FEDERAL
December 20, 1996

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5289

This permit, ACT/041/002, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Canyon Fuel Company, LLC
555 Seventeenth Street
Denver, Colorado 80202
(303) 293-7576

for the Convulsion Canyon Mine. Canyon Fuel Company,LLC is the lessee of federal, state and fee-owned property. A performance bond is filed with the DOGM in the amount of $3,988,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to underground conduct coal mining and reclamation activities on the following described lands within the permit area at the Convulsion Canyon Mine situated in the state of Utah, Carbon County, and located:

<u>Township 21 South, Range 4 East, SLBM</u>

Section 12: E1/2 SE1/4;
Section 13: E1/2 NE1/4, S1/2;
Section 14: E1/2 SW1/4, SE1/4;
Section 23: E1/2, E1/2 W1/2;
Section 24: All;
Section 25: All; and
Section 36: All.

Township 21 South, Range 5 East, SLBM

Section 15: W1/2;
Section 16
thru 21: All;
Section 22: W1/2;
Section 26: W1/2 NW1/4 SW1/4, SW1/4 SW1/4;
Section 27
thru 34: All; and
Section 35: Lots 1, 2, W1/2 NW1/4, N1/2 SW1/4.

Township 22 South, Range 4 East, SLBM

Section 1: All;
Section 12: N1/2, N1/2SE1/4, portion of NE1/4SW1/4; and
Section 18: NW1/4NE1/4.

Township 22 South, Range 5 East, SLBM

Section 3: Lots 1-4, S1/2 N1/2, NE1/4 SW1/4, S1/2 SW1/4, N1/2 SE1/4, SW1/4 SE1/4;
Section 4: Lots 1, 2, S1/2 NE1/4, SE1/4 SE1/4, W1/2W1/2;
Section 5: All;
Section 6: All;
Section 7: All;
Section 8: All;
Section 9: NE1/4NE1/4;
Section 10: W1/2 NE1/4, NW1/4, N1/2SW1/4;
Section 17: NE1/4,N1/2NW1/4; and
Section 18: N1/2.

This legal description is for the permit area of the Convulsion Canyon Mine included in the mining and reclamation plan on file at the Division. The permittee is authorized to conduct underground coal mining activities connected with a preparation plant on the foregoing described property subject to the conditions of the leases, including all conditions and all other applicable conditions, laws and regulations.

Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This permit becomes effective on December 20, 1996 and expires on May 19, 1997.

Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.

Sec. 6 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

A. have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,

B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;

B. immediate implementation of measures necessary to comply; and

C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and

B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENT - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 14 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 15 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

The above conditions (Secs. 1-17) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: December 30, 1996

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

_____
Authorized Representative of the Permittee

Date: _____

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5289

(Federal)

CONTENTS:

Reclamation Agreement

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Liability Insurance

Permit Number: ACT/041/002
Date Original Permit Issued: May 20, 1992
Effective Date of Agreement: December 20, 1996

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Canyon Fuel Company, LLC (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

"ACT":	Title 40-10-1, et. seq., Utah Code Annotated (1953, as amended)
"BOND":	A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.
"BOND AMOUNT":	$3,988,000
"BOND TYPE":	Surety
Bonding Company:	United Pacific Insurance Company
Address:	Reliance Surety Company 505 North Brand Blvd., #770 Glendale, CA 91203
Telephone Number:	(818) 265-7550
"COMPANY OFFICERS":	Richard D. Pick, Chief Executive Officer Thomas F. Linn, Secretary Chris M. Noble, Chief Financial Officer
"COOPERATIVE AGREEMENT":	That certain agreement codified at 40 C.F.R. 944.30.
"DISTURBED AREA:"	This term is as defined in Utah Administrative Code R645-100-200. The Permittee and the Division contemplate that the Disturbed Area will be as approved and shown in the Permit Application Package, but the Permittee's reclamation obligation and the bond related thereto are governed by applicable law.

"LIABILITY INSURANCE:"	Public liability insurance policy submitted as part of the permit application and attached as Exhibit "C".
Insurance Company:	Indemnity Insurance Co. of No. America
Address:	Johnson & Higgins of California Casualty Department 2029 Century Park East Los Angeles, CA 90067
Telephone Number:	(310) 551-4667
Policy Number:	ISL G1 423256-0
Expiration Date:	January 1, 1999
"MINE":	Convulsion Canyon Mine
"OSM":	United States Department of the Interior, Office of Surface Mining Reclamation and Enforcement.
"PERMIT":	Utah Mining and Reclamation Permit No. Act/041/002
"PERMIT AREA":	The area described in the Permit, which includes the Mine.
"PERMIT TRANSFER APPLICATION (PTA)":	On November 13, 1996 the Permittee filed an Application for Approval of the transfer of Permit No. ACT/041/002, which was approved, subject to conditions, on December 20, 1996.
"PERMITTEE":	
Principal Address:	Canyon Fuel Company, LLC 555 Seventeenth Street Denver, CO 80202
Telephone Number:	(303) 293-7576
Utah Address:	175 East 400 South, Ste. 1800 Salt Lake City, UT 84111

"PERMITTEE'S UTAH REGISTERED AGENT FOR SERVICE OF PROCESS":

Address:	CT Corporation Systems 50 West Broadway Salt Lake City, UT 84104
Telephone:	(801) 531-7090
"REGULATIONS":	The regulations promulgated by the Division and OSM pertaining to coal mining and reclamation activities.
"SMCRA":	The Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §§ 1201, et. seq.
"SURETY":	United Pacific Surety

The following Exhibits are incorporated within and made a part of this Agreement.

EXHIBITS:

"BONDED AREA"	**Exhibit "A"**
"BONDING AGREEMENT"	**Exhibit "B"**
"LIABILITY INSURANCE"	**Exhibit "C"**

WHEREAS, on May 20, 1992 the Division issued a Permit No. ACT/041/002 to Coastal States Energy Company to engage in certain specified coal mining and reclamation operations (previously defined as the "Permit"); and

WHEREAS, on or about December 19, 1996 the Division approved the Permit Transfer Application (previously defined as the "PTA") submitted by "Permittee"; and

WHEREAS, prior to the transfer of the permit to conduct mining and reclamation operations on the property described in the Permit, the Permittee is obligated by the law, to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth by law; and

WHEREAS, the Permittee is ready and willing to file the Bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws under the Permit; and

WHEREAS, the Division is ready and willing to transfer the Permit to the Permittee upon acceptance and approval of the Bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.

2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.

3. The Permit Application Package includes a legal description of the Permit Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. For convenience, a copy of the description of the Permit Area is attached as Exhibit "A", and is incorporated by reference.

4. The Permittee agrees to provide a Bond to the Division and OSM in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.

5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division and OSM shall be listed as an additional insured on this policy.

6. In the event that the Permit Area and/or the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law.

7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.

8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.

9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.

10. This Agreement shall be governed and construed in accordance with the laws of the State of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this Agreement.

11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.

12. In the event of forfeiture of the Bond, the Permittee agrees to be liable for additional costs in excess of the Bond Amount which may be incurred by the Division in order to comply with the Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.

13. No delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.

14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 13th day of December, 1996

STATE OF UTAH:

James W. Carter, Director
Division of Oil, Gas and Mining

PERMITTEE:

By: Chris M. Noble

Chris M. Noble, Chief Financial Officer
Canyon Fuel Company, LLC

AFFIDAVIT OF QUALIFICATION
PERMITTEE

--ooOOoo--

I, Chris M. Noble being first duly sworn under oath, deposes and says that he is the Chief Financial Officer of Canyon Fuel Company, LLC, the **PERMITTEE**; and that he is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Chris Noble

Subscribed and sworn to before me this 13th day of December, 1996.

Catherine R. DelaZerda
Notary Public

CATHERINE R. DELA ZERDA
NOTARY PUBLIC
STATE OF COLORADO

SEAL

My Commission Expires: 8/15/99

Attest:

STATE OF Colorado)
:
COUNTY OF Denver)ss:

EXHIBIT "A"

PERMIT AREA

LEGAL DESCRIPTION

Permit Number ACT/041/002

Exhibit "A"
Permit Area

Legal Description of Permit Area covered by the Bond:

Township 21 South, Range 4 East, SLBM

Section 12: E1/2SE1/4
Section 13: E1/2NE1/4, S1/2
Section 14: E1/2SW1/4, SE1/4
Section 23: E1/2, E1/2W1/2
Section 24: All
Section 25: All
Section 36: All

Township 21 South, Range 5 East, SLBM

Section 15: W1/2
Section 16 thru 21: All
Section 22: W1/2
Section 26: W1/2NW1/4SW1/4, SW1/4SW1/4
Section 27 thru 34: All
Section 35: Lots 1, 2, W1/2NW1/4, N1/2SW1/4

Township 22 South, Range 4 East, SLBM

Section 1: All
Section 12: N1/2, N1/2SE1/4, portion of NE1/4SW1/4
Section 18: NW1/4NE1/4

Township 22 South, Range 5 East, SLBM

Section 3: Lots 1-4, S1/2N1/2, NE1/4SW1/4, S1/2SW1/4, N1/2SE1/4, SW1/4SE1/4
Section 4: Lots 1, 2, S1/2NE1/4, SE1/4SE1/4, W1/2W1/2

Section 5:	All
Section 6:	All
Section 7:	All
Section 8:	All
Section 9:	NE1/4NE1/4
Section 10:	W1/2NE1/4, NW1/4, N1/2SW1/4
Section 17:	NE1/4, N1/2NW1/4
Section 18:	N1/2

As shown on Plates 5-2B and 5-6 of the Convulsion Canyon Reclamation Mining Plan on file with the Division of Oil, Gas, and Mining.

EXHIBIT "B"

SURETY BOND

Reliance

RELIANCE SURETY COMPANY
Philadelphia, Pennsylvania
RELIANCE INSURANCE COMPANY
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY
Philadelphia, Pennsylvania
RELIANCE NATIONAL INDEMNITY COMPANY
Philadelphia, Pennsylvania

08-500

EXECUTED IN 2 COUNTERPART(S)
Permit Number: ACT/041/002

RIDER

To be attached to and form a part of

Type of Bond: Reclamation Bond

Bond No. U605244-14

executed by COASTAL STATES ENERGY COMPANY, as Principal,

and by UNITED PACIFIC INSURANCE COMPANY, as Surety,

in favor of STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES, Division of Oil, Gas and Mining; U.S. DEPARTMENT OF INTERIOR, Office of Surface Mining Reclamation and Enforcement, as Obligee(s)

and dated April 12, 1991.

In consideration of the premium charged for the attached bond, it is hereby agreed to change:

1) THE NAME OF THE PRINCIPAL ON THE BOND	2) THE BOND NUMBER ON THE BOND
From: COASTAL STATES ENERGY COMPANY	From: U605244-14
To: CANYON FUEL COMPANY, LLC	To: U2760730

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider is effective December 20, 1996

Signed and Sealed December 9, 1996

Principal: CANYON FUEL COMPANY, LCC

C.F.O.
Title

UNITED PACIFIC INSURANCE COMPANY

By: Gary Ditfurth
Gary Ditfurth Attorney-in-Fact

RIDER ACCEPTED (Please sign duplicate of this Rider and return to Surety)

OBLIGEE(S)

By:

Date December 20, 1996

BD-1468 4/94

AFFIDAVIT OF QUALIFICATION
SURETY COMPANY
-ooOOoo-

I, Gary Ditfurth, being first duly sworn under oath, deposes and says that he is the (officer or agent) Attorney-in-Fact of UNITED PACIFIC INSURANCE COMPANY, and that he is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed) Gary Ditfurth
(Surety Company Officer)

Gary Ditfurth, Attorney-in-Fact

(Position)

Subscribed and sworn to before me this 9th day of December, 1996.

Maria Luisa Chua
Notary Public **Maria Luisa Chua**

My Commission Expires: April 23, 1997 **Comm. #985997**

Attest:

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES)ss:

MARIA LUISA CHUA
COMM. # 985997
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires APR 23, 1997

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY

RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint **Gary Ditfurth, of Glendale, California** their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed **any and all bonds and undertakings of suretyship** and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following resolution adopted by the Executive and Finance Committees of the Boards of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile,and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this **July 19, 1996.**

RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

Mark W. Alsup

STATE OF Washington }
COUNTY OF King } ss.

On this, **July 19, 1996**, before me, Janet Blankley, personally appeared **Mark W. Alsup**, who acknowledged himself to be the Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.

Janet D. Blankley
Notary Public in and for the State of Washington
Residing at Puyallup

I, **Robyn Layng**, Assistant Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 9th day of December 19 96.

Assistant Secretary

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

EXHIBIT "C"

LIABILITY INSURANCE

ACORD. CERTIFICATE OF INSURANCE

DATE (MM/DD/YY) 12/18/96

PRODUCER

Johnson & Higgins of California
Casualty Department
2029 Century Park East
Los Angeles, CA 90067
Tel: (310) 551-4667
0659A-GL5H OLIN

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A: INDEMNITY INSURANCE COMPANY OF NORTH AMERICA

COMPANY B:

COMPANY C:

COMPANY D:

INSURED

ATLANTIC RICHFIELD COMPANY, ITS
SUBSIDIARIES AND SUBSIDIARIES
INCLUDING CANYON FUEL COMPANY, LLC.
6955 SOUTH UNION PARK CENTER
SUITE 550
MIDVALE, UTAH 84047

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	**GENERAL LIABILITY**	ISL G1 423256-0	12-20-96	01-01-99	BODILY INJURY OCC	$ N/A
	X COMPREHENSIVE FORM				BODILY INJURY AGG	$ N/A
	X PREMISES/OPERATIONS				PROPERTY DAMAGE OCC	$ N/A
	X UNDERGROUND EXPLOSION & COLLAPSE HAZARD				PROPERTY DAMAGE AGG	$ N/A
	X PRODUCTS/COMPLETED OPER				BI & PD COMBINED OCC	$ 500,000
	X CONTRACTUAL				BI & PD COMBINED AGG	$ *500,000
	X INDEPENDENT CONTRACTORS				PERSONAL INJURY AGG	$ N/A
	X BROAD FORM PROPERTY DAMAGE					
	X PERSONAL INJURY					
	AUTOMOBILE LIABILITY				BODILY INJURY (Per person)	$
	ANY AUTO					
	ALL OWNED AUTOS (Private Pass)				BODILY INJURY (Per accident)	$
	ALL OWNED AUTOS (Other than Private Passenger)					
	HIRED AUTOS				PROPERTY DAMAGE	$
	NON-OWNED AUTOS					
	GARAGE LIABILITY				BODILY INJURY & PROPERTY DAMAGE COMBINED	$
	EXCESS LIABILITY				EACH OCCURRENCE	$
	UMBRELLA FORM				AGGREGATE	$
	OTHER THAN UMBRELLA FORM					$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS	
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: INCL / EXCL				EACH ACCIDENT	$
					DISEASE - POLICY LIMIT	$
					DISEASE - EACH EMPLOYEE	$
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

*PRODUCTS COMPLETED/OPERATIONS.
PERMIT NO. ACT/041/002 - SUFCO MINE.
THIS CERTIFICATE IS ISSUED IN LIEU OF CERTIFICATE DATED DECEMBER 12, 1996.

CERTIFICATE HOLDER

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
P.O. BOX 145801
SALT LAKE CITY, UTAH 84114-5801

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ~~BE DELIVERED OR~~ MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, ~~BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.~~

AUTHORIZED REPRESENTATIVE

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