

RENEWAL OF PERMIT TO CONDUCT SURFACE COAL MINING ACTIVITIES

October 26, 2015

Usibelli Coal Mine, Inc.

Wishbone Hill Permit

Surface Coal Mining Permit Application

01-89-796 & 02-89-796

Alaska Department of Natural Resources

Division of Mining Land and Water

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RENEWAL OF PERMIT TO CONDUCT SURFACE COAL MINING

Date Issued: **October 21, 2015**

Permit Numbers: **01-89-796 & 02-89-796**

Mine Name: **Wishbone Hill Mine**

The Alaska Department of Natural Resources, Division of Mining, Land and Water, in accordance with AS 27.21 and 11 AAC 90, hereby grants renewal of the permit to conduct surface coal mining to Usibelli Coal Mine, Inc., P.O. Box 1000, Healy, Alaska 99743.

The permit is subject to the requirements of AS 27.21 and 11 AAC 90 for surface coal mining and reclamation operations. The permit is also subject to the Conditions of Permit listed below, including all general and special stipulations.

Please be advised that this permit renewal does not relieve the permittee of responsibility to secure other permits required by federal, state, or local authorities, nor does this permit relieve the permittee of responsibility for compliance with any federal, state, or local law or regulation. Neither does this approval constitute certification of any property right or land status claimed by the permittee.


Marty Lentz, Mining Section Chief
Division of Mining, Land and Water

10-26-2015
Date

CONDITIONS OF PERMIT

1. **TERM:** This renewal is for a term of five (5) years and ends on **October 3, 2019**.
2. **CONFORMANCE WITH APPLICATION:** This renewal authorizes surface coal mining and reclamation operations within the permit area defined in the application, located generally in Sections 22, 23, 26, 27, 28, 34, 35, 36, Township 19 North, Range 2 East, within the Seward Meridian.

All surface coal mining and reclamation operations are to be conducted as described in the permit application, as amended, and in compliance with AS 27.21, 11 AAC 90, and the conditions and stipulations of the permits.
3. **BOND:** Operations under these permits are guaranteed by a reclamation bond in the amount of **\$34,800**. The permittee shall at all times maintain the bond, which is conditioned upon compliance with all provisions of the permits. When requested, the permittee shall increase the amount of the bond or furnish such other bond as may be required. Filing of the bond does not in any manner relieve the permittee of his or her responsibility for conducting surface coal mining and reclamation operations in accordance with these permits and applicable provisions of law or regulation, nor does it relieve the permittee of financial liability for acceptable completion of surface coal mining and reclamation operations.
4. **PERMIT REVISIONS:** Any variation from the plans presented in the application must be discussed, prior to implementation, with the Division, and may require a revision to the permits or a new permit under 11 AAC 90.129, prior to implementation
5. **MIDTERM REVIEWS:** The permit will be subject to review by the Division no later than April 4, 2017 (the permit midterm). Reasonable revisions may be ordered in accordance with AS 27.21.190 (e).
6. **PERMIT RENEWALS:** As long as mining is conducted as described in the application, as amended, and within the boundaries illustrated on approved maps and exhibits, these permits carry with them the right of successive renewal upon expiration. Any renewal application must be filed at least 120 days prior to the expiration date for this permit in accordance with AS 27.21.080(d)
7. **COMPLIANCE WITH LAW:** Operations under this renewal shall be conducted in conformance with applicable federal, state, and local laws and regulations now or hereafter in effect during the life of the permit.
8. **REPORTS:** Upon request the permittee shall report in writing to the Commissioner on matters relevant to the character, and progress, of surface coal mining and reclamation operations under these permits. Reports shall be filed with the Division of Mining, Land and Water, Coal Regulatory Program.

9. **ANNUAL REPORT:** An annual report detailing the previous year's mining and reclamation efforts will be provided to DNR by July 31 each year throughout the permit term.
10. **OTHER OPERATIONS ON STATE LAND:** The granting of this renewal does not preclude the issuance of other permits or leases on the same land. Valid existing prior rights acquired on the lands described herein will not be adversely affected by this renewal. Where these permits grant the right to enter land owned, leased, or otherwise lawfully occupied by another, the permittee shall make provisions before entering the land to pay for all damages sustained by said owner, lessee, or lawful occupant, by reason of entering upon said land.
11. **CHANGE OF ADDRESS:** The permittee shall immediately notify the Commissioner, in writing, of any change in the address of the permittee or the representative conducting surface coal mining and reclamation operations on site.
12. **FAILURE TO COMPLY:** If the permittee fails to comply with the conditions and stipulations contained in the permits or applicable laws or regulations, depending on the circumstances, the Commissioner may issue a notice of violation, issue a cessation order, assess a civil penalty, seize the reclamation bond, or take other action.
13. **APPLICATION AND PERMITS TO BE MAINTAINED ON SITE:** The permittee shall maintain and have available at the site of the surface coal mining and reclamation operations copies of the permit applications, any approved revisions, and this permit renewal. Equipment operators are to be advised of permit conditions and stipulations.
14. **STIPULATIONS:** In accordance with AS 27.21 and 11 AAC 90, approval of this application is granted subject to the following general and special stipulations:

GENERAL STIPULATIONS

1. The permittee shall conduct operations only on that land which is approved for the term of this permit and that is subject to the performance bond or other equivalent guarantee in effect under 11 AAC 90.201.
2. The permittee shall conduct all operations only as described in the approved permit, except to the extent otherwise directed in the Commissioner's decision.
3. The permittee shall comply with the performance standards of 11 AAC 90.301 through 11 AAC 90.501.
4. The permittee shall allow the authorized representatives of the Commissioner and the Secretary of the Interior rights of entry specified in 11 AAC 90.601 through 11 AAC 90.603.

5. The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any condition or stipulation of the permits, including:
 - a. any accelerated or additional monitoring necessary to determine the nature, extent, and results of noncompliance;
 - b. immediate implementation of measures necessary to comply; and
 - c. warnings, as soon as possible after learning of the noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
6. The permittee shall pay all reclamation fees required by 30 CFR Part 870 for all coal produced under these permits.

SPECIAL STIPULATIONS

- a. **GEOMORPHIC APPROACH.** The permittee shall apply geomorphic principles to create channels and landforms that are appropriate to create a stable final grading and surface drainage for the post-mining topography to the extent technically feasible. Examples of available practices include scalloped complex slopes, sinuous drainage channels with concave longitudinal profiles, appropriate drainage density, and slopes with the bottom half concave in shape.
- b. **ALASKA POLLUTANT ELIMINATION SYSTEM (APDES) PERMIT.** Water may not be directly discharged from ponds or disturbed areas into Moose Creek unless in compliance with an APDES permit issued by the Alaska Department of Environmental Conservation (DEC).
- c. **MONITORING WELLS.**
 - i. After consultation with DEC, the following new operation and post mining monitoring wells must be installed: DNR 1A, DNR 1b-1, DNR 1b-2, DNR 1b-3, DNR 1b-4, DNR 1c, DNR 1d-1, and DNR 1d-2. Locations of these new monitoring wells are shown in in Part D Section 15 figures 15-2, 15-3, of the revised operation and reclamation plan. These new wells must be installed prior to any additional surface coal mining activities.
 - ii. In addition, the following 11 wells will act as the operational and post mining monitoring wells: H88 14A, H88-22, H88-27, DNR 1A, DNR 1b-1, DNR 1b-2, DNR 1b-3, DNR 1c, DNR 1d-1, DNR 1d-2, and DNR 1b-4. UCM may add additional wells to this list but may not remove or fail to install any of the listed monitoring wells without approval from DMLW.
- d. **PRE-DEVELOPMENT WATER QUALITY MONITORING.** At least 6 months prior to the development of the washplant pond and related facilities or the Phase I or II mining areas UCM must collect 10 unique water quality samples from the

list of operational and post mining monitoring wells in Stipulation “c. ii.” These samples must be tested for the full suite of total recoverable inorganics and nitrates as described and listed in Part D, Operation and Reclamation Plan, 15.10 Monitoring of Groundwater Quality and Quantity.

- e. WATER QUALITY/QUANTITY MONITORING. Monitoring for surface water quality of Moose Creek and Buffalo Creek will be conducted on at least a bi-monthly (every other month) interval. New monitoring wells will be sampled on the same intervals as existing monitoring wells as outlined in Part D, Section 15.10.2.
- f. BLASTING. In addition to the requirements found in 11 AAC 90.379(e) all blasting operations for the Wishbone Hill Mine will be designed to not produce an instantaneous pressure rise in the water column of Moose Creek of no more than 7.3 psi where fish are present and a peak particle velocity in spawning gravels of no more than 1.25 inches per second. This requirement may be waived or a different pressure change value set upon prior written approval from the Department of Fish and Game and the Department of Natural Resources, Division of Mining Land and Water. Unless approved by the Department, the compliance point for meeting the blasting requirements of 11 AAC 90 will be Moose Creek.
- g. CULTURAL/HISTORIC ARTIFACTS. The Alaska Historic Preservation Act (AS41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the Commissioner. If cultural or paleontological resources are inadvertently discovered as a result of, or during, the activities authorized by this renewal, all activities which would disturb such resources shall be stopped and measures taken to protect the site. The State Historic Preservation Officer (907-269-8722) shall be contacted immediately so that compliance with state laws may begin. If burials or human remains are found, in addition to the State Historical Preservation Officer, the State Troopers (907-745-2131) are to be notified immediately.
- h. NOISE. Usibelli will work with the Mat-Su Borough and the local community to minimize the impacts of noise to the local community. Surface mining operations will, to the furthest extent possible, limit the noise level of surface mining operations at the permit boundary to 70 dB between 7:00 AM and 6:00 PM and 60 dB between 6:00 PM and 7:00AM.
- i. LIGHT. Usibelli will communicate and work with appropriate Mat-Su Borough officials and the local community to minimize the impacts of light from surface mining operations to the local community.