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JON M. HUNTSMAN, JR.  
Governor

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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

Outgoing  
C0150025  
G

October 29, 2008

Dan Bradshaw, Vice President  
Bank of Utah  
9320 South State Street  
Sandy, Utah 84070

Subject: Return of Letter of Credit #562, Co-Op Mining Company, Bear Canyon Mine, C/015/0025

Dear Mr. Bradshaw:

Enclosed please find original Letter of Credit #562 issued by Bank of Utah in the amount of \$362,000. The Division considers a bond of \$1,825,000 adequate to ensure reclamation of the site in the event of bond forfeiture because of preliminary modifications to the reclamation cost estimates. A surety bond for \$1,825,000 is currently being held with Lyndon Property Insurance Company; therefore the Division is releasing Letter of Credit #562. This bond adjustment does not constitute bond release.

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

Sincerely,

Angela Nance  
Bond Coordinator

an  
Enclosure  
cc: Charles Reynolds w/o  
Price Field Office  
O:\015025.BCN\FINAL\ReturnLOC562.doc



0956 4291 4000 0752 4007  
7004 2510 0004 1824 9580

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| Total Postage & Fees                              | \$ |                                     |

Sent To Dan Bradshaw Bank of Utah  
Street, Apt. No.,  
or PO Box No. 9320 So State Street  
City, State, ZIP+4 Sandy UT 84070



## IRREVOCABLE STANDBY LETTER OF CREDIT

Beneficiary:

Department of Natural Resources  
Division of Oil, Gas & Mining  
1594 West North Temple  
Salt Lake City, UT 84165

and

Office of Surface Mining  
1999 Broadway, Suite 3320  
Denver, CO 80202

Applicant:

C.W. Mining Company  
aka Co-op Mining Co.  
P.O. Box 65809  
Salt Lake City, UT 84165  
Mine Name: Bear Canyon Mine  
Permit #C/015/0025

*Firepro  
4/015/0025*

LETTER OF CREDIT NUMBER: 562

EXPIRATION DATE: 8/10/2008 (see additional condition #3 below)

PRESENTATION AT: Our counters presently located at 2605 Washington Blvd., 2<sup>nd</sup> Floor, Credit Services Dept., Ogden, UT 84402 on or before 5:00 p.m.

Amount (US Dollars)                      \$362,000.00  
Three hundred Sixty Two Thousand and 00/100 US Dollars

We hereby issue this Irrevocable Standby Letter of Credit available by your draft(s) drawn at sight on Bank of Utah and accompanied by the following documents:

- #1 The original of this Letter of Credit, including any amendments for endorsement of the amount of any draft(s) on the reverse side thereof.
- #2 A signed statement from either Beneficiary, on their official letterhead, stating that the amount of their drawing represents funds due such Beneficiary for one or more of the following reasons:
  - a) "Pursuant to R645-301-880.900, C.W. Mining aka Co-op Mining Co., at its Bear Canyon Mine, under permit #C/015/0025, is in violation of one or more provisions of the Surface Mining Control and Reclamation Act, the Utah Coal Regulatory Program, the permit and/or the reclamation plan."
  - b) "Pursuant to R645-301-860.222 and R645-301-870 Beneficiary has been notified by Bank of Utah of its intent not to renew this Letter of Credit, and the permittee has failed to replace this Letter of Credit by other suitable bond at least 30 days prior to the expiration date or any extended expiration date."

Additional Conditions:

1. Partial Drawings are permitted.
2. Any drawings on this Letter of Credit by one Beneficiary will be binding on both Beneficiaries and any payments under this Letter of Credit shall be payable to both Beneficiaries, regardless of which Beneficiary may submit the draft and request payment.

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DIV. OF OIL, GAS & MINING

3. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE UNLESS BANK OF UTAH NOTIFIES YOU IN WRITING, AT LEAST ONE HUNDRED AND TWENTY (120) DAYS PRIOR TO SUCH EXPIRATION DATE , THAT BANK OF UTAH ELECTS NOT TO RENEW THIS LETTER OF CREDIT BEYOND SUCH EXPIRATION DATE.
4. We certify that the amount of the credit herein established will not be reduced for any reason during the period of this instrument without the written consent of the Beneficiaries.
5. Bank of Utah will give prompt notice to the permittee and to the Beneficiaries of any action filed alleging the insolvency or bankruptcy of the bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

Drafts drawn under this Letter of Credit must bear the clause "Drawn under Bank of Utah Irrevocable Standby Letter of Credit No. 562."

Pursuant to U.S. Law, we are prohibited from issuing, transferring, accepting or paying Letters of Credit to any party or entity identified by the Office of Foreign Assets Control, U.S. Dept. of Treasury, or subject to the denial of export privileges by the U.S. Dept. of Commerce.

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500.

Bank of Utah

By 