



P.O. Box 1000
Healy, Alaska 99743
Phone: 907-683-2226

May 20, 2016

Mr. Russell Kirkham
Coal Regulatory Program Manager
Division of Mining, Land & Water
550 West 7th Avenue, Suite 920
Anchorage, Alaska 99501-3577

RE: Coal Exploration Permit No. 02-86-795-Hoseanna and Emma Creeks 2016 Renewal Request

Dear Mr. Kirkham:

Usibelli Coal Mine, Inc. (UCM) requests renewal of Coal Exploration Permit No. 02-86-796 for permit term – July 1, 2016 to June 30, 2018. A payment of \$500.00 is attached. The cost for public notice will be submitted under a different cover letter for the requisite filing fee upon receipt of DNR's invoice.

During the 2013 to 2015 permit term UCM completed 6 of the proposed 13 drill holes and monitoring wells at Jumbo Dome. The enclosed permit renewal application includes an updated proposed exploration map for Jumbo Dome. UCM proposes to increase the current bond amount of \$56,443 to \$70,418 to cover the additional reclamation requirements. Please see attached Reclamation Estimate.

Sincerely,

Richard Sivils
Reclamation Engineer
Usibelli Coal Mine, Inc.

Attachments:

1. Exploration Permit Application
2. Exploration Map
3. Reclamation Cost Estimate



RECLAMATION COST ESTIMATE

There will be reclamation costs associated with the proposed additional drill pads, drill holes, and constructed trails. We will provide notification and bond estimates as required under the UCM Self-Bond and Indemnity Agreement prior to performing any exploration work.

We propose to use the following bond amounts:

Backfill and grading: \$200/acre
Plugging drill holes: \$400/hole
Fertilizing and reseeding: \$525/acre

Based on the criteria outlined above, the following costs are assumed:

| | | |
|-------------------------|-------------------|----------|
| Backfilling and Grading | 2 acres | \$400 |
| Plugging Drill holes | 30 holes | \$12,000 |
| Fertilizing & Seeding | 3 acres | \$1,575 |
| | Total Bond Amount | \$13,975 |

A reclamation bond for \$56,443.00 is currently held by DMLW for Coal Exploration Permit No. 02-86-795 that covers 55 drill holes, 10 test pits, and 15 miles of exploration trails. UCM currently has 59 active drill holes or monitoring wells, 2 test pits and significantly less than 15 miles of access trails. The additional bonding is for the 30 additional drill holes and monitoring wells proposed for this 2 year exploration permit. This bond is secured through a self-bonding agreement with DMLW. Upon approval of this permit application, UCM will increase the current bond as appropriate for any field activities to be carried out under this approved permit.

Reset Form

Permit # / Notice # _____

**ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING LAND & WATER
COAL EXPLORATION
Notice of Intent to Explore
and
Exploration Application**

New Permit

The Alaska Surface Coal Mining Control and Reclamation Act requires that any person who intends to conduct coal exploration which **will not** substantially disturb the natural land surface complete and file with the Department of Natural Resources a notice of intent to explore. **The completion of Parts A (including submission of the required permit fee), B, D, and E of this form will meet these requirements.** This form must be received at least thirty (30) days prior to commencement of the exploration.

The Act requires that any person who intends to conduct coal exploration which **will** substantially disturb the natural land surface must file a complete application for exploration. **The completion of Parts A (including submission of the required permit fee), C, D, and E of this form will meet the applicant's submission requirements.** The application should be submitted approximately three months prior to the anticipated commencement of exploration.

Substantial disturbance means an impact on land, water, or air resources by activities such as blasting; mechanical excavation (excluding the use of light, portable field equipment); drilling or enlarging coal or water exploratory holes or wells; and construction of roads, structures, trails, aircraft landing and marine docking areas.

Please submit one hard copy and one electronic copy of all application materials as specified by the Department.

Reference: Alaska Statute 27.21.200; 11 AAC 90.161 to 11 AAC 90.167.

PART A: GENERAL INFORMATION Ref: 11 AAC90.161; 11 AAC 90.163

- 1.1 Name of Applicant: Usibelli Coal Mine
Contact: Richard Sivils
- 1.2 Address of Applicant: PO Box 1000, Healy, AK 99743
- 1.3 Telephone Number: (907) 683-9740
- 1.4 If applicable, provide the following information for the representative who will be present and responsible for the exploration activities.
- 1.5 Name of Representative: Fred Wallis, P.E.
- 1.6 Address of Representative: PO Box 1000, Healy, AK 99743
- 1.7 Telephone Number: (907) 683-9749
- 1.8 Email Address: fredw@usibelli.com

2.0 Location of the Exploration

- 2.1 Legal Description (attach additional pages as needed):
Fairbanks Meridian, T12S, R7W, sections 21-28, T11S, R6W, sections 10-21.
- | Township | Range | Section | Aliquot Part | Meridian | Acres |
|----------|-------|---------|--------------|----------|-------|
| | | | | | |
| | | | | | |
- 2.2 Number of Acres in Exploration Area: 26,158.73

2.3 Number of Acres of Federal Land (if applicable): 0

2.4 USGS 1:250,000 or 1:63,360 Quadrangle Names: Healy D-4

2.5 Distance and Direction to Nearest Community (in miles): 13.5 SW

2.6 Attach map of exploration site and adjacent area.

3.0 Period of Exploration

3.1 Begin (Month/Day/Year): 07/01/2016

3.2 End (Month/Day/Year): 06/30/2018

4.0 Ownership of Surface/Subsurface Mineral Estate

If the surface or the mineral estate is owned or leased by someone other than the applicant, answer 4.1 - 4.5, as appropriate (**attach additional pages as needed**).

4.1 Surface Owner

Name: See attached tables

Address: _____

Telephone Number: _____

4.2 Mineral Estate Owner

Name: _____

Address: _____

Telephone Number: _____

4.3 Surface Land Leaseholder

Lease #: _____

Name: _____

Address: _____

Telephone Number: _____

4.4 Mineral Estate Leaseholder

Lease #: _____

Name: _____

Address: _____

Telephone Number: _____

4.5 Adjacent Surface & Mineral Estate Leaseholders

Lease #: _____

Name: _____

Address: _____

Telephone Number: _____

4.6 Right to Enter: Provide a statement describing the basis by which the applicant claims the right to enter the land for the purposes of conducting exploration and reclamation, Reference relevant federal, state, and local government prospecting permits or lease documents. Attach copies of supporting documents, as appropriate.

5.0 Fees**Ref: 11 AAC 90.011**

- 5.1 Permit Fee \$500.00 Attach receipt. (Refer to fee schedule below)
 Exploration - notice of intent \$100
 Exploration· substantial disturbance \$500 + cost of all public notices

PART B: NOTICE OF INTENT TO EXPLORE**Ref: 11 AAC 90.161****6.0 Intention to Explore**

- 6.1 Describe intended exploration activities, including major' pieces of equipment and their use.
- 6.2 Will exploration activities substantially disturb the natural surface of the land?
 YES NO
- If yes, proceed to Part C; if no, answer 6.3 and proceed to Part D. (See definition on page 1 of this form.)
- 6.3 Describe practices to be used to protect the environment from adverse impacts resulting from exploration activities.

PART C: EXPLORATION PERMIT APPLICATION**Ref: 11 AAC 90.163;
11 AAC 90.167****7.0 Exploration Area Description**

Note: all technical data in this application must be accompanied by:

- 1) names of persons and organizations who gathered and analyzed data;
 - 2) dates of data collections and analysis;
 - 3) description of procedures used; and
 - 4) names, addresses and positions of officials of each agency consulted.
- 7.1 Indicate type(s) of surface disturbance: blasting. mechanical excavation Drilling, altering coal or water exploration holes and wells, road or trail construction or modification aircraft landing construction/modification marine docking facility construction/modification construction of structures placement of excavated material or debris on surface other, specify _____
- 7.2 Provide a map of at least a scale of 1:63,360 enlarged 2.5 times (~1:25000), showing the following existing surface features:
- a. existing roads and trails;
 - b. occupied dwellings and other structures;
 - c. pipelines, airfields and marine docking facilities;
 - d. bodies of water; .
 - e. historic, archeological and cultural features;
 - f. topographic and drainage features; and

g. habitats of endangered or threatened species.

7.3 Using existing information, briefly describe, with cross references to the map in 7.2, the surface topography, geology, surface waters, predominant land use, and other physical features.

7.4 Using existing information, briefly describe, with cross references to the map in 7.2, vegetation cover and important habitats of fish, wildlife and plants.

7.5 Does the exploration area include critical habitat of threatened or endangered species; or species such as eagles, migratory birds or other animals protected by state or federal law; or habitats of unusually high value for fish and wildlife?

YES NO

If yes, describe impact, control measures, management techniques and monitoring methods to be utilized to protect these species and habitats.

7.6 Does the exploration area include known archeological resources; or districts, sites, structures or objects listed on the National Register of Historic Places?

YES NO

If yes, identify and describe, and describe protection measures to be implemented.

8.0 Exploration and Reclamation Methods

8.1 Provide a map of at least a scale of 1:63,360 enlarged 2.5 times, showing the following exploration and reclamation features (if appropriate, this may be combined with the map required under 7.2):

- a. the area to be disturbed by exploration and reclamation; .
- b. access routes, including new roads, trails or other transportation facilities to be constructed, and existing facilities to be used or modified;
- c. proposed excavations and trenches;
- d. water or coal exploratory holes to be drilled or altered;
- e. earth or debris disposal areas; f. sediment control measures, such as sediment ponds and structures for diverting overland flow, if required; and
- g. other exploration or reclamation features.

8.2 Provide a description of exploration and reclamation methods and a discussion of how the exploration will comply with the performance standards in 11 AAC 90.167. Cross-referencing the map in 8.1, describe, at a minimum, the following:

- a. types and uses of equipment;
- b. design, construction, maintenance and removal of any proposed new roads, trails or other transportation facilities;
- c. alteration and restoration of existing transportation facilities;
- d. blasting procedures;
- e. earth or debris disposal;
- f. backfilling and regrading of all excavations, artificial flat areas, embankments or other disturbed areas to their approximate original contour;
- g. topsoil removal, storage and redistribution;
- h. seed mix, application rates, seeding method and other procedures to be implemented in the establishment of a vegetative cover on all disturbed areas;
- i. procedures for plugging and abandoning exploration holes, boreholes, wells or other exposed underground openings;

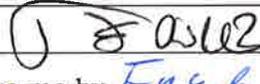
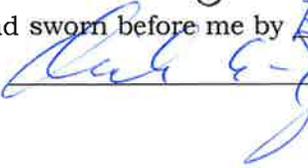
- j. procedures and control practices to be implemented to minimize disturbance to the prevailing hydrologic balance, including, if necessary, sedimentation control;
 - k. handling and disposal of known acid-forming or toxic-forming materials, if any; and
 - l. removal of all facilities and equipment.
- 8.3 Provide a time table for each phase of exploration and reclamation including starting and ending date, type of disturbance, area of disturbance, and reclamation measures.
- 8.4 Give an estimate of the quantity of coal to be removed during the exploration. Specify method used to measure quantity.
- 8.5 Give a detailed estimate of the cost of reclamation of all areas to be affected by exploration activities.

PART D: EXPLORATION ON LANDS UNSUITABLE FOR MINING
Ref: 11 AAC 90.165

- 9.1 Does the proposed exploration area include any area previously designated as unsuitable for all or certain types of mining by the Commissioner of Natural Resources?
 YES NO
- If yes, respond to 9.2 and 9.3. . .
- 9.2 Indicate petition name and number: _____
- 9.3 Describe the basis for the designation of the area as unsuitable for mining and why exploration in the area is not incompatible with the values or features which led to the designation of the area.

PART E:

The applicant states to the best of his or her knowledge and belief that all statements made in the notice of intent to explore or in the application to explore are true and correct.

Applicant's Name: Fred Wallis Title: VP Engineering
 Address: PO Box 1000, Healy, AK 99743
 Applicant's Signature:  Date: 5/18/16
 Subscribed and sworn before me by Fred Wallis this the 18th day of May, 20 16
 Notary Public:  My commission expires 04/01/2020



Note: Attach a copy of power of attorney, or resolution of Board of Directors that grants signature authority)

Hoseanna-Emma Exploration Permit No. 02-86-795 2016 Renewal Application

8.0 Exploration and Reclamation Methods

DNR Comment 8.3 Provide a timetable, including starting and ending date, type of disturbance, area of disturbance and reclamation measures.

UCM Response:

UCM will notify DNR at least 30 days prior to commencing any activities substantially disturbing the natural land surface. UCM has not finalized a contract with a drilling company at this time. Once a contract is finalized UCM will submit a schedule for ground disturbing activities. The type of disturbance has been identified as trail construction, drill pad construction, exploration drilling and installation of monitoring wells.

Reclamation for any drill holes not within the mine disturbance area will be reclaimed as described in the original permit application and re-iterated here.

8.0 RECLAMATION PROCEDURES

Reclamation will be an integral part of the exploration program and will be implemented in a contemporaneous manner. The following sections describe the procedures that will be used to reclaim the disturbances resulting from the exploration activities.

8.1 DRILL HOLE ABANDONMENT

When a drill hole has been completed or a monitoring well is no longer needed, the surface casing (if present) will be cut off approximately one foot below the ground surface. The hole will be filled with dry cuttings or sand to within 12 feet of the surface. A mixture of 40%

bentonite, and 60 % cuttings or sand will be used to fill the next 10 feet of hole. The top 2 feet will be filled with topsoil or overburden material. Temporary hole markers may be left at the hole collar until the survey work on the hole location has been completed.

8.2 REMOVAL OF FACILITIES AND EQUIPMENT

Upon completion of the exploration activities, all equipment and supplies will be removed from the exploration area. No permanent or temporary field camps will be used. A conscientious effort will be made to avoid any littering and to clean up each site after drilling is completed.

8.3 BACKFILLING AND GRADING

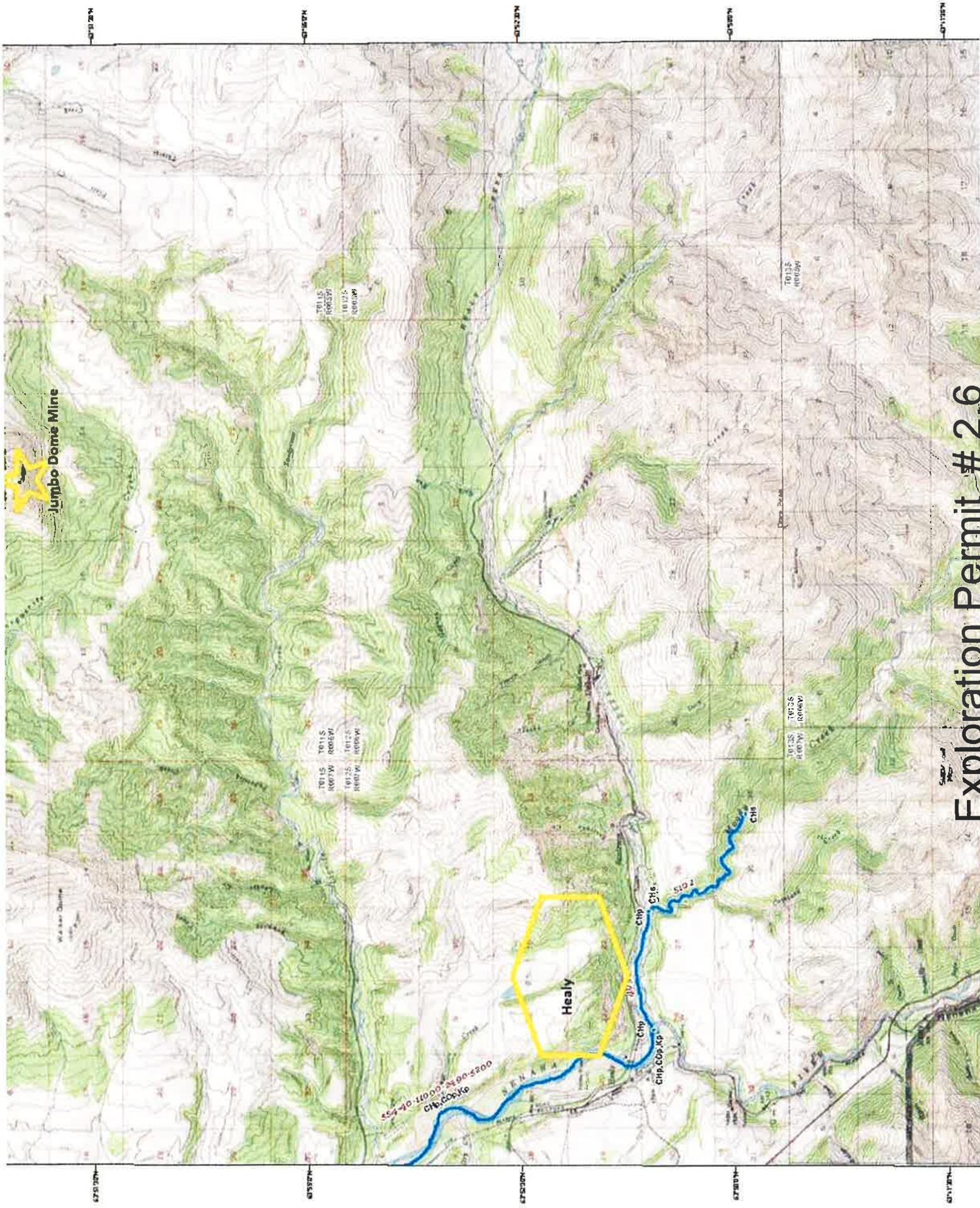
In areas where excavating work was done, a small dozer will be used to backfill and regrade the site. Subsoil materials will be placed in the deepest portion of the excavations. The surface will be dressed with any available topsoil and graded to blend with the surrounding topography. If necessary, water bars or ditches may be established to provide adequate drainage.

It may be necessary to leave the trenches open for several years for annual studies. If this occurs, drainage from the disturbed area at each site will be directed into the trench or to a local sediment control structure. The disturbed area, including the slopes of the overburden and topsoil piles, will be fertilized and seeded with a temporary seed mixture to prevent excess erosion. A reclamation bond will be held for each trench site by the DMLW and will not be released until final reclamation is completed.

On any trenches left open, the excavated overburden material will essentially form a safety berm around the entire perimeter of the trench. The walls of the trench will be appropriately graded to provide public safety.

8.4 REVEGETATION

A 20/20/10 fertilizer will be applied to the graded areas with a manually operated spreader at a rate per acre based on current practice for all other active UCM mining areas. Next a seed mixture currently approved by DNR will be manually broadcast at the current approved rate per acre based on current practice for all other active UCM mining areas. All disturbed areas will be fertilized and seeded to ensure optimum revegetation.



Exploration Permit # 2.6

**TABLE 1
EMMA CREEK EXPLORATION AREA**

| Coal Lease No. | Legal Description | Acreage | Surface Owner | Subsurface Owner | Lease Holder |
|-------------------------------|--|----------------|----------------------|-------------------------|---------------------|
| ADL 673536 (Lease Block A) | <u>Township 10 South, Range 6 West, F.M.</u> | | | | |
| | Section 26: All | | | | |
| | Section 27: All | | | | |
| | Section 28: E ½ | | State of Alaska | State of Alaska | Usibelli Coal Mine |
| | Section 34: All | | | | |
| | Section 35: All | | | | |
| | Total | 2,880 | | | |
| ADL 673537 (Lease Block B) | <u>Township 11 South, Range 6 West, F.M.</u> | | | | |
| | Section 3: W ½ | | | | |
| | Section 4: All | | | | |
| | Section 5: E ½ | | | | |
| | Section 7: E ½ | | | | |
| | Section 8: All | | | State of Alaska | State of Alaska |
| | Section 9: All | | | | |
| | Section 10: W1/2 | | | | |
| | Total | 3,200 | | | |
| ADL 673538 (Lease Block C) | <u>Township 11 South, Range 6 West, F.M.</u> | | | | |
| | Section 16: All | | | | |
| | Section 17: All | | | | |
| | Section 18: E ½ | | | | |
| | Section 19: E ½ | | | | |
| | Section 20: All | | | State of Alaska | State of Alaska |
| | Section 21: All | | | | |
| | Total | 3,200 | | | |

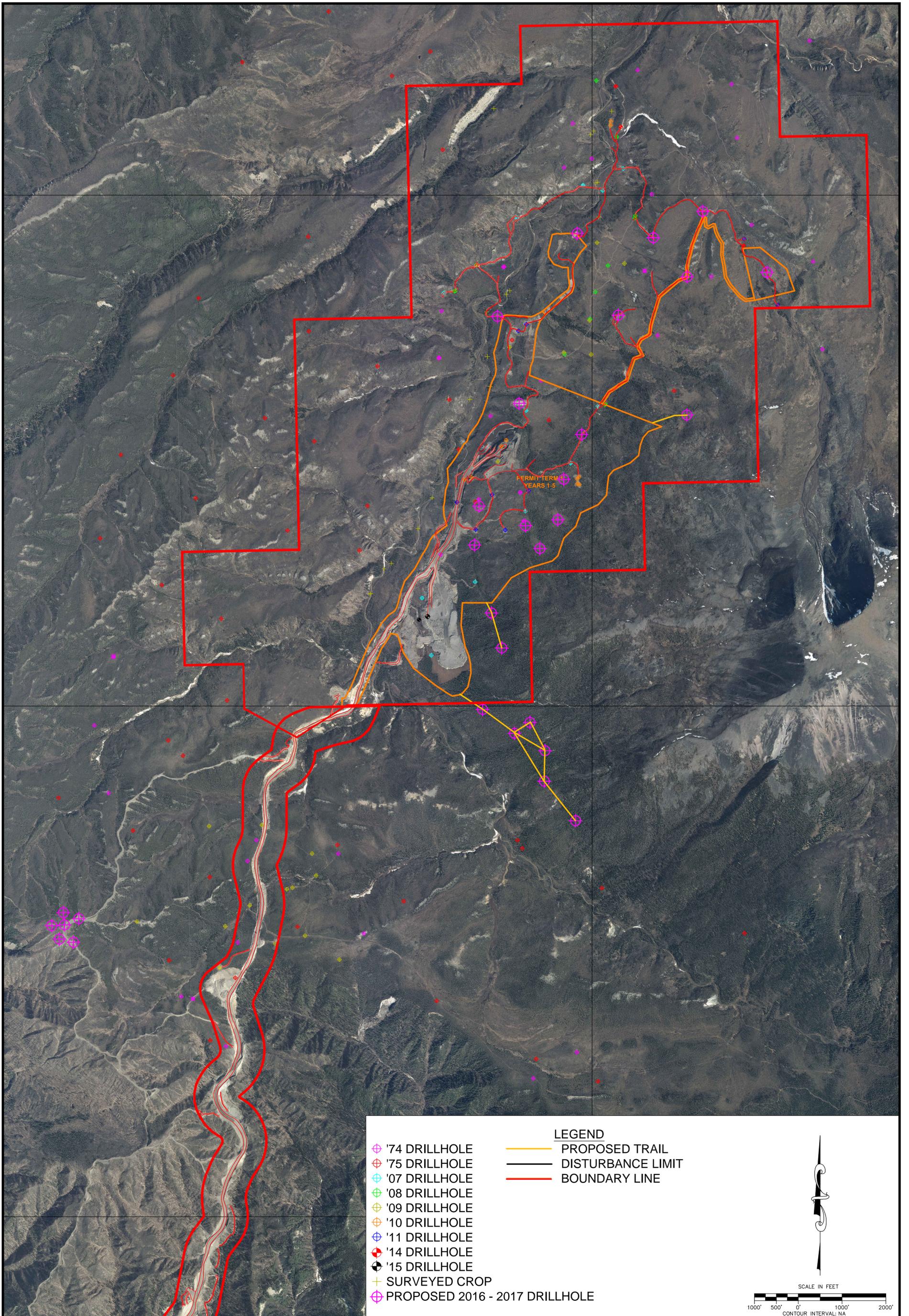
**TABLE 1
EMMA CREEK EXPLORATION AREA**

| Coal Lease No. | Legal Description | Acreage | Surface Owner | Subsurface Owner | Lease Holder |
|-----------------------|---|----------------|----------------------|-------------------------|---------------------|
| ADL 673539 | <u>Township 11 South, Range 5 West, F.M.</u> Section 7: S ½ Section 18: N ½ | | State of Alaska | State of Alaska | Usibelli Coal Mine |
| | <u>Township 11 South, Range 6 West, F.M.</u> Section 11: E ½, SW ¼, SE ¼ Section 12: All Section 13: All Section 14: All Section 15: All | | | | |
| | Total | 3,120 | | | |
| UA Coal Lease | <u>Township 10 South, Range 6 West F.M.</u> Section 33: All | | University of Alaska | University of Alaska | Usibelli Coal Mine |
| | | 640 | | | |
| | Total Emma Creek Exploration Area | 13,040 | | | |

**TABLE 1
HOSEANNA EXPLORATION AREA**

| Coal Lease No. | Legal Description | Acreage | Surface Owner | Subsurface Owner | Lease Holder |
|----------------|--|---------|-----------------|------------------|--------------------|
| ADL 21545 | <u>Township 11 South, Range 7 West, F.M.</u> Section 29: SE ¼ SE ¼ Section 32: All <u>Township 12 South, Range 7 West, F.M.</u> Section 4: S ½ NW ¼ Section 5: NW ¼, E 1/2 Total | 1,500 | State of Alaska | State of Alaska | Usibelli Coal Mine |
| ADL 20633 | <u>Township 11 South, Range 7 West, F.M.</u> Section 33: All Section 34: All <u>Township 12 South, Range 7 West, F.M.</u> Section 3: All Section 4: E ½, N ½ NW ¼ | | State of Alaska | State of Alaska | Usibelli Coal Mine |
| ADL 16925 | <u>Township 11 South, Range 7 West, F.M.</u> Section 23: S ½ Section 24: S1/2 SW ¼, SE 1/4 Section 25: All Section 26: All Section 35: N ½ NE ¼, NW ¼, NW ¼ SW ¼, S ½ NE ¼, N ½ SE ¼ Section 36: N ½, NW ¼, N ½ NE ¼ Total | 2,320 | State of Alaska | State of Alaska | Usibelli Coal Mine |
| | Total | 2,440 | | | |

| TABLE 1 HOSEANNA EXPLORATION AREA | | | | | |
|--|--|---|----------------------|-------------------------|---------------------|
| Coal Lease No. | Legal Description | Acreage | Surface Owner | Subsurface Owner | Lease Holder |
| ADL 60496 | <u>Township 11 South, Range 6 West, F.M.</u> Section 28: Section 29: Section 30: Section 31: N ½ Section 32: N ½ Section 33: N ½ <u>Township 11 South, Range 7 West, F.M.</u> Section 36: S ½ N ½ Total | 3,018.73 | State of Alaska | State of Alaska | Usibelli Coal Mine |
| ADL 56505 | <u>Township 11 South, Range 6 West, F.M.</u> Section 25: All Section 26: All Section 27: All Section 34: All Section 35: All Total | 3,200 | State of Alaska | State of Alaska | Usibelli Coal Mine |
| ADL 62753 | <u>Township 11 South, Range 6 West</u> Section 33: All Total | 640 | State of Alaska | State of Alaska | Usibelli Coal Mine |
| | Total Hoseanna Exploration Area Total Emma and Hoseanna Creek Areas | 123,118.73 ac 26,158.73 ac | | | |



LEGEND

- PROPOSED TRAIL
- DISTURBANCE LIMIT
- BOUNDARY LINE
- '16 DRILLHOLE
- '75 DRILLHOLE
- '07 DRILLHOLE
- '08 DRILLHOLE
- '09 DRILLHOLE
- '10 DRILLHOLE
- '11 DRILLHOLE
- '14 DRILLHOLE
- '15 DRILLHOLE
- SURVEYED CROP
- PROPOSED 2016 - 2017 DRILLHOLE

| | | |
|-------------|----------|----------|
| PROJECT No. | FILE No. | TITLE |
| REV. | SCALE | AS NOTED |
| DESIGN | JTS | 03/13 |
| CADD | JTS | 03/13 |
| CHECK | | |
| REVIEW | | |

**EXPLORATION PLAN
PROPOSED 2016 - 2017
DRILLHOLES**

**EMMA CREEK
EXPLORATION PERMIT**

| REV | DATE | DES | REVISION DESCRIPTION | CADD | CHK | RW |
|-----|------|-----|----------------------|------|-----|----|
| | | | ORIGINAL MAP | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

