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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
OK

January 8, 2009

Elliot Finley, Registered Agent
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Bear Canyon Mine Permit Transfer, Extension of Deadline for Bond Coverage,
C/015/0025

Dear Mr. Finley:

The Division notified you on December 24, 2008 that Hiawatha Coal Company would be served with a cessation order for all mining operations at the Bear Canyon Mine, in addition to the pending liability for penalties for continued operations in violation of the rules, unless a complete performance bond as required by R645-303-342 and R645-301-800 had been submitted by the end of the day on January 8, 2009.

In light of the further information you provided to us on January 7, 2009; the Division has informed Cumberland Securities, Inc. of their position as the surety underwriter and given them until January 26, 2009 to decide whether they will to provide an adequate interim surety or a full replacement surety for the Bear Canyon Mine on behalf of Hiawatha Coal Company.

The cessation order will be held in abeyance as indicated in the attached letter until January 26, 2009. A Cessation Order for all mining at the Bear Canyon Mine will be issued to Hiawatha on the morning of January 26, 2009 unless an adequate interim bond or a full replacement bond is in place.

If you have any questions, please call me at (801) 538-5334 or Dana Dean at (801) 538-5320.

Sincerely,

John R. Baza
Director

JRB/DD/ss

cc: Steve Alder
Dana Dean
Daron Haddock
Pete Hess
Karl Houskeeper

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