

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In the Matter of:

Sky Haven Coal, Inc.
5510 State Park Road
Penfield PA 15849

and

SRP Coal Company, Inc.
5510 State Park Road
Penfield PA 15849

: SMP No. 17880103 (Troxell #1)
: SMP No. 17800124 (Mitchell #1)
: SMP No. 17813091 (Albert #1)
: SMP No. 17813084 (Goss 1 Mine)
: MDP No. 17800147 (Butler 1 Mine)
: MDP No. 4574SM31 (Butler 1 Mine)
: MDP No. 45A76SM16 (Stoltz #1)
: MDP No. 4673SM15 (Buhler 1 Mine)
: MDP No. 4676SM1 (Strutt 1 Mine)
: SMP No. 17850145 (McPherson #2)
: SMP No. 17803108 (Reed #1)
: Clearfield and Elk Counties
: Alternative Financial Assurance Mechanism
: CO&A

**SECOND AMENDMENT TO
POSTMINING TREATMENT TRUST CONSENT ORDER AND AGREEMENT**

This Second Amendment Consent Order and Agreement is entered into this 18th day of May, 2008, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department"), and Sky Haven Coal, Inc. ("Sky Haven"), and SRP Coal Company, Inc. ("SRP"). Sky Haven and SRP are collectively referred to as "Sky Haven."

1. On January 19, 2007, the Department, Sky Haven and SRP entered into a Postmining Treatment Trust Consent Order and Agreement ("COA").
2. In April 2007, Sky Haven notified the Department that the company was in a difficult financial situation. Sky Haven did not make the March or April payments which are required by Paragraph 6 of the COA. After negotiations, Sky Haven agreed to the First Amendment to the COA, which included a new payment schedule. The First Amendment is dated July 19, 2007.

3. Sky Haven made 6 monthly payments pursuant to the First Amendment.
4. On January 28, 2008, counsel for Sky Haven notified the Department that Sky Haven was again in difficult financial circumstances and could not make the monthly payment of \$42,977 which was required for January, 2008. Sky Haven proposed a payment of \$12,500. On January 29, 2008, Sky Haven sent the Department additional financial information.
5. The Department responded that failure to make the full payment would be a violation of the Consent Order and Agreement with important regulatory consequences.
6. On January 30, 2008, the Department told Sky Haven that a payment of \$27,533, the amount originally required by the COA, would be temporarily acceptable pending a meeting of the parties to discuss issues relating to the COA. Later the same day, Sky Haven accepted the Department's proposal. Sky Haven made a January payment of \$27,533 on February 4, 2008.
7. The parties were unable to meet in February. On March 4, 2008, Sky Haven made a second payment of \$27,533 subject to the same conditions which governed the January payment.
8. In late February, 2008, the Department learned that Robindale Energy Services, Inc. ("Robindale") was pursuing the purchase of certain Sky Haven assets listed on Exhibit 1. Robindale has since informed the Department that the entity purchasing the assets is RES Coal, LLC ("RES").
9. On March 13, 2008, the Department met with Sky Haven and Robindale and learned more details concerning the proposed transaction between the two companies. The Department also informed Sky Haven that certain of the treatment systems that are the subject of the Consent Order and Agreement required replacement and/or enhancements.

10. Sky Haven told the Department that assuming the asset sale occurs, Sky Haven would fund the trust in accordance with Exhibit N on the same date as the closing. The Primary Target Valuation for 2008 with Buhler Strutt access is \$2,382,763. Sky Haven also asked if the COA could be amended to allow quarterly instead of yearly reimbursement to Sky Haven of its treatment costs.

11. The Department told Sky Haven that it would not consider the trust to be fully funded until the treatment systems were fully functional, that is that they had been replaced and/or rehabilitated. The Department also told Sky Haven that the bonds posted for the sites with discharges would not be released until the systems were replaced and/or rehabilitated. The Department proposed that Sky Haven and/or its sureties perform an evaluation of all the systems and perform any necessary replacement or rehabilitation. The Department told Sky Haven that so long as the sale of assets are closed in March or April that no monthly payment would be required into the trust. The Department did agree that Sky Haven could be reimbursed quarterly rather than annually for treatment costs beginning after the closing.

12. On March 18, 2008, the Department met with counsel for Sky Haven and for the sureties and again outlined what would be required.

13. The work required at each discharge site is set forth in Exhibit 2.

14. On March 12, 2008, the Department issued Sky Haven a compliance order for failing to provide adequate treatment at the Albert #1 site. Among other things, the order required Sky Haven to submit a plan to upgrade the existing treatment system by May 15, 2008. Sky Haven did not appeal this order.

15. A new subaccount has been established in the Trust to receive certain ash placement fees from the Bioenergy project site in Clearfield, Pennsylvania. That subaccount

does not count towards the Primary Trust Valuation but is additional funds for operation, maintenance and/or system upgrades. The permit for Sky Haven's Penn State #1 Operation (SMP 17820104) was revised by Special Condition 16 to allow the SMP to receive the ash and to direct payment of one half of the ash placement fees for ash piles 1, 5, 6 and 7 into the new subaccount. Sky Haven and the Department expect that Bioenergy will directly pay one half of the ash placement fees into the subaccount. Sky Haven has no responsibility to pay into the new subaccount unless Sky Haven receives more than one half of the ash placement fees from Bioenergy.

16. Sky Haven/SRP agrees that the findings in Paragraph 1 through 15 of this Second Amendment are true and correct and, in any proceeding involving Sky Haven/SRP and the Department relating to this COA, Sky Haven/SRP shall not challenge the accuracy or validity of these findings.

17. Paragraph 6.b. of the COA is modified to read : The same day as the closing with Robindale, Sky Haven/SRP shall deposit \$ \$2,382,763 minus the value of the Trust on April 30, 2008 into the Primary Trust Account. So long as the total amount in the Trust after the May 1 payment equals the amount stated in Exhibit N (as revised) which is attached as Exhibit 3 to this Second Amendment, no further payments under Paragraph 6 will be necessary. However, as is set forth in the January 19, 2007 COA, additional payments pursuant to Paragraph 8 may be required. Sky Haven shall notify the Department in writing of the value of the Trust on April 30 and of the transfer of the money into the Trust on May 1, 2008.

18. Paragraph 7 of the COA is modified as follows to provide for quarterly distributions from, or contributions to, the Primary Trust Account.

7. Annual Distribution or Contribution Payments – Primary Trust Account

a. All calculations under this Paragraph shall be based on values as determined at the end of each calendar quarter. Requests for reimbursement shall be submitted within 30 days following the end of each quarter.

b. Distribution Payments shall be made according to Paragraph 7.c.

c. If, at the end of a calendar quarter, the Primary Trust Valuation is greater than the Primary Target Valuation, then a Distribution Payment shall be made to Sky Haven/SRP. The amount of such Distribution Payment will be equal to the difference between the Primary Trust Valuation and the Primary Target Valuation, or equal to the Calculated quarterly Treatment Cost, whichever is less. The Primary Target Valuation, by quarter, is shown on Exhibit 4 to this Second Amendment.

d. If the Primary Trust Valuation is less than or equal to the Primary Target Valuation, but greater than or equal to the Primary Basis Valuation, then no Distribution Payment shall be made and no additional contribution shall be required. This provision is depicted graphically as Point 4 on Exhibit B.

e. If the Primary Trust Valuation is less than the Primary Basis Valuation, then Sky Haven/SRP shall make an additional contribution into the Primary Trust Account in an amount equal to the difference between the Primary Basis Valuation and the Primary Trust


Valuation, or in an amount equal to the Calculated Treatment Cost, whichever is less except as provided in Paragraph 13.a. This amount is depicted graphically as points 5 and 6 on Exhibit B. This provision does not apply until Sky Haven/SRP has fulfilled its obligations to make ongoing payments under Paragraph 6.b.

19. Provisions of the January 19, 2007 Consent Order and Agreement not amended by the First Amendment or by this Second Amendment remain in full force and effect.

20. This Second Amendment may be signed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Facsimile signatures shall be valid and effective.

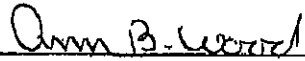
FOR SKY HAVEN COAL, INC.
SRP COAL COMPANY, INC.

FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:



Joseph A. Owens
President

Michael W. Smith
District Mining Manager



Ann B. Wood
Attorney for Sky Haven/SRP

Martin H. Sokolow, Jr.
Regional Counsel

(Corporate seal)

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19. Provisions of the January 19, 2007 Consent Order and Agreement not amended by the First Amendment or by this Second Amendment remain in full force and effect.

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FOR SKY HAVEN COAL, INC.
SRP COAL COMPANY, INC.

Joseph A. Owens
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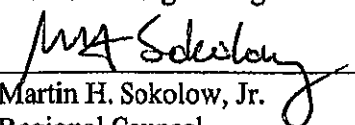
Ann B. Wood
Attorney for Sky Haven/SRP

(Corporate seal)

FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:



Michael W. Smith
District Mining Manager



Martin H. Sokolow, Jr.
Regional Counsel

EXHIBIT 1

Permit Number	System Name	County	Township
17663037	Bonita 1 Mine	Clearfield	Decatur
17930124	Erickson	Clearfield	Woodward
17030120	Kitko Mine	Clearfield	Beccaria
17743165	Roy 3	Clearfield	Boggs
17851501	Clfd Siding	Clearfield	Boggs
17860108	Truckstop #1	Clearfield	Lawrence
17803094	Shaw 1 Mine	Clearfield	Goshen
17930117	Surveyor Run 1	Clearfield	Goshen
17-06-05	Ridge Road GFCC	Clearfield	Girard
17990101	Ridge Road Mine	Clearfield	Girard
17060107	Deer Creek West	Clearfield	Girard
17860104	Deer Creek #1	Clearfield	Girard
17960113	Maney 1	Clearfield	Covington
17010104	J Mine	Clearfield	Morris
17070101	J 2 Mine	Clearfield	Morris
17060104	Piedmo	Clearfield	Morris
17743172	Munson 1	Clearfield	Morris
17960101	Munson 2	Clearfield	Morris
17870129	Lower Emigh 2	Clearfield	Morris

Exhibit 2
Sky Haven Coal Company
Treatment Facility Improvements Needed

- Albert: Treatment system must be completely rebuilt to capture all drainage emanating from discharge 7 which is currently escaping through minespoil or pond breastworks. All seepage must be routed through treatment system. Treatment system must have automatic dispensing of chemical reagent. Ponds need to be lined or otherwise made leakproof.
- Stoltz: Existing chemical treatment system to be rebuilt as passive treatment or redesigned to provide automatic dispensing of reagent at beginning of treatment system (not midway through) and automatic pumping. All ponds, except collection ponds, are to be lined or made leakproof. All seepage must be captured by the collection system.
- Butler: Existing chemical treatment system has unreliable reagent dispensing and excessive leakage. Improve existing treatment system with automated chemical feed or rebuild as a passive treatment system. In either case, the ponds must be lined or repaired so as to be made leak proof.
- McPherson #2: Modify the treatment system to improve its performance in consistently meeting pH and acidity standards. This may be accomplished by rebuilding the existing oxic limestone channel into an ALD with a settling pond.
- Goss #1: Modify the treatment system to exclude surface runoff and so that the system reliably meets effluent limits during periods of high flow. The revised design must be for a minimum 20 year lifespan.
- Buhler-Strutt: Treatment system to be equipped with automatic dispensing of chemical reagent.
- Mitchell: Additional improvements may be needed if the systems don't consistently meet effluent limits; otherwise they are OK as they currently exist.
- Reed: This system was recently rebuilt to a passive system with a vertical flow pond. No further work is needed.
- Troxell: This system is working OK.

These improvements may be modified if necessary due to space or technological constraints; however, all treatment systems must be capable of consistently meeting effluent limitations.

Exhibit 3
SKY HAVEN COAL
Amount required for full funding of Trust by Year

Year	Amt w/ Buhler/Strutt access	Amt w/o Buhler/Strutt access
2006	\$2,241,628	\$2,269,628
2007	\$2,311,118	\$2,339,986
2008	\$2,382,763	\$2,412,526
2009	\$2,456,629	\$2,487,314
2010	\$2,532,784	\$2,564,421
2011	\$2,611,301	\$2,643,918
2012	\$2,692,251	\$2,725,880
2013	\$2,775,711	\$2,810,382
2014	\$2,861,758	\$2,897,504
2015	\$2,950,472	\$2,987,326
2016	\$3,041,937	\$3,079,933
2017	\$3,136,237	\$3,175,411
2018	\$3,233,460	\$3,273,849
2019	\$3,333,698	\$3,375,338
2020	\$3,437,042	\$3,479,974
Prepared		
12/29/2006		
4/29/2008	Revised Exhibit N	

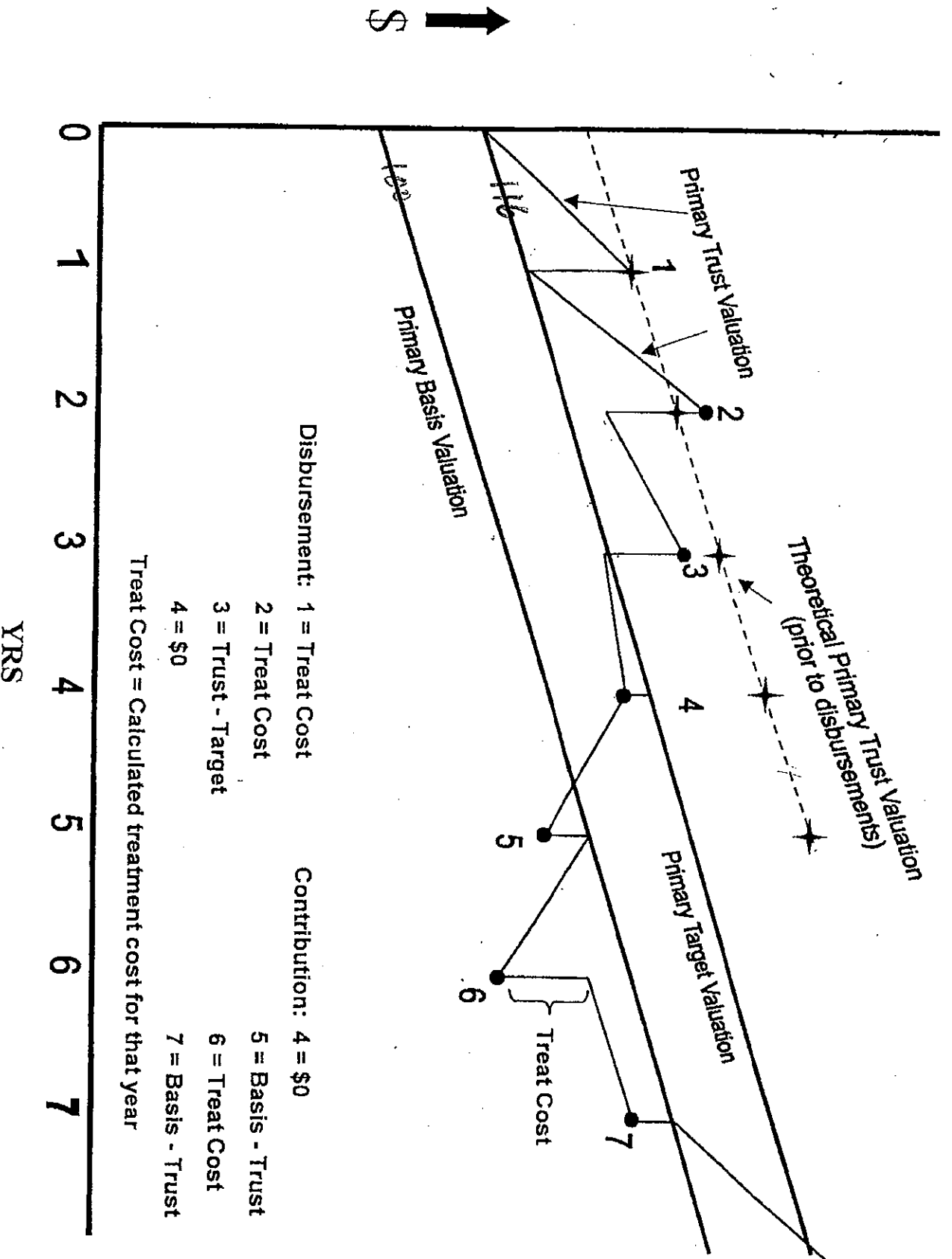


Exhibit B

SKY HAVEN COAL
Amount required for full funding of Trust by Year

Year	Amt w/ Buhler/Strutt access	Amt w/o Buhler/Strutt access
2006	\$2,269,628	\$2,241,628
2007	\$2,339,986	\$2,311,118
2008	\$2,412,526	\$2,382,763
2009	\$2,487,314	\$2,456,629
2010	\$2,564,421	\$2,532,784
2011	\$2,643,918	\$2,611,301
2012	\$2,725,880	\$2,692,251
2013	\$2,810,382	\$2,775,711
2014	\$2,897,504	\$2,861,758
2015	\$2,987,326	\$2,950,472
2016	\$3,079,933	\$3,041,937
2017	\$3,175,411	\$3,136,237
2018	\$3,273,849	\$3,233,460
2019	\$3,375,338	\$3,333,698
2020	\$3,479,974	\$3,437,042
Prepared		
12/29/2006		

Exhibit N

Sky Haven Coal Exhibit 4

Target Trust Valuation by Quarter (with Buhler Strutt access)				
Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2006	\$2,241,628	\$2,241,628	\$2,241,628	\$2,241,628
2007	\$2,311,118	\$2,311,118	\$2,311,118	\$2,311,118
2008	\$2,382,763	\$2,382,763	\$2,382,763	\$2,382,763
2009	\$2,401,230	\$2,419,696	\$2,438,162	\$2,456,629
2010	\$2,475,668	\$2,494,707	\$2,513,745	\$2,532,784
2011	\$2,552,413	\$2,572,042	\$2,591,672	\$2,611,301
2012	\$2,631,538	\$2,651,776	\$2,672,013	\$2,692,251
2013	\$2,713,116	\$2,733,981	\$2,754,846	\$2,775,711
2014	\$2,797,222	\$2,818,734	\$2,840,246	\$2,861,758
2015	\$2,883,936	\$2,906,115	\$2,928,294	\$2,950,472
2016	\$2,973,338	\$2,996,205	\$3,019,071	\$3,041,937
2017	\$3,065,512	\$3,089,087	\$3,112,662	\$3,136,237
2018	\$3,160,543	\$3,184,849	\$3,209,154	\$3,233,460
2019	\$3,258,520	\$3,283,579	\$3,308,638	\$3,333,698
2020	\$3,359,534	\$3,385,370	\$3,411,206	\$3,437,042
2021	\$3,463,679	\$3,490,316	\$3,516,953	\$3,543,590
2022	\$3,571,053	\$3,598,516	\$3,625,979	\$3,653,442
2023	\$3,681,756	\$3,710,070	\$3,738,384	\$3,766,698
2024	\$3,795,890	\$3,825,082	\$3,854,274	\$3,883,466
2025	\$3,913,563	\$3,943,660	\$3,973,757	\$4,003,854
2026	\$4,034,883	\$4,065,913	\$4,096,943	\$4,127,973
2027	\$4,159,965	\$4,191,957	\$4,223,948	\$4,255,940
2028	\$4,288,924	\$4,321,907	\$4,354,891	\$4,387,874
2029	\$4,421,880	\$4,455,886	\$4,489,892	\$4,523,898
2030	\$4,558,959	\$4,594,019	\$4,629,079	\$4,664,139
2031	\$4,700,286	\$4,736,433	\$4,772,581	\$4,808,728
2032	\$4,845,995	\$4,883,263	\$4,920,530	\$4,957,798
2033	\$4,996,221	\$5,034,644	\$5,073,067	\$5,111,490
2034	\$5,151,104	\$5,190,718	\$5,230,332	\$5,269,946
2035	\$5,310,788	\$5,351,630	\$5,392,472	\$5,433,314
2036	\$5,475,423	\$5,517,531	\$5,559,639	\$5,601,747
2037	\$5,645,161	\$5,688,574	\$5,731,988	\$5,775,401
2038	\$5,820,161	\$5,864,920	\$5,909,679	\$5,954,439
2039	\$6,000,586	\$6,046,733	\$6,092,879	\$6,139,026
2040	\$6,186,604	\$6,234,181	\$6,281,759	\$6,329,336

Revised 4/28/08