

0065 Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, UT 84542
(435) 637-6360 Fax: (435) 636-2897

November 12, 2007

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

*Tracing of
a/007/0039
#2880*

RE: Permit Renewal, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039,
Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Canyon Fuel Company, LLC hereby files application for renewal of permit C/007/039 (ACT/007/039), 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 Dugout Canyon Mine 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).

Chapter 1 of the M&RP and Appendix 1-4, Disturbed Area Legal Description were updated and incorporated in March and September of 2007.

Should you have any questions please contact either Vicky Miller (435) 636-2869 or David Spillman at (435) 636-2872.

Sincerely yours,

*David G. Spillman
for*

Erwin Sass
General Manager

cc: David Spillman
Vicky Miller
Chris Hansen

RECEIVED

NOV 13 2007

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: Dugout Canyon Mine

Permit Number: C/007/039

Title: Permit Renewal

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

Subscribed and sworn to before me this 12 day of November, 2007

Vicky Sue Miller
Notary Public

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



VICKY SUE MILLER /07
NOTARY PUBLIC • STATE OF UTAH
1776 KENILWORTH RD.
HELPER, UTAH 84526
COMM. EXPIRES 1-5-2008

For Office Use Only: 	Assigned Tracking Number: 	Received by Oil, Gas & Mining <div style="text-align: center; font-size: 1.2em;"> RECEIVED NOV 13 2007 DIV. OF OIL, GAS & MINING </div>
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LEGAL NOTICE

Canyon Fuel Company, LLC of Midvale, Utah, hereby announces its intent to renew its coal mining permit for the Dugout Canyon Mine under the laws of the State of Utah and the U.S. Office of Surface Mining. The currently approved mining permit is number C/007/039.

Canyon Fuel Company, LLC, operates the Dugout Canyon Mine which is located thirteen (13) miles northeast of Wellington, Utah, with facilities in Dugout Canyon located in the west half of Section 23, Township 13 South, Range 12 East, Salt Lake Base Meridian.

Underground coal mining will take place in coal reserves owned or leased by Canyon Fuel Company, LLC. A description of the permit area follows:

Township 13 S., Range 12 E., Salt Lake Base and Meridian

Section 9: S1/2SE1/4
Section 10: S1/2
Section 11: S1/2
Section 13: All except N1/2N1/2
Section 14: All
Section 15: All
Section 16: All
Section 17: E1/2SW1/4; SE1/4
Section 20: E1/2NW1/4; SW1/4NW1/4; N1/2NE1/4
Section 21: N1/2NW1/4; NE1/4
Section 22: N1/2; N1/2S1/2; Portion of N1/2NE1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SE1/4SE1/4;
Portion of the S1/2NW1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SW1/4SE1/4;
Portion of N1/2SE1/4SW1/4SE1/4;
Portion of NE1/4SW1/4SW1/4SE1/4;
Portion of S1/2SW1/4SW1/4SE1/4
Section 23: NW1/4; NE1/4; SE1/4; NE1/4SW1/4; NW1/4NW1/4SW1/4;
S1/2NE1/4NW1/4SW1/4; NW1/4SW1/4NW1/4SW1/4
Section 24: All
Section 25: N1/2N1/2
Section 26: N1/2NE1/4
Section 27: Portion of W1/2NW1/4NW1/4NE1/4
Portion of SW1/4NE1/4NE1/4NW1/4
Portion of E1/2SW1/4NE1/4NW1/4
Portion of SW1/4SW1/4NE1/4NW1/4

Township 13 S., Range 13 E., Salt Lake Base and Meridian

Section 17 SW1/4; SW1/4NW1/4; SW1/4SE1/4
Section 18 All except N1/2N1/2
Section 19 All
Section 20 All
Section 21 SW1/4; SW1/4NW1/4; NW1/4NW1/4
Section 28 NW1/4; N1/2SW1/4; SW1/4SW1/4
Section 29 All
Section 30 NW1/4NW1/4; E1/2; E1/2W1/2

Township 14 S., Range 12E., Salt Lake Base and Meridian

Section 18 Portion N1/2NE1/4

Topsoil to be used in reclamation of the Dugout Canyon Mine disturbed areas is being stored in T14S, R12E, Section 8, a storage area permitted to Soldier Canyon Mine.

A copy of the 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 84114 and Carbon County Courthouse, 120 East Main Street, Price, Utah 84501

The address of the applicant is:

Canyon Fuel Company, LLC, 225 North 5th Street, Suite 900, Grand Junction, Utah 81501

Written comments or request for a hearing regarding this application must be submitted within 30 days of the last publication date of this notice, to the Utah Division of Oil, Gas and Mining, Attention Coal Regulatory Program, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
CHI-000333513-12

PRODUCER

Marsh USA Inc.
701 Market Street, Suite 1100
St. Louis, MO 63101
Attn: archcoal.certrequest@marsh.com

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

- COMPANY
A ACE AMERICAN INSURANCE COMPANY
- COMPANY
B
- COMPANY
C
- COMPANY
D

001950-state-GL8-07-08

Y

INSURED

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

COVERAGES

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

9

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	HDO G2 3732920	07/31/07	07/31/08	GENERAL AGGREGATE \$ 500,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	*****\$500,000 general aggregate			PRODUCTS - COMP/OP AGG \$ 500,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	****per location****			PERSONAL & ADV INJURY \$ 300,000
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 300,000
	<input checked="" type="checkbox"/> includes XCU				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				
	<input type="checkbox"/> NON-OWNED 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 OTH-ER
	<input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL <input type="checkbox"/> EXCL			EL EACH ACCIDENT \$
					EL DISEASE-POLICY LIMIT \$
					EL DISEASE-EACH EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Permit Dug Out Canyon Mine C007039
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~~ MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN.

MARSH USA INC.

By: Alfred A. Peterfeso

MM1(3/02)

Alfred A. Peterfeso

VALID AS OF: 07/30/07

SURETY RIDER

To be attached to and form a part of

Bond No. **400SA1917**

Type of **Reclamation - Permit # ACT/007/039**
Bond:

dated
effective **May 18, 2000**
(MONTH-DAY-YEAR)

executed by **Canyon Fuel Company, LLC** , as Principal,
(PRINCIPAL)

and by **St. Paul Fire and Marine Insurance Company** , as Surety,
(SURETY)

in favor of **State of Utah and OSM**
(OBLIGEE)

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

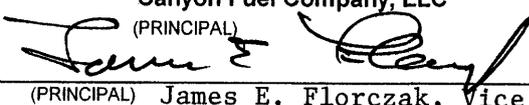
The bond amount from \$3,300,000.00 to \$3,550,000.00.

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

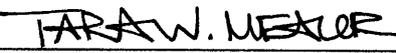
This rider is effective **July 31, 2007**
(MONTH-DAY-YEAR)

Signed and Sealed **July 31, 2007**
(MONTH-DAY-YEAR)

Canyon Fuel Company, LLC
(PRINCIPAL)

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

St. Paul Fire and Marine Insurance Company
(SURETY)

By: 
Tara W. Mealer, Attorney-In-Fact



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. 218196

Certificate No. 001850725

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-Kinkead, Joseph R. Poplawski, Tara W. Mealer, and Mary Y. Volmar

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.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 18th day of January, 2007

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 18th day of January, 2007, 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.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

Bond Number 400SA1917

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

--ooOOoo--

I, Tara W. Mealer, 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.

TARA W. MEALER

(Signed) Tara W. Mealer, Attorney-in-Fact
Surety Company Officer - Position

Subscribed and sworn to before me this 31st day of July, 2007.



Mary Y. Volmar
Notary Public Mary Y. Volmar

My Commission Expires:

July 13, 2008.

Attest:

STATE OF Tennessee)

COUNTY OF Knox)

) SS: