



Canyon Fuel Company, LLC
 Soldier/Dugout Canyon Mines
 P.O. Box 1029
 Wellington, Utah 84542

March 31, 2004

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

Don Fireproof
C/007/0039

RE: Revision to Reclamation Agreement, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find:

Bond Rider from St. Paul Fire and Marine Insurance Company, decreasing the bond for Dugout Canyon Mine from \$3,682,000 to \$2,400,000.

A copy of the Bond Rider from St. Paul Fire and Marine Insurance Company, decreasing the bond on Dugout Canyon Mine from \$3,682,000 to \$2,400,000. 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.

Exhibit "A" - Signed and sealed by St. Paul Fire and Marine Insurance Company

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

Disclosure Notice of Terrorism Coverage

Power of Attorney

Two copies of Exhibit "D" Signed and notarized

Please send a complete copy of the reclamation agreement documents to Mr. Richard Pick and Mr. Rick Olsen, self addressed envelopes attached. Mr. Pick's copy should include the 2nd 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

RECEIVED

MAR 31 2004

DIV. OF OIL, GAS & MINING

cc: Richard Pick, Rick Olsen, Dave Spillman

RIDER

PERMIT NUMBER: ACT/007/039

To be attached to Bond No. _____ issued by _____

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

(As Surety) in the amount of Three Million Six Hundred Eighty Two Thousand Dollars and 00 Cents*****

***** (\$3,682,000.00)

Dollars, effective the 18th day of May, 2000

ON BEHALF OF CANYON FUEL COMPANY, LLC

IN FAVOR OF STATE OF UTAH

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Principal and the Surety that: THE BOND AMOUNT IS HEREBY DECREASED FROM THE ABOVE TO: TWO MILLION FOUR HUNDRED THOUSAND DOLLARS AND NO/100*****(\$2,400,000.00)

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 18th day of MARCH, 2004

Signed, sealed and dated this the 18th day of MARCH, 2004

CANYON FUEL COMPANY, LLC

Principal

BY James E. Florczak
James E. Florczak
Vice President - Finance and Treasurer

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Surety

Accepted:

BY Joy M. Williams
JOY M. WILLIAMS, Attorney-in-Fact

James P. Braxton
Bond 22a for UT Division of Oil, Gas, & Mining

EXHIBIT "A"

**Bonded Area
Legal Description**

(Federal Coal)

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

Plates 1-4, 5-2 and RA Plate 1-1

Legal description of BONDED AREA:

Waste Rock Storage Facility

T. 14 S., R. 12 E., SLBM, Utah (Approximately 26.8 acres)

Section 18: Portions of NW1/4NE1/4NE1/4
Portions of NE1/4NE1/4NE1/4
Portions of SW1/4NE1/4NE1/4
Portions of SE1/4NE1/4NE1/4
Portions of NW1/4SE1/4NE1/4

Leachfield and Pipeline

T. 13 S., R. 12 E., SLBM, Utah (Approximately 1.8 acres)

Section 22: Portion of SE1/4SE1/4NE1/4SE1/4
Portion of NE1/4SE1/4NE1/4SE1/4
Portion of N1/2NE1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SE1/4SE1/4;
Portion of S1/2NW1/4SE1/4SE1/4;
Portion of SE1/4NE1/4SW1/4SE1/4;
Portion of N1/2SE1/4SW1/4SE1/4;
Portion of NE1/4SW1/4SW1/4SE1/4;
Portion of S1/2SW1/4SW1/4SE1/4
Section 23: Portion of SW 1/4NW1/4NW1/4SW1/4;
Portion of SE1/4NW1/4NW1/4SW1/4;
Portion of NW1/4SW1/4NW1/4SW1/4;
Section 27: Portion of W1/2NW1/4NW1/4NE1/4
Portion of SE1/4NE1/4NE1/4NW1/4
Portion of E1/2SE1/4NE1/4NW1/4
Portion of SW1/4SE1/4NE1/4NW1/4

Main Facilities Area T. 13 S., R. 12 E., SLBM, Utah (Approximately 20.31 acres)

Section 23: A Portion of the following:
NE1/4NE1/4NW1/4SW1/4; NE1/4NW1/4NW1/4SW1/4;
NW1/4NE1/4NW1/4SW1/4;SW1/4SE1/4SW1/4NW1/4;
SE1/4SE1/4SW1/4NW1/4;NW1/4SE1/4SW1/4NW1/4;
NE1/4SE1/4SW1/4NW1/4;SW1/4SW1/4SE1/4NW1/4;
SE1/4SW1/4SE1/4NW1/4;NW1/4SW1/4SE1/4NW1/4;
NE1/4SW1/4SE1/4NW1/4;SW1/4NW1/4SE1/4NW1/4;
SE1/4NW1/4SE1/4NW1/4;NE1/4NW1/4SE1/4NW1/4;
SW1/4NE1/4SE1/4NW1/4;NW1/4NE1/4SE1/4NW1/4;
NE1/4NE1/4SE1/4NW1/4;W1/2SE1/4NE1/4NW1/4;
SW1/4NE1/4NE1/4NW1/4;NW1/4NE1/4NE1/4NW1/4;
NE1/4NE1/4NE1/4NW1/4;

Section 14: A Portion of the following:
SE1/4SE1/4SE1/4SW1/4;
NE1/4SE1/4SE1/4SW1/4;
NW1/4SW1/4SW1/4SE1/4

G-2 and G-3 Degas Well, (Approximately 2.2 acres)

G-2 Portion of N1/2SW1/4NE1/4 Section 24, Township 13 South, Range 12 East, SLBM, Utah

G-3 Portion of N1/2SW1/4NW1/4 Section 19, Township 13 South, Range 13 East, SLBM, Utah

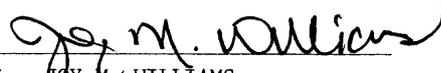
The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations, or as a result of material surface damage that is caused by a result of subsidence. The described area may also be decreased as a result of partial reclamation.

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this

18th day of MARCH, 2008

St. Paul Fire and Marine Insurance Company

SURETY

By: 
JOY M. WILLIAMS

ATTORNEY-IN-FACT

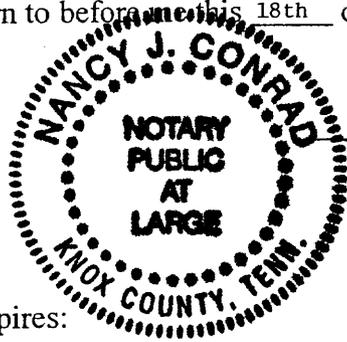
Title:

**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 18th day of MARCH, 2004



Nancy J. Conrad
Notary Public NANCY J. CONRAD

My Commission Expires:

SEPTEMBER 29, ~~18~~ 2004

~~WITNESS~~ WITNESS: *TARA E. WALSH*
TARA E. WALSH

STATE OF TENNESSEE)
COUNTY OF KNOX) ss:

StPaul 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. 9

**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.

POWER OF ATTORNEY

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. 2058586

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

EXHIBIT "D"

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

Permit Number: C/007/039
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)

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.
- X Replace Exhibit "A"- permit area.
- _____ Replace Exhibit "B"- bonding agreement
- _____ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 3,682,000 to \$ 2,400,000

The bonding type is changed from _____ to _____.

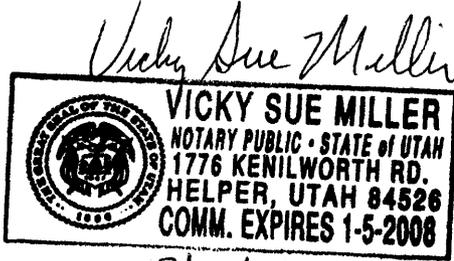
The surface disturbance is revised from 22.65 acre to 51.11 acres.

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, Richard D. Pick the PERMITTEE has hereunto set
its signature and seal this 26 day of MARCH, 2004.



3/26/04

Richard D. Pick
PERMITTEE

By: RICHARD D. PICK

Title: PRESIDENT

ACCEPTED BY THE STATE OF UTAH this 7th day of April, 2004.

Lawell P. Braff
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**

--oo00oo--

I, Richard D. Pick, being first duly sworn under oath, deposes and says that he/she is the
(officer or agent) President and CEO of Canyon Fuel Company, LLC, the
PERMITTEE; and that he/she 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) *Richard D. Pick*
Name - Position

Subscribed and sworn to before me this 31 day of MARCH, 2004

Vicky Sue Miller
Notary Public

My Commission Expires: 1-5-08

Attest:

STATE OF Utah

COUNTY OF CARBON)ss:

