

Snell & Wilmer
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Denise A. Dragoo
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October 13, 2011

Incoming
C/015/0032

OK
DENVER
LAS VEGAS
LOS ANGELES
LOS CABOS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

HAND DELIVERY

Angela Nance
Utah Division of Oil, Gas & Mining
1594 West North Temple
Salt Lake City, UT 84114

Re: Surety Bond Replacement - Crandall Canyon Mine, Permit No. C/015/0032 East Mountain Reclamation

Dear Ms. Nance:

Enclosed as we discussed, is the originally executed signature page for Genwal Resource's Stipulation to Revise Reclamation Agreement. Genwal is replacing IPA's Pledge Agreement dated May 23, 2008 with surety bonds to secure the reclamation liability of \$407,275.

Please call me if you have further questions.

Very truly yours,



Denise A. Dragoo

DAD:crm

cc: David Hibbs
Paul Piccolini

RECEIVED

OCT 13 2011

DIV. OF OIL, GAS & MINING

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

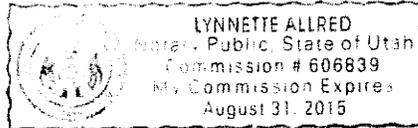
The amount of insurance coverage for bodily injury and property damage is changed
from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

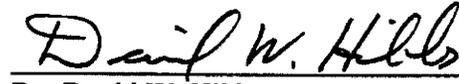
State of Utah
County of Carbon

On this 12th day of October 2011, before me,
Lynette Allred, a notary public, personally appeared,
David W. Hibbs, proved on the basis of satisfactory
evidence to be the person(s) whose name is subscribed
to this instrument, and acknowledged he executed the same.
Witness my hand and official seal.


Notary Public



PERMITTEE
GENWAL RESOURCES, INC.


By: David W. Hibbs
President

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and 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 or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

C/015/032 Incoming

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SALT LAKE CITY
TUCSON

October 12, 2011

HAND DELIVERY

Angela Nance
Utah Division of Oil, Gas & Mining
1594 West North Temple
Salt Lake City, UT 84114

Re: Surety Bond Replacement - Crandall Canyon Mine, Permit No. C/015/0032 East Mountain Reclamation

Dear Ms. Nance:

As we have discussed, enclosed on behalf of Genwal Resources, Inc. (Genwal) are three surety bonds in the total amount of \$407,275 which will replace the Pledge Agreement dated May 23, 2008 between Intermountain Power Agency (IPA), Genwal and the Utah Division of Oil, Gas and Mining. The Pledge Agreement involves IPA's pledge of \$408,000 in U.S. Treasury Notes invested in a Wells Fargo money market fund to secure reclamation activities at the East Mountain, Crandall Canyon Mine. The remaining reclamation at the Mine is secured by Genwal. In September, 2010, IPA transferred to Genwal its 50% interest in the Crandall Canyon Mine and Genwal agreed to replace IPA's reclamation liability. The Division approved this change of ownership and control of the Mine Permit in February, 2011. The Pledge Agreement and IPA's treasury notes are replaced by the following enclosures:

1. Exhibit "D" Stipulation to Revise Reclamation Agreement executed by Genwal;
2. Affidavit of Qualification (Permittee), executed by Genwal;
3. Affidavit of Qualification (Surety Company) and Power of Attorney executed by Rockwood Casualty Insurance Company; and

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OCT 12 2011

DIV. OF OIL, GAS & MINING

Angela Nance
October 12, 2011
Page 2

4. Three Exhibit B Surety Bonding Agreements for the following reclamation liability:

- A. East Mountain Drill Pads: \$286,196;
- B. SITLA Access Road: \$95,279; and
- C. East Mountain Reclamation Escalation Costs: \$25,800.

If the enclosed surety bonds are acceptable to you, please have Director Baza execute them on behalf of the Division. We would also appreciate a copy of the fully executed surety bonds and the Division's written acknowledgement of the surety bond replacement and release of the Pledge Agreement.

Please let me know if you have questions or need anything further.

Very truly yours,



Denise A. Dragoo

DAD:crm

cc: David Hibbs
Paul Piccolini
John Baza, Director
Steven F. Alder, Esq.
Ronald Rencher, Esq.
Chris Van Bever Esq.

EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: Crandall Canyon Mine
Permit Number: C/015/0032
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Genwal Resources, Inc., is replacing the Pledge Agreement dated May 23, 2008, by IPA with surety bonds to secure the reclamation liability of \$407,275.00.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ _____ to \$ _____

The bonding type is changed from Pledge of U.S. Treasury Notes to Surety Bonds for:

- (i) East Mountain emergency drilling pads, \$286,196;
- (ii) SITLA Access Road – East Mountain, \$95,279; and
- (iii) Escalation costs associated with East Mountain bond, \$25,800.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

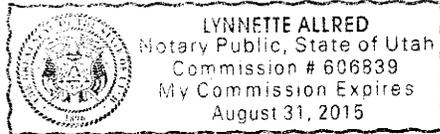
The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed
from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, Genwal Resources the PERMITTEE has hereunto set
its signature and seal this 12th day of October, 2011.

State of Utah
County of Carbon
On this 12th day of October 2011, before me,
Lynette Allred, a notary public, personally appeared,
David W. Hibbs, proved on the basis of satisfactory
evidence to be the person(s) whose name is subscribed
to this instrument, and acknowledged he executed the same.
Witness my hand and official seal.


Notary Public



PERMITTEE
GENWAL RESOURCES, INC.


By: David W. Hibbs
President

ACCEPTED BY THE STATE OF UTAH this 27th day of October, 2011.


Director,
Division of Oil, Gas and 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 or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.