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JK



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 13, 2008

CERTIFIED MAIL
7004 2510 0004 1824 9573

Tina Davis, Attorney-in-Fact
Western Surety Company
P.O. Box 5077
Sioux Falls, South Dakota 57117-5077

Subject: Release of Surety Bond : Western Surety Company, Covol Engineered Fuels, LC, COVOL Site, C/007/0045, Outgoing File

Dear Ms. Davis:

Enclosed please find original bond issued by Western Surety Company in the amount of \$165,000. Irrevocable Letter of Credit CTCS-679537, issued by JPMorgan Chase Bank in the amount of \$165,000, has been accepted as the replacement bond to guarantee reclamation at the COVOL Site, effective September 23, 2008. This bond replacement does not constitute bond release.

If you have any questions, please call me at (801) 538-5264.

Sincerely,

Angela Nance
Engineering Technician

an
Enclosure
cc: Gina Rau
Price Field Office
O:\007045.COV\Final\COVOLRelease.doc



7004 2510 0004 1824 9573

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

Release of Surety Bond **OFFICIAL USE**

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

0014

Sent To **Tina Davis**

Street, Apt. No.,
or PO Box No. **P.O. Box 5077**

City, State, ZIP+4 **Sioux Falls, South Dakota 57117**

EXHIBIT "B"

**Bonding Agreement
Surety Forms**

(Non-Federal Coal)

RECEIVED

NOV 01 2007

DIV. OF OIL, GAS & MINING

Bond Number: _____

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

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.

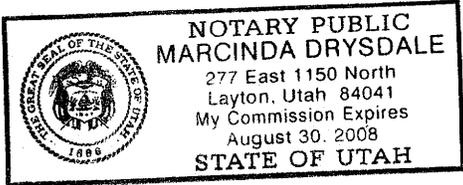
SURETY ACKNOWLEDGMENT

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.



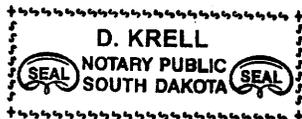
WESTERN SURETY COMPANY

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

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.