



Incoming
C/041/0002
original to file prof

KATHY L. BRITTIN
Risk Manager

June 14, 2010

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 # C/041/0002
Bond # Rider

Dear Angela:

Enclosed a fully executed bond rider and supporting documents to bond # decreasing the bond amount from \$4,439,000 to \$2,874,000 as per John Baza's letter dated May 24, 2010 (see attached

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
Risk Manager

Enclosures

cc: Chris Hansen, CFC

RECEIVED

JUN 22 2010

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

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

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

May 24, 2010

Ken May, General Manager
Canyon Fuel Company, LLC
597 South SR 24
Salina, Utah 84654

Subject: Authorization to Reduce Surety for the SUFCO Mine, Canyon Fuel Company, LLC,
SUFCO Mine, C/041/0002

Dear Mr. May:

The Division received your request for a \$1,565,000 surety reduction for SUFCO Mine as a result of a recalculated reclamation cost amount approved by the Division on October 29, 2009 as part of Task ID #3370 (New Sedimentation Overflow Pond).

The current bond amount is \$4,439,000. The new, recalculated and approved reclamation cost amount is \$2,674,000. An additional \$200,000 over the reclamation cost amount is expected to cover the reclamation associated with the installation of three new portals planned for the mine's surface facilities site.

You are hereby authorized to reduce your surety by \$1,565,000. This reduction will leave \$2,874,000 remaining for surety coverage. Please complete the enclosed Exhibit 'D' to document this change in surety amount and return to the Division along with the surety rider.

If you have any questions, please feel free to call Angela Nance, bond coordinator at (801) 538-5264 or Daron Haddock, permit supervisor at (801) 538-5325.

Sincerely,

John R. Baza
Director

an

Enclosure: Exhibit 'D'

cc: Price Field Office

Argonaut Insurance Company

O:\015017.DBD\BOND\BondReduction051110.doc

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801

telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

SURETY RIDER

To be attached to and form a part of

Bond No.

Type of Reclamation – ACT/041/002
Bond:

dated
effective **February 27, 2009**
(MONTH-DAY-YEAR)

executed by **Canyon Fuel Company, LLC**
(PRINCIPAL)

, as Principal,

and by **Argonaut Insurance Company**
(SURETY)

, as Surety,

State of Utah, Division of Oil, Gas and Mining and the U.S. Department of the Interior, Office of Surface Mining
in favor of **Reclamation and Enforcement**
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

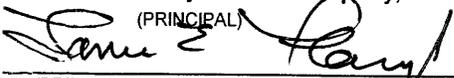
The bond amount from **Four Million Four Hundred Thirty Nine Thousand and no/100***(\$4,439,000.00)** to **Two Million Eight Hundred Seventy Four Thousand and no/100***(\$2,874,000.00)**.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

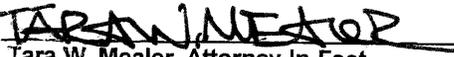
This rider is effective **May 24, 2010**
(MONTH-DAY-YEAR)

Signed and Sealed **June 10, 2010**
(MONTH-DAY-YEAR)

Canyon Fuel Company, LLC
(PRINCIPAL)

By: 
(PRINCIPAL) **James E. Florczak, Vice President and Treasurer**

Argonaut Insurance Company
(SURETY)

By: 
Tara W. Mealer, Attorney-In-Fact

RECEIVED

JUN 22 2010

DIV OF OIL, GAS & MINING

**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:

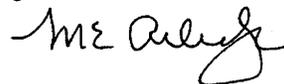
\$15,000,000.00

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



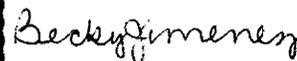
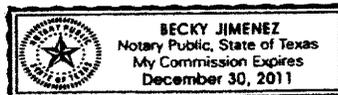
By: _____

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.

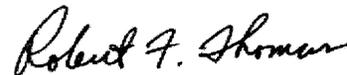
IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Bexar, the day and year first above written.



(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, 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 10th day of June, 2010.



Robert F. Thomas Vice President

EXHIBIT "D"

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

Permit Number: C/041/0002

Effective Date: May 24, 2010

Bond Number: _____

**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)

Phase II bond release granted in the amount of \$4,439,000.00 to \$2,874,000.00 remains for reclamation liability at the site. The effective date of the release is May 24, 2010; the date that the application was conditionally approved.

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"- permit area.
- Replace Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$4,439,000.00 to \$2,874,000.00.

The bonding type is changed from _____ to _____.

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

The expiration date is revised from _____ to _____.

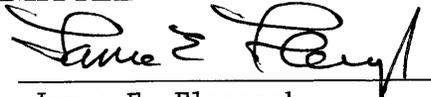
The liability insurance carrier is changed from _____ to _____.

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

IN WITNESS WHEREOF, Canyon Fuel Company, LLC the **PERMITTEE** has hereunto set its signature and seal this 14th day of June, 2010.

Canyon Fuel Company, LLC

PERMITTEE

By: 
James E. Florczak

Title: Vice President & Treasurer

ACCEPTED BY THE STATE OF UTAH this 29th day of June, 2010.


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 on 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.

**AFFIDAVITS
OF
QUALIFICATION**

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, James E. Florczak, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Vice President and 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) James E. Florczak, Vice President
Name - Position and Treasurer

Subscribed and sworn to before me this 14th day of June, 2010


Notary Public, Kristin L. Walker

My Commission Expires:

September 23, 2012



Attest:

STATE OF Missouri)

) ss:

COUNTY OF St. Louis)

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

--ooOOoo--

I, Joseph R. Poplawski, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Attorney-in-Fact of Argonaut Insurance Company; and that he/she 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.

Argonaut Insurance Company



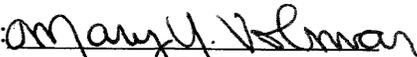
(Signed) Joseph R. Poplawski, Attorney-in-Fact
Surety Company Officer - Position

Subscribed and sworn to before me this 10th day of June 2010


Notary Public - Tara W. Mealer

My Commission Expires:

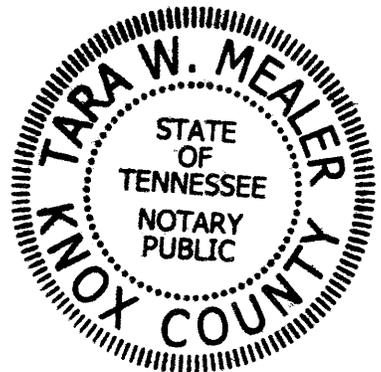
September 26 , 2012

Witness: 
Mary J. Volmar

STATE OF Tennessee)

) ss:

COUNTY OF Knox)



**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

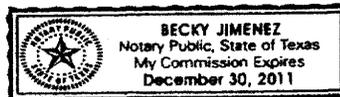
By: _____

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, 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 10th day of June, 2010.

Robert F. Thomas Vice President

