



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

Outgoing
C0410002
OK

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

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Enclosure: Exhibit 'D'

cc: Price Field Office

Argonaut Insurance Company

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

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EXHIBIT "D"

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

Mine Name: _____
Permit Number: _____
Effective Date: _____
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)

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.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 _____ 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, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

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.

