



March 3, 2009

KATHY L. BRITTIN
Risk Manager

Via UPS Next Day

Ms. Angela Nance
Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Canyon Fuel Company
Permit # ACT/041/002
Replacement Bond

Dear Ms. Nance:

Enclosed is a fully executed bond issued by Argonaut Insurance Company, bond # _____ which is to replace the existing bond issued by St. Paul Fire and Marine Insurance Company, bond # _____ or the above referenced permit.

I would appreciate any assistance you could give me in promptly releasing the St. Paul bond and providing me with a copy of the release. This will enable us to be released from any further premium obligations associated with the existing bond.

I trust you will find the enclosure to be in order. If you have any questions, please do not hesitate to give me a call at (314) 994-2800.

Sincerely,


Kathy Brittin

Enclosure

cc: Mike Davis, CFC - Dugout

RECEIVED

MAR 04 2009

DIV. OF OIL, GAS & MINING

EXHIBIT "D"

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

RECEIVED
MAR 16 2009
DIV. OF OIL, GAS & MINING

Permit Number: C/041/0002
Effective Date: _____
Bond Number: SUR0000327

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

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)

Bond # _____ issued by Argonaut Insurance Company replaces
Bond # _____ issued by St. Paul Fire and Marine Insurance Company.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.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

 X Replace Exhibit "B"- bonding agreement

_____ Replace Exhibit "C"- liability insurance

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

The bonding type is changed from _____ to _____.

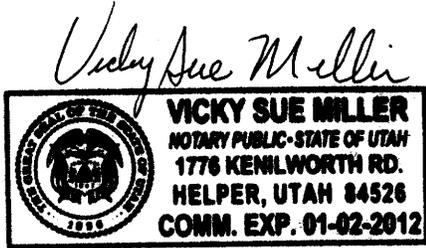
The surface disturbance is revised from _____ acre to _____ acres.

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, Gene E. DiClaudio the PERMITTEE has hereunto set its signature and seal this 11th day of March, 2009.



PERMITTEE

By: *Gene E. DiClaudio*

Title: *President*

ACCEPTED BY THE STATE OF UTAH this 18th day of March, 2009

John R. By

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.

Bond Number SUR0000327

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

I Gene E. DiClaudio, being duly sworn under oath, deposes and says that he is the President of Canyon Fuel Company, LLC and Arch Western Bituminous Group, LLC (officer), 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.

(Signed) *Gene E. DiClaudio*
(Name)

President
(Position)

Attest: See Attached
Secretary of the Corporation

State of Utah)
) ss:
County of Carbon)



Subscribed and sworn to before me this 11 day of March, 2009

Vicky Sue Miller
Notary Public

My Commission Expires: 1-2-2012

SECRETARY'S CERTIFICATE

CANYON FUEL COMPANY, LLC

I, Janet L. Horgan, Secretary of Canyon Fuel Company, LLC, a Delaware limited liability company (the "Company"), hereby certifies that the following is a true and complete list of current Officers and Directors of the Company together with their starting dates:

DIRECTORS

Eugene E. DiClaudio	July 30, 2004
Robert W. Shanks	June 1, 1998
Kenneth G. Woodring	December 1, 2000

OFFICERS

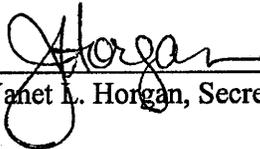
Eugene E. DiClaudio	President	July 30, 2004
Charles David Steele	Vice President – Tax	May 23, 2003
James E. Florczak	Vice President	May 25, 1999
James E. Florczak	Treasurer	July 30, 2004
Janet L. Horgan	Secretary	October 16, 2000
Jolene J. Mermis	Assistant Secretary	July 30, 2004

I hereby further certify to the following:

1. Steven F. Leer ended his term as Director on July 30, 2004;
1. Anne W. O'Donnell ended her term as Assistant Secretary of the Company on June 18, 2004.
2. That the following individuals listed below ended their term as the office indicated next to their name on July 30, 2004:

Steven F. Leer	President
John W. Eaves	Vice President – Operations and Alternate Representative
Bradley M. Allbritten	Vice President – Marketing
Robert J. Messey	Chief Financial Officer
Tsutomu Niwa	Director
Yutaka Nakazawa	Director
Ichirou Nakamura	Alternate Representative

WITNESS my hand and seal of the Company this 4th day of January, 2005.

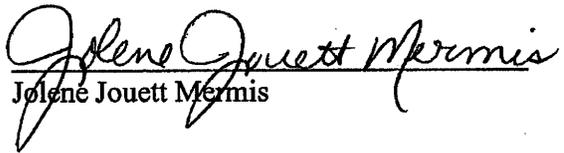


Janet L. Horgan, Secretary

State of Missouri)
) ss
County of St. Louis)

Sworn and Subscribed to before me this 4th day of January, 2005.

My Commission Expires: May 21, 2007



Jolene Jouett Mermis

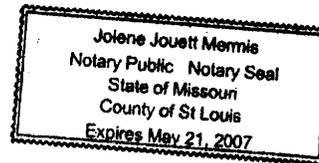


EXHIBIT "A"

**Bonded Area
Legal Description**

(Federal Coal)

Exhibit "A" - PERMIT AREA

Bond No.
Permit Number: ACT/041/002
Effective Date:

PERMIT AREA

In accordance with the RECLAMATION AGREEMENT, the PERMITEE intends to conduct coal mining and reclamation activities on or within the PERMIT AREA as described hereunder: (The bonded area equals the disturbed area.)

Total acres within the approved PERMIT AREA: 24,632.95

Total acres of proposed DISTURBED AREAS within Permit Area: 46.03

Legal Description of Permit Area:

Township 20 South, Range 5 East, SLBM

All or portions of Sections 35 and 36.

Township 21 South, Range 4 East, SLBM

All or portions of Sections 12, 13, 14, 23, 24, 25, and 36.

Township 21 South, Range 5 East, SLBM

All or portions of Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35.

Township 21 South, Range 6 East, SLBM

All or portions of Sections 19 and 30.

Township 22 South, Range 4 East SLBM

All or portions of Sections 1, 12, and 18.

Township 22 South, Range 5 East SLBM

All or portions of Sections 3, 4, 5, 6, 7, 8, 9, 10, 17, and 18.

As described more precisely in the SUFCO Mine Mining and Reclamation Permit on file with the Division of Oil, Gas, and Mining.

This is the PERMIT AREA covered by the reclamation surety provided in Exhibit B.

IN WITNESS WHEREOF the SURETY has hereunto set its signature and seal this

27th day of February, 2009

Argonaut Insurance Company
SURETY

By: TARA W. MEALER

Title: Tara W. Mealer, Attorney-in-Fact

EXHIBIT "B"

**Bonding Agreement
Surety Bond**

(Federal Coal)

Replaces St. Paul Fire and Marine Insurance Company Bond No.

Surety Bond Number

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL CANYON FUEL COMPANY, LLC**, and **SURETY Argonaut Insurance Company**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of Four Million Four Hundred Thirty Nine Thousand and 00/100 (\$4,439,000.00) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the _____ day of _____, _____ by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency of bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

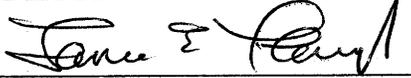
Surety Bond Number _____
Mine Name/Number SUFCO Mine / ACT/041/002

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 3rd day of March, 2009.

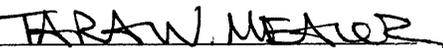
Canyon Fuel Company, LLC
PERMITTEE/PRINCIPAL

By: 

Title: Vice President & Treasurer

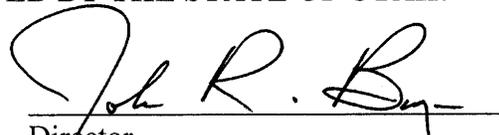
IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 27th day of February, 2009.

Argonaut Insurance Company
SURETY

By: 

Title: Tara W. Mealer, Attorney-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:


Director
Division of Oil, Gas and Mining

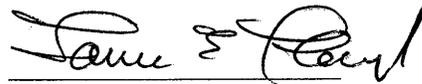
NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent/or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

**AFFIDAVITS
OF
QUALIFICATION**

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

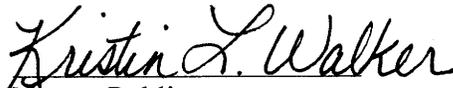
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I, James E. Florczak, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Vice President & Treasurer of Canyon Fuel Company, LLC; and that he/she is duly authorized to execute and deliver the foregoing obligations; 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.



(Signed) Vice President & Treasurer
Name - Position

Subscribed and sworn to before me this 3rd day of March, 2009.


Notary Public - Kristin L. Walker

My Commission Expires:

September 23 , 2012.

Attest:

STATE OF Missouri)

) ss:

COUNTY OF St. Louis)

**Argonaut Insurance Company
225 W. Washington, 6th Floor
Chicago, IL 60606**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Joseph R. Poplawski, Elizabeth A. Hartzberg, Tara W. Mealer, Mary Y. Volmar, Deborah S. Hudgins

its true and lawful agent and attorney-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

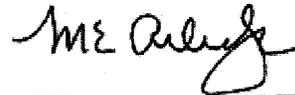
\$15,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 15th day of September, 2008.

Argonaut Insurance Company



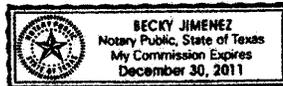
By: _____

Michael E. Arledge, President

STATE OF TEXAS
COUNTY OF BEXAR SS:

On this 15th day of September, 2008 A.D., before me, a Notary Public of the State of Texas, in and for the County of Bexar, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

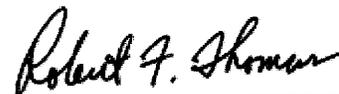
IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Bexar, the day and year first above written.



(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, an Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 27th day of February, 2009.



Robert F. Thomas, Vice President

