



October 12, 2010

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 # C/007/0039
Bond # Documents

Dear Angela:

Enclosed are the following supporting documents to bond #

- Exhibit "A"
- Exhibit "D" amending the acres
- Permittee Affidavit
- Secretary's Certificate
- Surety Affidavit
- Surety Power of Attorney

I trust you will find the enclosure to be in order. If you have any questions or need anything further, please do not hesitate to give me a call at (314) 994-2955.

Sincerely,

Kristin L. Walker
Risk Management Assistant

Enclosures

cc: Vicky Miller, CFC-Dugout

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OCT 13 2010
DIV. OF OIL, GAS & MINING

EXHIBIT "D"

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

Mine Name: Dugout Mine
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)

On July 16, 2009, the disturbed acres increased by 3.6 acres – from 101.1 to 104.7 with the approval of the Degas Wells G25 and G26 (Task ID #3348).

The disturbed acres increased again by 2 acres from 104.7 to 106.7 with the approval of Degas Well G29 (Task ID #3500) on April 6, 2010.

On August 16, 2010, the disturbed acres increased by another 2 acres from 106.7 to 108.7 acres with the approval of Degas Well G30 (Task ID #3601).

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.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.
- Rider added to existing 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 101.1 acre to 108.7 acres.

The expiration date is revised from _____ to _____.

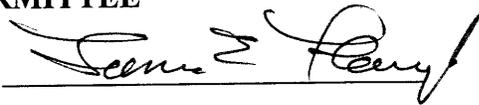
The liability insurance carrier is changed from _____ to _____.

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

IN WITNESS WHEREOF, James E. Florczak the **PERMITTEE** has hereunto set its
signature and seal this 11th day of October, 2010.

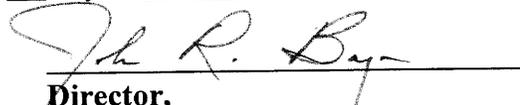
Canyon Fuel Company, LLC

PERMITTEE

By: 

Title: Vice President and Treasurer

ACCEPTED BY THE STATE OF UTAH this 25th day of October, 2010.


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.

EXHIBIT "A"

**Bonded Area
Legal Description**

(Federal Coal)

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DIV. OF OIL, GAS & MINING

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:

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 20.8 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

Degas Wells and Access Roads, (Approximately 55.75 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 S1/2SW1/4SW1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-7	Portion of NW1/4NE1/4SE14 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-14	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 NW1/4NW1/4SE1/4 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
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
G-25	Portion of SW1/4SE1/4SE1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-26	Portion of NE1/4NE1/4NW1/4 Section 29	Township 13 South, Range 13 East, SLBM
G-29	Portion of SW1/4NW1/4NE1/4 Section 29	Township 13 South, Range 13 East, SLBM
G-30	Portion of NE1/4SW1/4NW1/4 Section 29	Township 13 South, Range 13 East, SLBM
G-31	Portion of NW1/4SW1/4NW1/4 Section 20	Township 13 South, Range 13 East, SLBM

Exhibit "A"
Legal Description
Federal

Bond Number

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

Topsoil Stockpile (Waste Rock Area) T14S, R12E, SLBM, Utah, Section 8 (Approximately 0.85 acres)

Total Approximately 108.7

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

11th day of October, 2010.

Argonaut Insurance Company
SURETY

TARA W. MEALER
By: Tara W. Mealer

Attorney-in-Fact
Title:

**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, Sheri M. Sutton

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

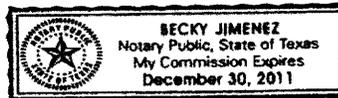
By: _____

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.



(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, 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 11th day of October, 2010

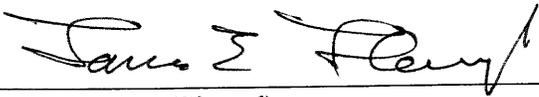
Robert F. Thomas Vice President

**AFFIDAVITS
OF
QUALIFICATION**

Bond Number _____

**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 and 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.



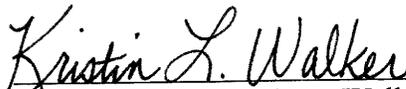
(Signed)
Name - Position

Jon S. Floetz - See Attached
Secretary of the Corporation

Attest: Jolene Mermis - See Attached
Assistant Secretary of the Corporation

STATE OF Missouri)
) ss:
COUNTY OF St. Louis)

Subscribed and sworn to before me this 11th day of October, 2010.


Notary Public, Kristin L. Walker

My Commission Expires:
September 23, 20 12.



CANYON FUEL COMPANY, LLC

SECRETARY'S CERTIFICATE

I, Jon S. Ploetz, 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:

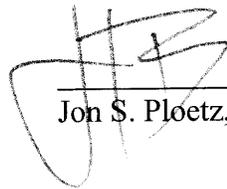
DIRECTORS

Eugene E. DiClaudio	July 30, 2004
John W. Eaves	February 21, 2005
Robert W. Shanks	June 1, 1998

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
David N. Warnecke	Vice President	April 21, 2005
Jon S. Ploetz	Secretary	February 15, 2010
Jolene J. Mermis	Assistant Secretary	July 30, 2004

WITNESS my hand and seal of the Company this 11th day of October, 2010.



Jon S. Ploetz, Secretary

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

Sworn and Subscribed to before me this 11th day of October, 2010.



Jolene Jouett Mermis
Notary Public

My Commission Expires: May 21, 2011

JOLENE JOUETT MERMIS
Notary Public - Notary Seal
State of Missouri
Commissioned for St Louis County
My Commission Expires: May 21, 2011
Commission Number: 07388596

Bond Number

**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 Argonaut 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

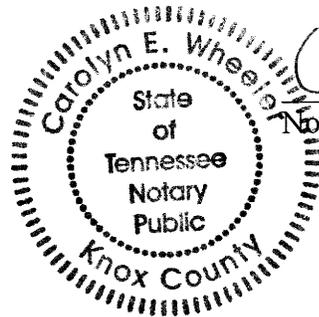
Attest:

STATE OF Tennessee)

) ss:

COUNTY OF Knox)

Subscribed and sworn to before me this 11th day of October, 2010.



Carolyn E. Wheeler
Notary Public, Carolyn E. Wheeler

My Commission Expires:

November 7, 2010.

**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, Sheri M. Sutton

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

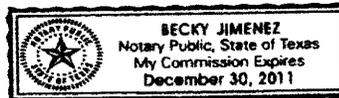
By: _____

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.



(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, 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 11th day of October, 2010.

Robert F. Thomas Vice President

