

ANDALEX
RESOURCES, INC.

P.O. BOX 902
PRICE, UTAH 84501
PHONE (435) 637-5385
FAX (435) 637-8860

Utah Division of Oil, Gas & Mining
Coal Program
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

January 24, 2007

Attn: Pamela Grubaugh-Littig/Wayne Hedberg
Permit Supervisors

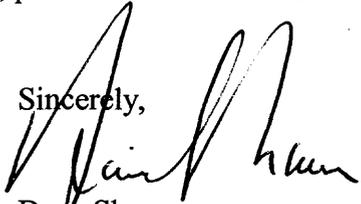
*Fireproof
1/26/07/0019*

RE: Andalex Resources, Inc., Centennial Project, C/007/019
EXHIBIT "D"

Dear Ms. Grubaugh-Littig and Mr. Hedberg:

As per your request, enclosed is a signed copy (original) of Exhibit "D", Stipulation to Revise Reclamation Agreement, replacing the Letter of Credit from PNC Bank (No. _____ with a Letter of Credit from Fifth Third Bank (No. _____)

Should you have any questions regarding this issue, please feel free to contact me.

Sincerely,

Dave Shaver
Resident Agent

RECEIVED
JAN 29 2007
DIV. OF OIL, GAS & MINING

EXHIBIT "D"

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

Permit Number: C/007/019
Effective Date: Jan 16, 2007
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)

Replace letter of credit from PNC Bank (# _____) with letter of credit from Fifth Third Bank (# _____)

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.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

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, Andalex Resources, Inc the PERMITTEE has hereunto set
its signature and seal this 16 day of Jan, 2007.

Andalex Resources, Inc
PERMITTEE

By: P Bruce Hill

Title: PRES & CEO

ACCEPTED BY THE STATE OF UTAH this 31st day of January, 2007

John R. Bay
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.

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
PERMITTEE/OPERATOR**

--ooOOoo--

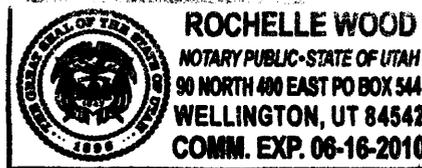
Bruce Hill, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President / CEO of Andalex Resources, Inc and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE/OPERATOR is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

J. Bruce Hill Pres & CEO
(Signed)
Name - Position

Subscribed and sworn to before me this 26 day of January, 2007.

Rochelle Wood
Notary Public

My Commission Expires:
Dec-16-, 2010 ^{rw}



Attest:

STATE OF Utah)
COUNTY OF Carbon)

) ss:

LETTER OF CREDIT NO. _____

PAGE 1

AMENDMENT NUMBER: 001

DATE OF AMENDMENT:
JANUARY 16, 2007ISSUING BANK:
FIFTH THIRD BANK (NORTHEASTERN OHIO)APPLICANT:
ANDALEX RESOURCES, INC. AND
INTERMOUNTAIN POWER AGENCY
29325 CHAGRIN BLVD., SUITE 300
PEPPER PIKE, OH 44122BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL, GAS & MINING
ATTN: PAMELA GRUBAUGH-LITTIG
1504 WEST NORTH TEMPLE, SUITE 1210,
P.O. BOX 145801, SALT LAKE CITY, UT
84114-5801RE: OUR IRREVOCABLE LETTER OF CREDIT NO. CIS405956 ISSUED IN
FAVOR OF STATE OF UTAH FOR ACCOUNT OF ANDALEX RESOURCES, INC.
AND INTERMOUNTAIN POWER AGENCY IN THE AMOUNT OF 91,161.00 USD

PLEASE AMEND THE ABOVE AS FOLLOWS:

BENEFICIARY'S NAME AND ADDRESS WILL NOW READ AS:
STATE OF UTAH
DIVISION OF OIL, GAS & MINING, AND
OFFICE OF SURFACE MINING
1594 WEST NORTH TEMPLE, SUITE 1210
P.O. BOX 145801, SALT LAKE CITY, UT
84114-5801APPLICANT'S NAME AND ADDRESS WILL NOW READ AS:
ANDALEX RESOURCES, INC.
P.O. BOX 902, 6750 NORTH AIRPORT RD.
PRICE, UT 84501ON PAGE NUMBER ONE, DELETE PARAGRAPH NUMBER ONE IN ITS ENTIRETY
AND REPLACE IT WITH THE FOLLOWING:"ON BEHALF OF ANDALEX RESOURCES, INC. (THE "PERMITTEE"), WE
HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR,
PAYABLE IN PART OR FULL TO THE STATE OF UTAH, DIVISION OF OIL,
GAS AND MINING AVAILABLE BY YOUR DRAFT(S) AT SIGHT DRAWN ON FIFTH
THIRD BANK (NORTHEASTERN OHIO),**RECEIVED****JAN 18 2007**

DIV. OF OIL, GAS & MINING

LETTER OF CREDIT NO. _____

PAGE 2

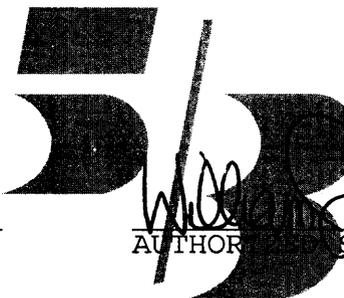
38 FOUNTAIN SQUARE PLAZA, MD10903C, CINCINNATI OH 45202, IN AN AMOUNT NOT TO EXCEED USD 91,161.00 (NINETY ONE THOUSAND ONE HUNDRED SIXTY ONE AND 00/100 UNITED STATES DOLLARS) ACCOMPANIED BY A STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE DIVISION OF OIL, GAS AND MINING ("DOGM") CERTIFYING THAT THE DRAWING IS PURSUANT TO R645-301-880-900, ANDALEX RESOURCES, INC. IS IN VIOLATION OF ONE OR MORE VIOLATIONS OF THE SURFACE MINING CONTROL AND RECLAMATION ACT, THE REGULATORY PROGRAM, THE PERMIT AND THE RECLAMATION PLAN."

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

REGARDS,



AUTHORIZED SIGNATURE




AUTHORIZED SIGNATURE

LETTER OF CREDIT NO. _____

PAGE 1

ISSUING BANK:
FIFTH THIRD BANK, (NORTHEASTERN OHIO)

BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL, GAS & MINING
ATTN: PAMELA GRUBAUGH-LITTIG
1504 WEST NORTH TEMPLE, SUITE 1210,
P.O. BOX 145801, SALT LAKE CITY, UT
84114-5801

APPLICANT:
ANDALEX RESOURCES, INC. AND
INTERMOUNTAIN POWER AGENCY
29325 CHAGRIN BLVD., SUITE 300
PEPPER PIKE, OH 44122

LETTER OF CREDIT NO: C18405956
ISSUE DATE: DECEMBER 27, 2005
EXPIRATION DATE: AUGUST 01, 2006
EXPIRATION PLACE: AMERSON COUNTY
AMOUNT: 91,161.00 USD NINETY ONE THOUSAND ONE HUNDRED SIXTY ONE
00/100

RE: PERMIT NO. C/007/019

ON BEHALF OF ANDALEX RESOURCES, INC. AND INTERMOUNTAIN POWER AGENCY (THE "PERMITTEE"), WE HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR, PAYABLE IN PART OR FULL TO THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING, AVAILABLE BY YOUR DRAFT(S) AT SIGHT DRAWN ON FIFTH THIRD BANK (NORTHEASTERN OHIO), 38 FOUNTAIN SQUARE PLAZA, MD10903C, CINCINNATI OH 45202, IN AN AMOUNT NOT TO EXCEED USD91,161.00 (NINETY ONE THOUSAND ONE HUNDRED SIXTY ONE AND 00/100 UNITED STATES DOLLARS) ACCOMPANIED BY A STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE DIVISION OF OIL, GAS AND MINING ("DOGM") CERTIFYING THAT THE DRAWING IS PURSUANT TO R645-301-880-900, BECAUSE OF ONE OR MORE VIOLATIONS OF THE SURFACE MINING CONTROL AND RECLAMATION ACT, THE REGULATORY PROGRAM, THE PERMIT AND THE RECLAMATION PLAN.

THIS LETTER OF CREDIT WILL AUTOMATICALLY BE EXTENDED FOR PERIODS OF ONE YEAR FROM ANY SCHEDULED EXPIRATION DATE (AS ORIGINALLY

RECEIVED
DEC 28 2006
DIV. OF OIL, GAS & MINING

LETTER OF CREDIT NO. _____

PAGE 2

SCHEDULED OR AUTOMATICALLY EXTENDED) UNLESS AT LEAST NINETY (90) DAYS PRIOR TO SUCH DATE WE NOTIFY YOU IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR OVERNIGHT COURIER, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

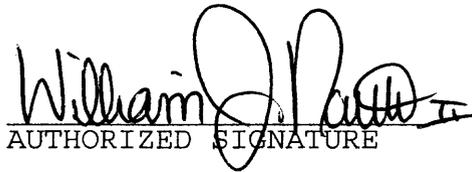
UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW ON US AT SIGHT FOR THE AMOUNT OF THIS LETTER OF CREDIT BEGINNING 30 DAYS OR LESS PRIOR TO THE THEN APPLICABLE EXPIRATION DATE, BY YOUR DRAFT AS DESCRIBED ABOVE ACCOMPANIED BY A STATEMENT SIGNED BY DOGM'S BOND APPROVING OFFICER CERTIFYING THAT THE AMOUNT OF THE DRAWING REPRESENTS FUNDS DUE DOGM BECAUSE THE PERMITTEE HAS FAILED TO REPLACE THIS LETTER OF CREDIT BY OTHER SUITABLE BOND PURSUANT TO R645-301-860.222 AND R645-301-870.

WE CERTIFY THAT THE AMOUNT OF THE CREDIT HEREIN ESTABLISHED WILL NOT BE REDUCED FOR ANY REASON DURING THE PERIOD OF THIS INSTRUMENT WITHOUT THE WRITTEN CONSENT OF DOGM. WE WILL GIVE PROMPT NOTICE TO THE PERMITTEE AND TO DOGM'S BOND APPROVING OFFICER OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OR REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS.

IN THE EVENT THE BANK BE UNABLE TO FULFILL OUR OBLIGATIONS UNDER THIS LETTER OF CREDIT FOR ANY REASON, NOTICE SHALL BE GIVEN IMMEDIATELY TO THE PERMITTEE AND TO DOGM'S BOND APPROVING OFFICER.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.


AUTHORIZED SIGNATURE


AUTHORIZED SIGNATURE

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
INSTITUTION (Bank or Agency)
--ooOOoo--**

I, MARILYN MONROE, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) OFFICER of FIFTH THIRD BANK; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said INSTITUTION (Bank or Agency) 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)

Name - Position

Marilyn Monroe - Assistant Vice President

Attest: _____

STATE OF OH)

) ss:

COUNTY OF Hamilton)

Subscribed and sworn to before me this 19th day of January, 20 07.

Mary B. Bender
Notary Public

My Commission Expires:

May 8, 20 10.



MARY B. BENDER
Notary Public, State of Ohio
My Commission Expires
May 8, 2010

RECEIVED

JAN 24 2007

DIV. OF OIL, GAS & MINING

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
INSTITUTION (Bank or Agency)
--ooOOoo--**

I, William J. Nartker II, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) employee of Fifth Third Bank; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said INSTITUTION (Bank or Agency) 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.

William J. Nartker II
(Signed)

Name - Position
William J. Nartker - Trade Services Supervisor

Attest: _____

STATE OF OH)

) ss:

COUNTY OF Hamilton)

Subscribed and sworn to before me this 19th day of January, 2007.

Mary B. Bender
Notary Public

My Commission Expires:

May 8, 2010.



MARY B. BENDER
Notary Public, State of Ohio
My Commission Expires
May 8, 2010

RECEIVED

JAN 24 2007

DIV. OF OIL, GAS & MINING

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
INSTITUTION (Bank or Agency)**

--ooOOoo--

I, ROY C. LANCTOT, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) OFFICER of FIFTH THIRD BANK; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said INSTITUTION (Bank or Agency) 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.

R C Lanctot, v.p.

(Signed)

Name - Position

Attest: _____

STATE OF Ohio)

COUNTY OF Cuyahoga) ss:

Subscribed and sworn to before me this 11 day of January, 2007.

Carolyn L Porter
Notary Public

My Commission Expires:

February 22, 2011.

CAROLYN PORTER
Notary Public, State of Ohio
My Commission Expires Feb 22 2011


Fifth Third Bank
Letter of Credit Amendment Request

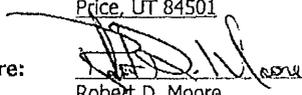
To: **FIFTH THIRD BANK**

Date: 01/10/2007

The undersigned applicant requests Fifth Third Bank to amend its letter of credit (L/C) as indicated below. This request is made under Fifth Third Bank's standard Letter of Credit Reimbursement Agreement or equivalent agreement between the undersigned requesting applicant and Fifth Third Bank.

Applicant: Andalex Resources, Inc.
P.O. Box 902
6750 North Airport Road
Price, UT 84501

Letter of Credit Number: _____

Authorized Signature: 
By: Robert D. Moore
Its: Treasurer

Contact/Tel. No. for this transaction: Mike Loiacono, 216-765-1240

Please Amend the Letter of Credit as follows: (Amendment will be delivered to beneficiary the same way the L/C was issued unless otherwise indicated below.)	
<input type="checkbox"/> Extend Expiration Date To: New Expiry Date: _____	<input checked="" type="checkbox"/> Other: <u>1. Beneficiary should be expanded to include "And Office of Surface Mining" 2. Beneficiary address should be 1594 (etc) not 1504. 3. Under Applicant strike the words "And Intermountain Power Agency". 4. Change Applicant address to read P.O. Box 902, 6750 North Airport Rd. Price, UT 84501 5. In 1st paragraph, 1st & 2nd lines strike the words "And Intermountain Power Agency" 6. In the 1st paragraph, 3rd from the bottom line strike the words "Bequase Of" and replace with the words "Andalex Resources, Inc. is in violation of"</u>
<input type="checkbox"/> Increase Amount By: USD _____ (Amount in Figures)	
<input type="checkbox"/> Decrease Amount By: USD _____ (Amount in Figures)	
For Commercial L/C's Only	
<input type="checkbox"/> Amend Transport Document Details: Place of Receipt: <u>(for Multimodal Transport)</u> Port of Loading/Airport of Departure: _____ Port of Discharge/Airport of Destination: _____ Place of Final Destination/For Transportation To: <u>(for Multimodal Transport)</u>	Amend Shipment Dates: <input type="checkbox"/> Latest: <u>(if applicable)</u> <input type="checkbox"/> Shipment Period: _____
All other terms and conditions remain unchanged	

Special Instructions to Fifth Third Bank: (specify)

Fees and Charges: Fees and cost figures for the L/C are those stated below, which, in case of conflict, supersede those stated in Fifth Third Bank's standard Letter of Credit Reimbursement Agreement or equivalent agreement between the requesting applicant and Fifth Third Bank. Per UCP500, where an L/C stipulates that charges are for the account of a party other than the instructing party, and charges cannot be collected, the Applicant remains ultimately liable for the payment thereof. Amendment Fee: \$75.00; Communication costs (courier, SWIFT, electronic communication, etc.): As incurred, minimum \$10.00.

Return completed and signed request to your Fifth Third Relationship Manager, or to the appropriate International Trade Services Processing Center below:

CINCINNATI
 FIFTH THIRD BANK
 ATTN: INTERNATIONAL TRADE SERVICES
 38 FOUNTAIN SQUARE PLAZA MD: 10903C
 CINCINNATI, OH 45202
 COMMERCIAL L/C TEL: 513-534-5119
 STANDBY L/C TEL: 513-534-4474
 FAX: 513-534-5950

GRAND RAPIDS
 FIFTH THIRD BANK
 ATTN: INTERNATIONAL TRADE SERVICES
 1850 EAST PARIS, SE MD: ROPS81
 GRAND RAPIDS, MI 49546
 TEL: 616-653-2249
 FAX: 616-653-8168