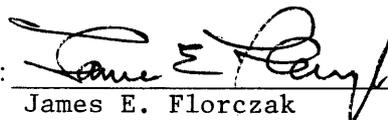
This rider shall be effective as of the 13TH day of October, 2004.

Signed, sealed and dated this the 13TH day of October, 2004.

CANYON FUEL COMPANY, LLC

Principal

BY:

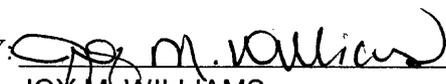


James E. Florczak  
Vice President and Treasurer

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Surety

BY:



JOY M. WILLIAMS

Attorney-in-Fact

Accepted:



**AFFIDAVIT OF QUALIFICATION  
SURETY COMPANY**

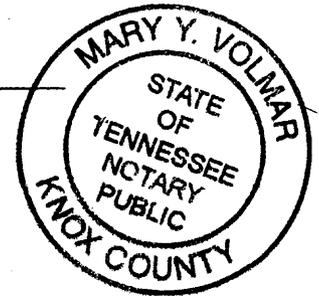
--ooOOoo--

I, JOY M. WILLIAMS, 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) *Joy M. Williams*  
Surety Company Officer - Position  
JOY M. WILLIAMS  
ATTORNEY-IN-FACT

Subscribed and sworn to before me this 13TH day of OCTOBER, ~~19~~ 2004.

*Mary Y. Volmar*  
Notary Public  
MARY Y. VOLMAR



My Commission Expires:

JULY 13, ~~19~~ 2008.

~~ANY~~ WITNESS: *Sheri M. Zorn*

SHERI M. ZORN  
STATE OF TENNESSEE )  
COUNTY OF KNOX ) SS:

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 24203

Certificate No. 2058772

**KNOW ALL MEN BY THESE PRESENTS:** That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and 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, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and 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

**Joseph R. Poplawski, Joy M. Williams, Elizabeth A. Hartzberg and Debra Elaine Clark**

**Knoxville**

**Tennessee**

of the City of \_\_\_\_\_, State \_\_\_\_\_, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments 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.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 3rd day of March, 2004.

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.



PETER W. CARMAN, Vice President

THOMAS E. HUIBREGTSE, Assistant Secretary

State of Maryland  
City of Baltimore

On this 3rd day of March, 2004, before me, the undersigned officer, personally appeared Peter W. Carman and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 1st day of July, 2006.



REBECCA EASLEY-ONOKALA, Notary Public

**St Paul Surety**

St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company  
Seaboard Surety Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.  
St. Paul Medical Liability Insurance Company

Bond No.           

**RIDER CONTAINING  
DISCLOSURE NOTICE OF TERRORISM COVERAGE**

This disclosure notice is required by the Terrorism Risk Insurance Act of 2002 (the "Act"). No action is required on your part. This Disclosure Notice is incorporated in and a part of the attached bond, and is effective the date of the bond.

You should know that, effective November 26, 2002, any losses covered by the attached bond that are caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by the Act. Under this formula, the United States reimburses 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

Under the Act, there is a cap on our liability to pay for covered terrorism losses if the aggregate amount of insured losses under the Act exceeds \$100,000,000,000 during the applicable period for all insureds and all insurers combined. In that case, we will not be liable for the payment of any amount which exceeds that aggregate amount of \$100,000,000,000.

The portion of your premium that is attributable to coverage for acts of terrorism is **\$0.00.**

**IMPORTANT NOTE: THE COST OF TERRORISM COVERAGE IS SUBJECT TO CHANGE ON ANY BONDS THAT PREMIUM IS CHARGED ANNUALLY.**

**EXHIBIT "D"**

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

Permit Number: C/007/018  
Effective Date: Feb. 3. 2002  
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)

**BOND REDUCTION**

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"- permit area.

\_\_\_\_\_ Replace Exhibit "B"- bonding agreement

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

The bonding amount is revised from \$ 3,238,000 to \$ 1,593,000.

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

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

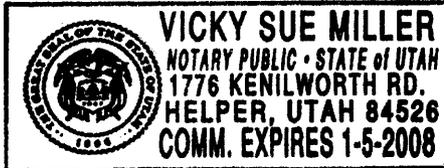
The expiration date is revised from \_\_\_\_\_ to \_\_\_\_\_.

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

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

Exhibit "D"  
Stipulation to Revise  
Reclamation Agreement  
Federal

IN WITNESS WHEREOF, Gene E. D. Under the PERMITTEE has hereunto set  
its signature and seal this 6<sup>th</sup> day of October, 2004.



PERMITTEE

By: Gene E. D. Under

Title: President

ACCEPTED BY THE STATE OF UTAH this 4<sup>th</sup> day of November, 2004.

Frank J. Dwyer  
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 on 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.

**AFFIDAVIT OF QUALIFICATION  
PERMITTEE**

I Gene E. DiClaudio, being duly sworn under oath, deposes and says that he is the President of Canyon Fuel Company, LLC and Arch Western Bituminous Group, LLC (officer), the PERMITTEE; and that he is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE 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.

(Signed) Gene E. DiClaudio  
(Name)

President  
(Position)

Subscribed and sworn to before me this 6 day of OCTOBER, 2004



Vicky Sue Miller  
Notary Public

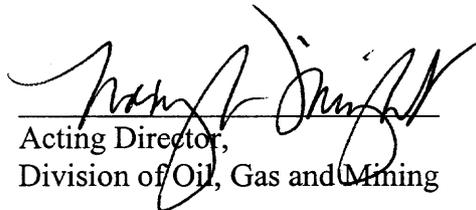
My Commission Expires: 1-5-2008

Attest:  
State of Utah  
County of Carbon ss:

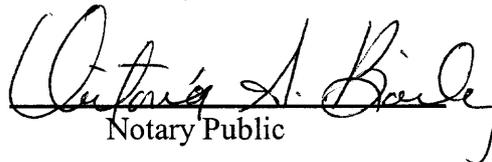
Bond Number \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
DIRECTOR  
--ooOOoo--**

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

  
Acting Director,  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 4<sup>th</sup> day of November 2004.

  
Notary Public

My Commission Expires:

February 29, 2008.

Attest:

STATE OF Utah )  
COUNTY OF Salt Lake

) ss:

