

0012



November 1, 2007

Ms. Mary Ann Wright
Associate Director, Mining
Utah Division of Oil Gas and Mining
1594 West North Temple
Salt Lake City, Utah 84114

*Incoming
Fireproof
c/007/0045*

**RE: Reclamation Agreement and Bond
Covol Engineered Fuels, LC
Wellington, Utah Coal Cleaning Facility**

Dear Ms. Wright:

Covol Engineered Fuels, LC (Covol) is submitting the enclosed Reclamation Agreement and bond for Covol's Wellington, UT Coal Cleaning Facility.

If you have any questions, please call me at (801) 984-3770.

Sincerely,

A handwritten signature in cursive script that reads "Gina Rau".

Gina Rau
Environmental Manager

Enclosure

cc: Mike Gipson – Covol Engineered Fuels, LC – Wellington, UT Facility

10653 S. River Front Parkway
Suite 300
South Jordan, UT 84095
P: 801.984.3790
F: 801.984.9460

File in: C10070045 2007 Incoming
Refer to:
 Confidential
 Shelf
 Expandable
Date: 11/1/07 For additional information

RECEIVED

NOV 01 2007

DIV. OF OIL, GAS & MINING

**State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340**

(Non-Federal)

Contents:

Reclamation Agreement

Exhibit "A"
Bonded Area

Exhibit "B"
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Exhibit "C"
Liability Insurance

Affidavits of Qualification

Power of Attorney

Exhibit "D"
Stipulation to Revise Reclamation Agreement

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DIV. OF OIL, GAS & MINING

Permit Number: Not issued
Date Original Permit Issued: Not issued
Effective Date of Agreement: _____
Bond Number: _____

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by COVOL ENGINEERED FUELS, LC (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purpose of the **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

"ACT": Title 40-10-1, et. seq., Utah Code Annotated (1953, as amended)

"BOND": A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.

"BOND AMOUNT":

"BONDED AREA": The area covered by the Performance Bond as provided at R645-301-820.110 of the Utah Administrative Code and any additional areas of subsidence related material damage as identified and required by R645-301-525.550 of the Utah Administrative Code.

"BOND TYPE":

Bonding Company: Western Surety Company
Address: P.O. Box 5077, Sioux Falls, SD 57117-5077
Telephone Number: 801-533-3624

"COMPANY OFFICERS":

"COOPERATIVE AGREEMENT": That certain agreement codified at 30 C. F. R. 944.30

"DISTURBED AREA": This term is defined in Utah Administrative Code R645-100-200. The Permittee and the Division contemplate that the Disturbed Area will be as approved and shown in the Permit Application Package, but the Permittee's reclamation obligation and the bond related thereto are governed by applicable law.

"LIABILITY INSURANCE": Public liability insurance policy submitted as part of the permit application and attached as Exhibit "C".

File in:

- Confidential
- Shelf
- Expandable

Refer to Record No 0012 Date 11/1/07
In C10070045, 2007, Submining
For additional information

Insurance Company: Marsh USA Risk & Insurance Services
Address: 15 West South Temple, Suite 700
Salt Lake City, UT 84101
Telephone Number: 801-533-3654
Policy Number: PGL N04286510
Expiration Date: 10/01/2008

Bond Number _ _ _ _ _

"MINE":

"PERMIT": Utah Mining and Reclamation Permit No.

"PERMITTEE":

Principal Address: 10653 S. River Front Parkway, Suite 300
Utah Address: South Jordan, UT 84095
Telephone Numbers: 801-984-9400

"PERMITTEE'S UTAH REGISTERED AGENT FOR SERVICE OF PROCESS":

"REGULATIONS": The regulations promulgated by the Division
and OSM pertaining to coal mining and reclamation activities.

"SMCRA": The Surface Mining Control and
Reclamation Act of 1977, 30 U.S.C. §§ 1201, et. seq.

"SURETY":

The following Exhibits are incorporated within and made a part of this Agreement.

EXHIBITS:

"BONDED AREA"	Exhibit "A"
"BONDING AGREEMENT"	Exhibit "B"
"LIABILITY INSURANCE"	Exhibit "C"

WHEREAS, the Permittee is ready and willing to file the Bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws under the permit; and

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.
3. The Permit Application Package includes a legal description of the Bonded Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. For convenience, a copy of the description of the Bonded Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the Regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law. In the event of material damage to the surface lands, or contamination, diminution, or interruption of a protected water supply caused by subsidence from underground coal mining, the Permittee may be required by the Division to increase the bond amount pursuant to the provisions of R645-301-525.550 of the Utah Administrative Code.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agents or employees failure to abide by the terms and conditions of the

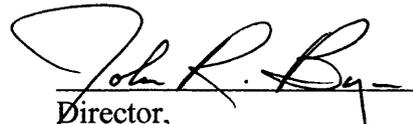
approved Permit (which is based upon the approved Permit Application Package), and this Agreement.

8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.
10. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this Agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.
12. In the event of forfeiture of the Bond, the Permittee agrees to be liable for additional costs in excess of the Bond Amount which may be incurred by the Division in order to comply with the Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.

14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 5th day of November, 2007.

STATE OF UTAH:


Director,
Division of Oil, Gas and Mining

PERMITTEE:

By: Evan J. O'Neil
Title: Sr. Vice President

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 of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT "A"

**Bonded Area
Legal Description**

(Non-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 :

Drawing No.: OPT-01 Note that the bonded area consists of two parcels – one 10-acre parcel and one 20-acre parcel.

Legal description of BONDED AREA:

Description Parcel #1 (10 acres):

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14 TOWNSHIP 15 SOUTH RANGE 10 EAST OF THE SALT LAKE BASE & MERIDIAN AND RUNNING THENCE S00°26'51"E 469.62 FEET ALONG THE QUARTER SECTION LINE, THENCE N89°30'07"E 1020.02 FEET, THENCE N00°26'51"W 397.84 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF AN EXISTING COUNTY ROAD KNOWN AS RIDGE ROAD. THENCE ALONG SAID LINE THE FOLLOWING TWO (2) CALLS, S89°23'40"W 293.93 FEET THENCE 464.66 FEET ALONG THE ARC OF A 1456.39 FOOT RADIUS CURVE TO THE RIGHT AND CONCAVE TO THE SOUTH, (CHORD BEARS N81°30'15"W 462.69 FEET) TO A POINT ON THE 40 ACRE LINE, THENCE ALONG SAID LINE S89°30'07"W 269.03 FEET TO THE POINT OF BEGINNING. SAID PARCEL CONTAINS 435602.54 SQ.FT. OR 10.00 ACRES

Description Parcel #2 (20 acres):

BEGINNING AT A POINT WHICH LIES S00°26'51"E ALONG THE QUARTER SECTION LINE 469.62 FEET FROM THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14 TOWNSHIP 15 SOUTH RANGE 10 EAST OF THE SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE S00°26'51"E 852.51 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER OF SECTION 14, THENCE ALONG SAID LINE N89°40'58"E 1020.02 FEET, THENCE N00°26'51"W 855.73 FEET, THENCE S89°30'07"W 1020.02 FEET TO THE POINT OF BEGINNING. SAID PARCEL CONTAINS 871220.73 SQ.FT. OR 20.00 ACRES

SUBJECT TO A 100-FOOT WIDE RAILROAD EASEMENT BEING 50.0 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT WHICH LIES N00°26'51"W ALONG THE QUARTER SECTION LINE 117.37 FEET FROM THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 14 TOWNSHIP 15 SOUTH RANGE 10 EAST OF THE SALT LAKE BASE AND MERIDIAN THENCE 167.36 FEET ALONG THE ARC OF A 200.00 FOOT RADIUS CURVE, CONCAVE TO THE SOUTHWEST, (CHORD BEARS S66°05'14"E 164.16 FEET) TO A POINT 50.00 FEET FROM THE NORTH LINE OF THE SOUTHEAST QUARTER OF SECTION 14, THENCE N89°40'58"E 870.48 FEET TO THE POINT OF TERMINUS.

Exhibit "A"
Legal Description
Non-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

26th day of September, 2007.

WESTERN SURETY COMPANY
SURETY

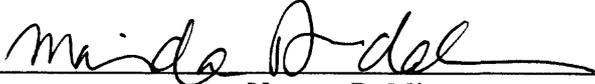
By: 

Tina Davis, Attorney-In-Fact
Title:

SURETY ACKNOWLEDGMENT

STATE OF UTAH }
COUNTY OF SALT LAKE } **SS**

On this 26TH day of SEPTEMBER, 2007, before me personally came TINA DAVIS to me known, who, being by me duly sworn, did depose and say that she is an Attorney-In-Fact of WESTERN SURETY COMPANY the corporation described in and which executed the within instrument; that she knows the corporate seal of said corporation, that the seal affixed to the within instrument is such corporate seal, and that she signed the said instrument and affixed the said seal as Attorney-In-Fact of the Board of Directors of said corporation and by authority of this office under the Standing Resolutions thereof.



Notary Public

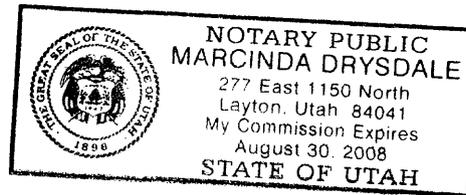


EXHIBIT "B"

**Bonding Agreement
Surety Forms**

(Non-Federal Coal)

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NOV 01 2007

DIV. OF OIL, GAS & MINING

Bond Number: _____

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

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This **SURETY BOND** entered into by and between the undersigned **PERMITTEE/PRINCIPAL** COVOL ENGINEERED FUELS, LC, and **SURETY** WESTERN SURETY COMPANY, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas & Mining (**DIVISION**) in the penal sum of \$165,000.00 (\$) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of the Reclamation Agreement.

This **SURETY BOND** will remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligation have been met and released by the **DIVISION** and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, the approved permit, and the **DIVISION**.

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the 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** from 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** and to the **DIVISION** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirement which could result in suspension or revocation of the **SURETY'S** license.

Terms for release or adjustment of the **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 WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set it's signature and seal this _____ day of _____, 20____.

COVOL ENGINEERED FUELS, LC
PERMITTEE/PRINCIPAL

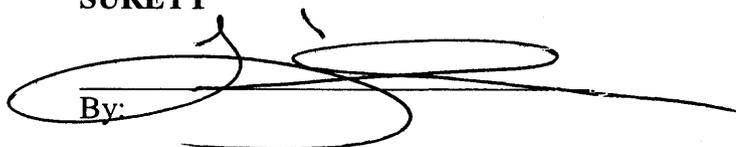
Ernest O'Neil
By:

Sr. Vice President
Title:

Bond Number: .

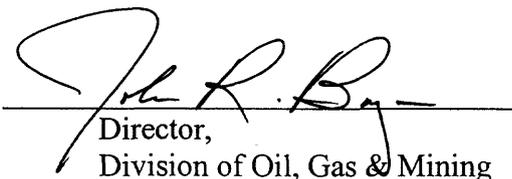
IN WITNESS WHEREOF, the **SURETY** has hereto set it's signature and seal
this 26th day of September, 2007.

WESTERN SURETY COMPANY
SURETY

By: 

Tina Davis, Attorney-In-Fact
Title:

ACCEPTED BY THE STATE OF UTAH:

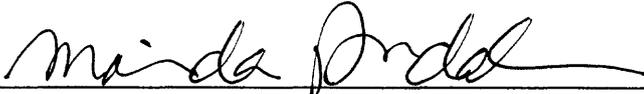

Director,
Division of Oil, Gas & Mining

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 of Attorney for a company, such Power of
Attorney must be filed with this Agreement. If the
PERMITTEE/PRINCIPAL is a corporation, the Agreement shall
be executed by it's duly authorized officer.

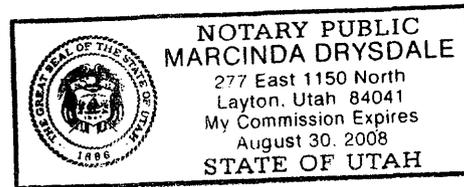
SURETY ACKNOWLEDGMENT

STATE OF UTAH }
COUNTY OF SALT LAKE } **SS**

On this 26TH day of SEPTEMBER, 2007, before me personally came TINA DAVIS to me known, who, being by me duly sworn, did depose and say that she is an Attorney-In-Fact of WESTERN SURETY COMPANY the corporation described in and which executed the within instrument; that she knows the corporate seal of said corporation, that the seal affixed to the within instrument is such corporate seal, and that she signed the said instrument and affixed the said seal as Attorney-In-Fact of the Board of Directors of said corporation and by authority of this office under the Standing Resolutions thereof.



Notary Public



Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Robert N Pflueger, Tina Davis, Derik Stevenson, Marcinda Drysdale, Individually

of Salt Lake City, UT, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Senior Vice President and its corporate seal to be hereto affixed on this 2nd day of November, 2006.



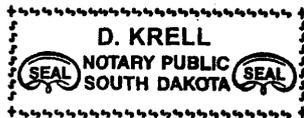
WESTERN SURETY COMPANY

Paul T. Bruflat, Senior Vice President

State of South Dakota }
County of Minnehaha } ss

On this 2nd day of November, 2006, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Senior Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
November 30, 2012



D. Krell, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 26 day of SEPTEMBER, 2007



WESTERN SURETY COMPANY

L. Nelson, Assistant Secretary

EXHIBIT "C"

Liability Insurance

(Non-Federal Coal)

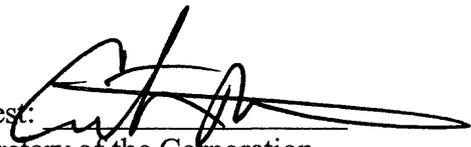
**AFFIDAVITS
OF
QUALIFICATION**

Bond Number — —

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, Eran J. O'Neil, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Sr. Vice President of Coal Engineered Fuels, LC; 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.

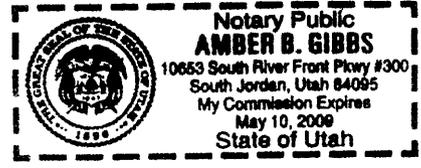
Attest: 
Secretary of the Corporation


(Signed)
Name - Position
Sr. Vice President

STATE OF Utah)
COUNTY OF Salt Lake) ss: Jo
Subscribed and sworn to before me this 30th day of October, 2007.


Notary Public

My Commission Expires:
May 10, 2009.



Bond Number .

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

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I, TINA DAVIS, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) ATTORNEY-IN-FACT of WESTERN SURETY 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)
Surety Company Officer - Position

Attest:

STATE OF UTAH)

) ss:

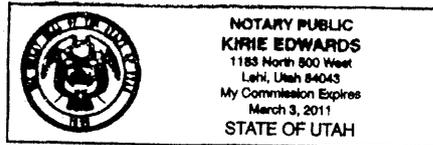
COUNTY OF SALT LAKE)

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


Notary Public

My Commission Expires:

MARCH 3, 2011.



Bond Number - —

POWER OF ATTORNEY

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Robert N Pflueger, Tina Davis, Derik Stevenson, Marcinda Drysdale, Individually

of Salt Lake City, UT, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Senior Vice President and its corporate seal to be hereto affixed on this 2nd day of November, 2006.



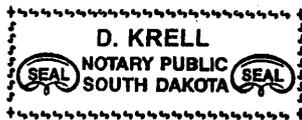
WESTERN SURETY COMPANY

Paul T. Bruflat, Senior Vice President

State of South Dakota }
County of Minnehaha } ss

On this 2nd day of November, 2006, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Senior Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
November 30, 2012



D. Krell, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 26 day of SEPTEMBER, 2007



WESTERN SURETY COMPANY

L. Nelson, Assistant Secretary

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.