

**Notice of Guaranteed Delivery**  
for  
**Offer to Purchase**  
**All Outstanding Shares of Common Stock**  
of  
**United Fuel & Energy Corporation**  
at  
**\$0.30 Net Per Share in Cash**  
by  
**Goldstream, Inc.**  
a direct wholly-owned subsidiary of  
**Southern Counties Oil Co.,**  
**A California Limited Partnership**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON FRIDAY, FEBRUARY 5, 2010, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE “EXPIRATION DATE”).**

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**Do not use for signature guarantees**

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This form of notice of guaranteed delivery, or a form substantially equivalent to this form, must be used to accept the offer of Goldstream, Inc., a Nevada corporation (“*Purchaser*”) and a direct wholly-owned subsidiary of Southern Counties Oil Co., A California Limited Partnership (“*SCOC*”), to purchase all outstanding shares of common stock, \$0.001 par value per share (“*Shares*”), of United Fuel & Energy Corporation, a Nevada corporation (“*United Fuel*”), at a price of \$0.30 per Share, net to the seller in cash (less any required withholding taxes and without interest), as described in the Offer to Purchase dated January 7, 2010 (as it may be amended or supplemented from time to time, the “*Offer to Purchase*”) and the related Letter of Transmittal (as it may be amended or supplemented from time to time, the “*Letter of Transmittal*”) and, together with the Offer to Purchase, the “*Offer*”), if certificates for Shares and all other required documents cannot be delivered to Computershare Trust Company, N.A. (the “*Depository*”) prior to the Expiration Date, if the procedure for delivery by book-entry transfer cannot be completed prior to the Expiration Date, or if time will not permit all required documents to reach the Depository prior to the Expiration Date.

Such form may be delivered by hand or transmitted via facsimile or mailed to the Depository and must include a guarantee by an Eligible Institution (as defined below). See Section 3 of the Offer to Purchase.

*The Depository for the Offer to Purchase is:*



*If delivering by mail:*

Computershare Trust Company, N.A.  
c/o Voluntary Corporate Actions  
P.O. Box 43011  
Providence, RI 02940-3011

*If delivering by facsimile  
transmission:*

For Eligible Institutions Only:  
(617) 360-6810  
For Confirmation Only Telephone:  
(781) 575-2332

*If delivering by overnight courier:*

Computershare Trust Company, N.A.  
c/o Voluntary Corporate Actions  
Suite V  
250 Royall Street  
Canton, MA 02021

For assistance call (800) 546-5141.

**DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.**

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

The guarantee on the back cover page must be completed.

Ladies and Gentlemen:

The undersigned hereby tenders to Goldstream, Inc., a Nevada corporation and a direct wholly-owned subsidiary of Southern Counties Oil Co., a California limited partnership, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 7, 2010 (as it may be amended or supplemented from time to time, the "Offer to Purchase"), and the related Letter of Transmittal, receipt of each of which is hereby acknowledged, the number of Shares indicated below pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Number of Shares Tendered: \_\_\_\_\_ Name(s) of Record Owner(s):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Please Type or Print)

Share Certificate Numbers (if available):  
\_\_\_\_\_

If Shares will be delivered by book-entry transfer: Address(es): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Tendering Institution: \_\_\_\_\_  
(Including Zip Code)

DTC Participant Number: \_\_\_\_\_ Area Code and Telephone Number:  
\_\_\_\_\_

Transaction Code Number: \_\_\_\_\_ Signature(s):

Date: \_\_\_\_\_, 2010  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**GUARANTEE**  
**(Not to be used for signature guarantees)**

The undersigned, a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association Incorporated, including any of the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program and the Stock Exchanges Medallion Program (each, an "*Eligible Institution*"), hereby guarantees that the certificates representing the Shares tendered hereby, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed copy thereof) with any required signature guarantees and any other documents required by the Letter of Transmittal, will be received by the Depository at one of its addresses set forth above within three (3) trading days after the date of execution hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal, Share Certificates and/or any other required documents to the Depository within the time period shown above. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_  
(Including Zip Code)

Area Code and Telephone Number: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please Type or Print)

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 2010

**NOTE: DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE OF GUARANTEED DELIVERY. SHARE CERTIFICATES ARE TO BE DELIVERED WITH THE LETTER OF TRANSMITTAL.**