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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Internal
C0150025
#3584
OK

November 2, 2010

TO: Internal File

FROM: Daron R. Haddock, Permit Supervisor *RDH*

RE: Compliance Review for Section 510 (c) Findings – Bear Canyon Mine, Co-Op Mining Company aka C.W. Mining, C/015/0025, Task ID #3584

As of the writing of this memo, there are no NOV'S or COs which are not corrected or in the process of being corrected. There are no finalized Civil Penalties, which are outstanding and overdue in the name of Co-Op Mining Company aka C.W. Mining. Co-Op Mining Company does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

The recommendation from the Applicant Violator System (AVS) denotes that all connected entities either do not have any civil penalties or are under a settlement agreement (attached).

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Application Evaluation

Application Number ACT015025
 Applicant Name 089059 Co Op Mining Co
 Date of Evaluation 11/3/2010 3:06:46 PM
 Requested Individual amy.willoughby

CAUTION: The Applicant/Violator System (AVS) is an informational database. Permit eligibility determinations are made by the regulatory authority with jurisdiction over the permit application not by the AVS. Results which display outstanding violations may not include critical information about settlements or other conditions that affect permit eligibility. Consult the AVS Office at 800-643-9748 for verification of information prior to making decisions on these results.

4 Violations Found.

1: AML	ACT/007/011	UT	Permit:ACT007011	Outstanding	6/30/2009
Violator 1:	144578 Hiawatha Coal Company Incorporated				
2: AML	ACT/007/011	UT	Permit:ACT007011	Outstanding	9/30/2009
Violator 1:	144578 Hiawatha Coal Company Incorporated				
3: AML	ACT/015/025	UT	Permit:ACT015025	Outstanding	6/30/2009
Violator 1:	089059 Co Op Mining Co				
Violator 2:	144578 Hiawatha Coal Company Incorporated				
4: AML	ACT/015/025	UT	Permit:ACT015025	Outstanding	9/30/2009
Violator 1:	089059 Co Op Mining Co				
Violator 2:	144578 Hiawatha Coal Company Incorporated				

Evaluation OFT

Entities: 15

132153 COP Coal Devl Co - ()
 ---132155 Joseph D Kingston - (President)
 ---247909 Luana Kingston - (Director)
 ---247909 Luana Kingston - (Secretary)
 ---247909 Luana Kingston - (Treasurer)
 ---247910 Carl E Kingston - (Member)
 247907 ANR Company Incorporated - ()
 ---134509 C W Mining Co - (Subsidiary Company)
 -----071172 John A Gustafson - (Vice President)
 -----089059 Co Op Mining Co - (Subsidiary Company)
 -----071170 B W Stoddard - (Director)
 -----071170 B W Stoddard - (Partner)
 -----071170 B W Stoddard - (President)
 -----071172 John A Gustafson - (Director)
 -----071172 John A Gustafson - (Partner)
 -----071172 John A Gustafson - (Secretary)
 -----071172 John A Gustafson - (Vice President)
 -----089134 Ruth L Brown - (Partner)
 -----089134 Ruth L Brown - (Vice President)
 -----120991 Wendell J Owen - (Partner)
 -----137875 Dorothy J Sanders - (Director)
 -----137875 Dorothy J Sanders - (Secretary)
 -----137875 Dorothy J Sanders - (Treasurer)
 -----137875 Dorothy J Sanders - (Director)
 -----247904 Charles W Reynolds - (Director)
 -----247904 Charles W Reynolds - (President)
 -----250505 Maurine O Gustafson - (Secretary)
 -----250505 Maurine O Gustafson - (Treasurer)
 ---247908 J O Kingston - (Director)
 ---247908 J O Kingston - (President)

Narrative 11/3/10 - Violations 1- 4, all AML debts, are in the process of being settled. A payment assurance letter was submitted from the Kenneth A. Rushto, Trustee, to Utah division of Oil Gas & Mining. aw

KENNETH A. RUSHTON
U. S. Bankruptcy Trustee
99 West Main Street, P.O. Box 212
Lehi, Utah 84043

02 November 2010

Via e-mail to daronhaddock@utah.gov

Utah Division of Oil Gas & Mining
Att'n: Daron Haddock
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: *Permit Renewal Application, Bear Canyon Mine, C/015/0025 (the
"Permit")
AML Fees – Payment Assurance*

Dear Mr. Haddock:

I am writing this letter in connection with the pending approval by the Utah Division of Oil, Gas and Mining (the "*Division*") of the application for renewal (the "*Renewal Application*") of the Permit, which was filed with the Division on my behalf on or about 02 July 2010. I am the Chapter 7 Bankruptcy Trustee (the "*Trustee*") for C. W. Mining Company (the "*Debtor*"), which is the designated permittee of the Bear Canyon Mine (the "*Mine*"). Today, I was informed that Hiawatha Coal Company, Inc. ("*Hiawatha*"), while in wrongful possession of the Mine, incurred and has not since paid Abandoned Mine Lands fees ("*AML Fees*") attributable to the Mine. The amount of fees due from Hiawatha as identified by the federal Office of Surface Mining is \$67,814.58, plus additional penalties and interest, which includes coal that Hiawatha wrongfully extracted from the Mine during the second and third calendar quarters of 2009. To the extent that this amount may include fees due for coal removed from mines other than the Bear Canyon Mine, the obligation will be reduced by the Division upon verification of location and timing of other coal production by Hiawatha. The AML Fees were incurred after the date an order for relief was entered in the Debtor's bankruptcy case.

You have advised me that an arrangement must be made for payment of the outstanding AML Fees as a condition of the Division's approval of the Renewal Application. To that end, by this letter I provide the Division with assurance that the Trustee will promptly seek permission from the U. S. Bankruptcy Court for the District of Utah to pay the outstanding AML Fees as an administrative expense of the Debtor's bankruptcy estate. Upon receipt of the requisite Court approval and the expiration of any applicable appeal

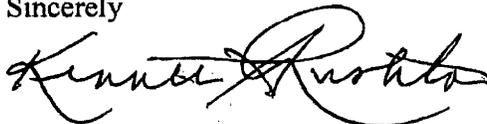
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periods (without appeal being taken), the outstanding AML Fees will be immediately paid.

You have further advised me that upon receipt of this assurance letter, the Division will be in a position to approve the Renewal Application.

A faxed or scanned and electronically transmitted facsimile of a signature-bearing page will be conclusive evidence of execution and delivery. If you have any questions, please feel free to contact me.

Sincerely

A handwritten signature in black ink, appearing to read "Kenneth A. Rushton". The signature is fluid and cursive, with a large initial "K" and "R".

Kenneth A. Rushton, Trustee