



March 3, 2009

KATHY L. BRITTIN
Risk Manager

Via UPS Next Day

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

Re: Canyon Fuel Company
Permit # ACT/007/039
Replacement Bond

Dear Ms. Nance:

Enclosed is a fully executed bond issued by Argonaut Insurance Company, bond # _____ which is to replace the existing bond issued by St. Paul Fire and Marine Insurance Company, bond # _____ or the above referenced permit.

I would appreciate any assistance you could give me in promptly releasing the St. Paul bond and providing me with a copy of the release. This will enable us to be released from any further premium obligations associated with the existing bond.

I trust you will find the enclosure to be in order. If you have any questions, please do not hesitate to give me a call at (314) 994-2800.

Sincerely,


Kathy Brittin

Enclosure

cc: Vicky Miller, CFC - Sufco

RECEIVED

MAR 04 2009

DIV. OF OIL, GAS & MINING

EXHIBIT "D"

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

Permit Number: C/007/0039

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)

Bond # _____ issued by Argonaut Insurance Company replaces
Bond # _____ issued by St. Paul Fire and Marine Insurance Company.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.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

The bonding type is changed from _____ to _____.

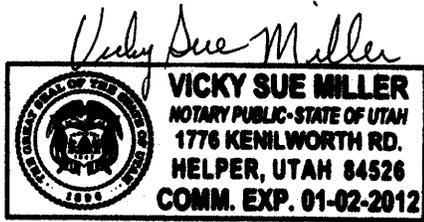
The surface disturbance is revised from _____ acre to _____ acres.

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, Gene E. DiClaudio the **PERMITTEE** has hereunto set its signature and seal this 11th day of March, 2009.



PERMITTEE

By: *G. E. DiClaudio*

Title: *President*

ACCEPTED BY THE STATE OF UTAH this 18th day of March, 2009.

J. R. By
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 SUR0000326

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

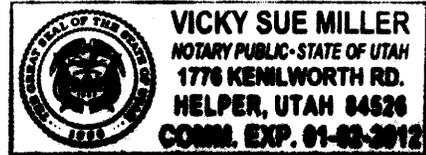
I Gene E. DiClaudio, being duly sworn under oath, deposes and says that he is the President of Canyon Fuel Company, LLC and Arch Western Bituminous Group, LLC (officer), the PERMITTEE; and that he is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized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

Attest: See Attached
Secretary of the Corporation

State of Utah)
) ss:
County of Carbon)



Subscribed and sworn to before me this 11 day of March, 2009

Vicky Sue Miller
Notary Public

My Commission Expires: 1-2-2012

SECRETARY'S CERTIFICATE

CANYON FUEL COMPANY, LLC

I, Janet L. Horgan, Secretary of Canyon Fuel Company, LLC, a Delaware limited liability company (the "Company"), hereby certifies that the following is a true and complete list of current Officers and Directors of the Company together with their starting dates:

DIRECTORS

Eugene E. DiClaudio	July 30, 2004
Robert W. Shanks	June 1, 1998
Kenneth G. Woodring	December 1, 2000

OFFICERS

Eugene E. DiClaudio	President	July 30, 2004
Charles David Steele	Vice President – Tax	May 23, 2003
James E. Florczak	Vice President	May 25, 1999
James E. Florczak	Treasurer	July 30, 2004
Janet L. Horgan	Secretary	October 16, 2000
Jolene J. Mermis	Assistant Secretary	July 30, 2004

I hereby further certify to the following:

1. Steven F. Leer ended his term as Director on July 30, 2004;
1. Anne W. O'Donnell ended her term as Assistant Secretary of the Company on June 18, 2004.
2. That the following individuals listed below ended their term as the office indicated next to their name on July 30, 2004:

Steven F. Leer	President
John W. Eaves	Vice President – Operations and Alternate Representative
Bradley M. Allbritten	Vice President – Marketing
Robert J. Messey	Chief Financial Officer
Tsutomu Niwa	Director
Yutaka Nakazawa	Director
Ichirou Nakamura	Alternate Representative

Argonaut Insurance Company
225 W. Washington, 6th Floor
Chicago, IL 60606

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Joseph R. Poplawski, Elizabeth A. Hartzberg, Tara W. Mealer, Mary Y. Volmar, Deborah S. Hudgins

its true and lawful agent and attorney-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$15,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 15th day of September, 2008.

Argonaut Insurance Company

ME Arledge

By: _____

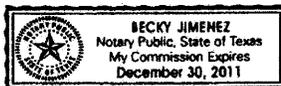
Michael E. Arledge, President

STATE OF TEXAS

COUNTY OF BEXAR SS:

On this 15th day of September, 2008 A.D., before me, a Notary Public of the State of Texas, in and for the County of Bexar, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Bexar, the day and year first above written.



Becky Jimenez

(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, an Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

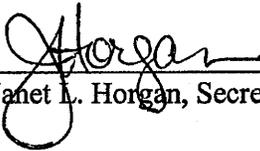
IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 27th day of February, 2009.

Robert F. Thomas

Robert F. Thomas, Vice President

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON SHADED BACKGROUND WITH RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. IF YOU HAVE QUESTIONS ON AUTHENTICITY OF THIS DOCUMENT CALL (281) 378 - 8077.

WITNESS my hand and seal of the Company this 4th day of January, 2005.

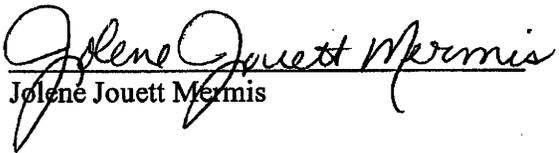


Janet L. Horgan, Secretary

State of Missouri)
) ss
County of St. Louis)

Sworn and Subscribed to before me this 4th day of January, 2005.

My Commission Expires: May 21, 2007



Jolene Jouett Mermis

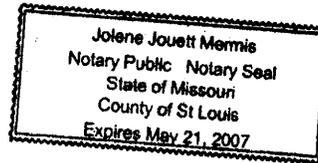


EXHIBIT "A"

**Bonded Area
Legal Description**

(Federal Coal)

Bond Number

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 : Plate 1-4

Legal description of BONDED AREA:

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 20.80 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;

Bond Number

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 Thru G-19, G-22, G-31 Degas Wells and AMV Road, (Approximately 48.15 acres)

G-2	Portion of N1/2SW1/4NE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-3	Portion of N1/2SW1/4NW1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-4	Portion of N1/2NE1/4NW1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-5	Portion of N1/2NW1/4NE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-6	Portion of S1/2SW1/4NW1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-7	Portion of SW1/4NE1/4SE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-9	Portion of NW1/4NW1/4SW1/4 Section 21	Township 13 South, Range 13 East, SLBM
G-10	Portion of NE1/4NE1/4SE1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-11	Portion of NE1/4SE1/4SW1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-12	Portion of SE1/4NW1/4SW1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-13	Portion of NW1/4NE1/4SE1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-14A	Portion of SW1/4SW1/4SE1/4 Section 17	Township 13 South, Range 13 East, SLBM
G-15	Portion of NW1/4SE1/4NE1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-16	Portion of SW1/4SE1/4SE1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-17	Portion of SE1/4NW1/4SE1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-18	Portion of NE1/4SE1/4NW1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-19	Portion of SW1/4NW1/4SE1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-22	Portion of NE1/4SE1/4SE1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-22	Access Road Portions of SE1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-31	Portion of NW1/4SW1/4NW1/4 Section 20	Township 13 South, Range 13 East, SLBM
AMV	Portion of S1/2NW1/4 Section 20	Township 13 South, Range 13 East, SLBM
Road	Portion of SW1/4SW1/4NE1/4 Section 20	Township 13 South, Range 13 East, SLBM

Pace Canyon Fan Facility Township 13 South, Range 13 East, SLBM (Approximately 2.7 acres)
Section 30: Portion of E1/2NW1/4NW1/4

Total Approximately 101.1 Acres

Exhibit "A"
Legal Description
Federal

Bond Number

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. 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

27th day of February, 2009.

Argonaut Insurance Company

SURETY

TARA W. MEALER
By:

Tara W. Mealer

Attorney-in-Fact

Title:

EXHIBIT "B"

**Bonding Agreement
Surety Bond**

(Federal Coal)

Replaces St. Paul Fire and Marine Insurance Company Bond No.

Surety Bond Number

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL CANYON FUEL COMPANY, LLC**, and **SURETY Argonaut Insurance Company**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of Three Million Five Hundred Fifty Thousand and 00/100 (\$3,550,000.00) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 20th day of February, 1996 by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Surety Bond Number _____
Mine Name/Number Dugout Canyon Mine / ACT/007/039

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 3rd day of March, 2009.

Canyon Fuel Company, LLC
PERMITTEE/PRINCIPAL
By: 

Title: Vice President & Treasurer

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 27th day of February, 2009.

Argonaut Insurance Company
SURETY
By: 

Title: Tara W. Mealer, Attorney-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:


Director
Division of Oil, Gas and Mining

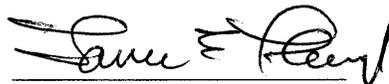
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**AFFIDAVITS
OF
QUALIFICATION**

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, James E. Florczak, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Vice President & Treasurer of Canyon Fuel Company, LLC; 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) Vice President & Treasurer
Name - Position

Subscribed and sworn to before me this 3rd day of March, 2009.



Notary Public - Kristin L. Walker

My Commission Expires: September 23, 2012.

Attest:

STATE OF Missouri)

) ss:

COUNTY OF St. Louis)

