



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

March 25, 2013

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. E-0603-Healy Valley 2013 Renewal Request

Dear Mr. Kirkham:

Usibelli Coal Mine, Inc (UCM) requests renewal of Coal Exploration Permit No. E0603 for permit term - August 10, 2013 to August 9, 2015. 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.

UCM is proposing installation of 2 new exploration drill holes as shown on the 2013 revision to Exhibit C2-5.

Sincerely,

Tamara Scholten PE, PMP
Senior Environmental Engineer
Usibelli Coal Mine, Inc.

eAttachments:

1. Exploration Permit Application



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

April 8, 2013

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

**RE: Response to Completeness Review Coal Exploration Permit No. E-0603-Healy Valley 2013
Renewal Request**

Dear Mr. Kirkham:

The purpose of this letter is for Usibelli Coal Mine, Inc (UCM) to provide a response to the completeness checklist developed by the Department of Natural Resources – Division of Mine, Land, and Water.

If you have any additional questions or concerns regarding this matter please contact me at 907-683-9734.

Sincerely,

Tamara Scholten PE, PMP
Senior Environmental Engineer
Usibelli Coal Mine, Inc.

eAttachments:

1. Completeness Review Check List
2. Revised Exploration Permit Application
3. Attachment A
4. Attachment B with Exhibit 2013-1
5. Attachment C with Exhibit 2013-2 and 2013-3

2.3 Number of Acres of Federal Land (if applicable): See Original Permit Application

2.4 USGS 1:250,000 or 1:63,360 Quadrangle Names: _____

2.5 Distance and Direction to Nearest Community (in miles): 7 miles NW

2.6 Attach map of exploration site and adjacent area.

3.0 Period of Exploration

3.1 Begin (Month/Day/Year): August 10, 2013

3.2 End (Month/Day/Year): August 9, 2015

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 Original Permit Documents

Address: _____

Telephone Number: _____

4.2 Mineral Estate Owner

Name: See Original Permit Documents

Address: _____

Telephone Number: _____

4.3 Surface Land Leaseholder

Lease #: See Original Permit Documents

Name: _____

Address: _____

Telephone Number: _____

4.4 Mineral Estate Leaseholder

Lease #: See Original Permit Documents

Name: _____

Address: _____

Telephone Number: _____

4.5 Adjacent Surface & Mineral Estate Leaseholders

Lease #: See Original Permit Documents

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: V.P. Engineering

Address: PO Box 1000 Healy, AK 99743

Applicant's Signature: *[Signature]* Date: 4/9/2013

Subscribed and sworn before me by Frederick Wallis this the 9th day of April, 2013

Notary Public: *[Signature]* My commission expires 10/20/14

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



**ATTACHMENT PART A
GENERAL INFORMATION
For 2013 Renewal Term**

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.

In the original permit application UCM stated that letters had been submitted to the Alaska Railroad (ARRC) and Golden Valley (GVEA) requesting right of entry. The documents memorializing these agreements are enclosed. The agreement with Golden Valley is a Haul Road Easement. The agreement with the Alaska Railroad is in the form of a permit to construct a haul road within the ARRC right of way.

GVEA: *HAUL ROAD EASEMENT BETWEEN USIBELLI COAL MINE, INC. AND GOLDEN VALLEY ELECTRIC ASSOCIATION, INC. dated June 2002.*

ARRC: *ALASKA RAILROAD PERMIT FOR PRIMATE HAUL ROAD FROM D-1.3 TO D-4.7 ARRC CONTRACT NO. 7997 dated January 15, 2002 but signed in 2004 and 2005.*

**HAUL ROAD EASEMENT
AGREEMENT**

BETWEEN

USIBELLI COAL MINE, INC.

and

**GOLDEN VALLEY ELECTRIC
ASSOCIATION, INC.**

HAUL ROAD EASEMENT AGREEMENT

This easement agreement is entered into between Usibelli Coal Mine, Inc. ("UCM"), an Alaska corporation, of P.O. Box 1000, Healy, Alaska 99743-1000, and Golden Valley Electric Association, Inc. ("GVEA"), a non-profit electrical cooperative corporation, of P.O. Box 71249, Fairbanks, Alaska 99707.

1. **Recitals.** GVEA owns a parcel of property located in Healy, Alaska at the mouth of UCM's coal mine on which it operates a power plant. UCM's coal mine is served by an access road crossing GVEA's Property resulting from an easement previously granted to James A. Carroll and subsequently assigned to UCM (hereinafter referred to as the "Carroll Easement") and recorded in Book 70 at Page 608 in the records of the Nenana Recording District and Book 253 at Page 107 of the Fairbanks Recording District. In exchange for UCM's entering into the Mine Traverse Agreement executed contemporaneously herewith, UCM is requesting that GVEA grant UCM a wider easement across GVEA's Property (hereinafter "Haul Road Easement") for use in hauling coal from UCM's mine site. GVEA is amenable to providing UCM a wider access road easement. The grant of easement by GVEA is conditioned upon UCM assuming all risk, responsibility and liability associated in any way with UCM's use, design, construction, maintenance, management, inspection, modification and/or relocation of the access road. Now, therefore, the parties agree as follows:

2. **Definitions.** The following definitions are incorporated into this Agreement.

(a) "Contractor" means any individual or entity with whom UCM has entered into an agreement for the performance of the Work as defined herein.

(b) "UCM or its Agents" means UCM, or any other person or entity for whose actions UCM may be liable in the performance of the Work.

(c) "Haul Road" means the easement granted under this agreement.

(d) "GVEA's Property" means the real property owned by GVEA within the Southwest ¼ of Section 21, Township 12 South, Range 7 West, Fairbanks Meridian

(e) "Mining Operations" means exploration, extracting, transporting, stockpiling, or processing of coal including the use of explosives and blasting; removing, stockpiling or transporting of overburden and spoil; exploration for coal deposits; reclamation of mined lands; construction and maintenance of berms, pits, roads, buildings, dams, and impoundments; and all activities resulting from and/or incidental to the above.

(f) "Subcontractor" means an individual or an entity having a direct contract with a Contractor of UCM or with any other Subcontractor for performance of part of the Work.

(g) "Supplier" means a manufacturer, fabricator, supplier, distributor, materialman, or vendor of materials or equipment to be used in or for the prosecution for the Work.

(h) "Work" means all design, construction, maintenance, inspection, management, relocation, modification, improvement, or expansion, relating to the Haul Road, by UCM, or other persons or entities for whose acts UCM may be liable, as long as UCM or its successor owns the easement. GVEA's, UCM's or third parties use of the Haul Road is excluded from the definition of "Work."

3. Haul Road Easement Route through GVEA's Property.

(a) GVEA hereby grants UCM the Haul Road Easement through GVEA's Property appurtenant to UCM's mine and mining leases for as long as UCM uses the Haul Road or owns coal mining leases within the Nenana Coal Field (located within Townships 9-12 South, Range 1-8 West, Fairbanks Meridian) on the terms stated herein. The location and nature of the Haul Road and any improvements, is described in *Exhibit A*. The constructed surface plus ditches shall not exceed 100 feet in width. UCM shall notify GVEA in writing at least 30 days prior to commencing the widening and improvement of the Haul Road as granted hereunder. UCM's liabilities and obligations under this agreement do not commence until physical construction of the improvements on the Haul Road is first commenced after UCM provides the 30 day notice required in the preceding sentence. Activities performed by or on behalf of UCM at the request of GVEA prior to such notification does not trigger UCM's liabilities and obligations hereunder.

(b) Prior to construction UCM shall provide GVEA a construction plan drawing for GVEA's review and approval. Upon completion of construction, UCM shall survey the Haul Road and prepare a legal description or survey plat for GVEA's review and approval. The legal description or plat of the easement shall be included in the Grant of Easement attached hereto as *Exhibit B* whereupon the Grant of Easement shall be recorded. Contemporaneously with the recording of the Grant of Easement, UCM shall record the Easement Quitclaim Deed attached as *Exhibit C* transferring UCM's title to the Carroll Easement to GVEA and thereafter GVEA may extinguish the Carroll Easement.

4. Relocation of Haul Road Across GVEA's Property. UCM and GVEA have used their best efforts to assure that the Haul Road Easement as depicted on *Exhibit A* follows a mutually acceptable route which the parties anticipate will result in the least impact to GVEA's existing and future power generation and power delivery uses of its property.


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Notwithstanding the foregoing, GVEA asserts that the Haul Road might materially interfere with GVEA's future power generation and power delivery use of its property in the north one half of the southwest quarter of section 21, T12S, R7W, Fairbanks Meridian. Likewise, there may be occasion where either GVEA or UCM may desire to relocate various portions of the Haul Road. Recognizing this fact the parties have agree upon a mechanism to address relocations of the Haul Road.

(a) For a relocation requested by GVEA as to that portion of the Haul Road in the north one-half of the southwest quarter of Section 21, Township 12 South, Range 7 West, UCM shall pay for one relocation of the Haul Road and GVEA will pay for all costs associated with the movement of its power poles, lines, substations and other facilities in conjunction with such relocation. UCM acknowledges that the need for the relocation will likely be required if the substation adjacent to the Haul Road is expanded. In such event, UCM agrees that the width of the road surface may be reduced to no less than 60 feet adjacent to such substation. Subsequent relocations shall occur only with the consent of the other party, with such consent not being unreasonably withheld, and entirely paid for by the party desiring such relocation. The triggering events and methodology for relocation by GVEA is provided for and described in subsections c. and d. below, as applicable.

(b) Any relocation of that portion of the Haul Road in the south one-half of the southwest quarter of Section 21, Township 12 South, Range 7 West, shall occur only with the consent of the other party, with such consent not being unreasonably withheld, and entirely paid for by the party desiring such relocation. The triggering events and methodology for relocation by GVEA is provided for and described in subsections (c) and (d) below, as applicable.

(c) Subject to the cost allocations discussed in 4(a) and (b), if the need to relocate the Haul Road arises in conjunction with GVEA's obtaining regulatory approval for any of its existing or future power generation and power delivery activities, GVEA shall notify UCM in writing of the necessity for GVEA to obtain regulatory approval and the fact that the Haul Road may need to be relocated as a condition of GVEA obtaining such approval. Within 30 days of UCM's receipt of such written notice, the GVEA and UCM shall meet and confer (and from time to time thereafter as necessary) in an effort to (i) agree on a mutually agreeable alternate route over which to relocate the Haul Road through GVEA's Property; or, (ii) in lieu of relocation, agree on a mutually acceptable modification pursuant to section 5 below. If the parties agree on a course of action, UCM shall commit to such action in writing to enable GVEA to communicate to the regulatory agency UCM's binding commitment to relocate or modify the Haul Road. UCM is not obligated to complete work on the relocation or modification until the sooner of (i) 12 months from the date UCM receives written notice that the activity proposed by GVEA is permitted, in which case UCM may request GVEA to confirm that GVEA intends to proceed with the permitted activity; or, (ii) 24 months from the date GVEA notifies UCM in writing that GVEA is proceeding (including permit procurement) with the project requiring the

relocation or modification of the Haul Road. If the parties cannot agree on a course of action within 90 days of their initial meeting either party may demand arbitration under Section 15 of this agreement.

(d) Consistent with the allocation of cost as discussed in Paragraph 4(a) and (b) supra, in instances where regulatory approval is not required but GVEA reasonably determines that the Haul Road as then constructed within GVEA's Property materially interferes with GVEA's existing or future power generation and power delivery needs, UCM shall, on a one time basis, relocate the Haul Road to another mutually acceptable route. GVEA shall exercise its right to require UCM to relocate the Haul Road under this provision by providing UCM with written notice, together with a statement of the circumstances and reasons giving rise to the relocation request. UCM shall have one year from the date of such written notice to relocate the Haul Road. Within 30 days of receiving GVEA's written notice that the Haul Road be relocated, UCM may by writing, suggest a modification instead of a relocation to resolve the circumstances prompting GVEA's Haul Road relocation request. If, within 90 days of GVEA's initial written notice, the parties cannot agree on either a relocation of the Haul Road as provided in this section or a modification as provided in Section 5 below, either party may demand an arbitration pursuant to Section 15 hereof. Among other appropriate issues, the arbiter(s) shall decide whether the Haul Road materially interferes with GVEA's existing or proposed power generation needs and whether UCM's proposed modification in lieu of relocation fully satisfies the reason for GVEA's relocation request. If the arbiter rules that UCM's modification proposal fully satisfies the reason for GVEA's requested relocation, UCM shall implement the modification and GVEA shall retain its right to request relocation of the Haul Road under this section at a later time in the future.

5. Modifications. During the term of this agreement, UCM agrees, at its sole expense, to make such modifications to the Haul Road as are reasonably necessary to permit GVEA to use its property for power generation purposes without material interference from the Haul Road. In this agreement, the term "modification" means any change or alteration to the Haul Road location that will result in the movement of the centerline of the Haul Road by less than ten (10) feet for distance of up to 100 feet in the area immediately adjacent to GVEA's existing substation. GVEA is entitled to require modification under this Section 5 as long as the requested modification is reasonable and not arbitrary. If the parties cannot agree on the reasonableness of GVEA's requested modification, the necessity of the modification, or the extent of a modification, either party may demand arbitration under Section 15 hereof with such request to be made within sixty (60) days of GVEA's initial modification request.

6. Consent To Haul Road.

(a) Subject to the terms and conditions of this agreement, GVEA consents to UCM's use of the Haul Road and the proposed alteration of the existing Haul Road

as described in *Exhibit A*. GVEA shall cooperate with UCM's efforts to obtain land use authorization from whatever governmental authority is necessary, if any, for purposes of constructing the alterations and/or for UCM's use of the Haul Road. UCM shall bear sole responsibility for acquiring all such land use authorizations and permits. Such authorization(s), however, shall at all times be subject to the terms and conditions of this easement agreement and GVEA shall be given an opportunity to review and either consent or object to the terms and conditions of such regulatory authorization. If GVEA objects to the conditions imposed by the regulatory authority, UCM, GVEA and the appropriate regulatory authority shall meet to resolve GVEA's objections.

(b) All authorizations granted to UCM shall specifically be subject to this easement agreement and shall provide that GVEA may continue to use its property outside the easement boundaries identified in *Exhibit A* without restriction, and may continue to use the Haul Road at all times subject, however, to reasonable traffic safety controls as may be implemented from time to time by UCM.

7. **Notice.** Subject to 13 (f), UCM covenants that all Work on the Haul Road and any use of the Haul Road by UCM shall at all times be conducted in such a manner so as to minimize any interference with GVEA's continued and future power generation and power delivery use of its property subject, however, to reasonable traffic safety controls as may be implemented from time to time by UCM. UCM covenants that prior to constructing any modifications or improvements to or performing maintenance (other than routine maintenance) on the Haul Road, UCM shall provide GVEA as much advance notice as possible but in no event less than ten (10) days written notice. If emergency repairs are necessary, UCM shall inform GVEA immediately upon learning of the need for such emergency repairs. UCM covenants that all Work on the Haul Road shall be completed timely and conducted professionally in a good workmanlike manner and that all modifications shall be constructed in accordance with construction plans submitted and approved in writing by GVEA in advance.

8. **Insurance.**

(a) UCM shall obtain such insurance as provided in *Exhibit D*.

(b) No later than 10 days, prior to commencing any work on the Haul Road or using the Haul Road (except as relates to UCM's regular suppliers), UCM shall deliver to GVEA certificates of insurance and other evidence of insurance necessary to satisfy GVEA that the insurance provisions of this agreement have been complied with. During construction, UCM shall at all times keep, or cause its Contractors and Subcontractors performing Work on the Haul Road to keep, such insurance during the duration of this agreement.

9. Indemnification.

(a) UCM shall defend, indemnify and hold GVEA and its officers, directors, and employees harmless from and against all claims, losses, costs and damages asserted by third parties, including but not limited to, attorney's fees pertaining to the performance of the Work and/or use of the Haul Road and involving personal injury, sickness, disease, death or property damage, but only to the extent caused in whole or in part by the negligent acts or omissions of UCM or other persons or entities for whose acts UCM may be liable.

(b) To the fullest extent permitted by law, UCM shall defend, indemnify and hold GVEA, and its officers, directors, and employees, harmless from and against all administrative and judicial proceedings, fines, penalties, and costs of compliance due to the violation of any state or federal statute, regulation, rule or decision (except environmental statutes, regulations, rules or decisions which are addressed separately in paragraph 13(f) below) arising out of or relating to the UCM's use of the Haul Road and/or performance of Work by UCM or other persons or entities for whose acts UCM may be liable on the Haul Road. This section does not cover administrative and judicial proceedings, fines, penalties, and costs of compliance relating to Haul Road dust.

(c) UCM's indemnity obligations include, but are not limited to, the payment of all judgments, legal fees, costs and expenses incurred by GVEA and/or its officers, directors, and employees. If any action which is filed against GVEA within the scope of this indemnity agreement and is not covered or defended by UCM's insurance carrier and such action has a reasonable possibility of affecting GVEA's power generation and power delivery use of its property, UCM agrees that GVEA may employ an attorney of GVEA's own selection (subject to the approval of UCM, which approval may not be unreasonably withheld), to appear in and defend the action on behalf of GVEA at the sole reasonable expense of UCM. If an action is filed against GVEA that is covered or defended by UCM's insurance carrier, GVEA agrees to abide by UCM's insurance contract concerning selection of counsel to defend GVEA. In other instances, UCM may select the attorney subject to GVEA's approval, which approval may not be unreasonably withheld. UCM's indemnity, defense and hold harmless obligations hereunder shall survive the expiration or termination of this agreement for acts or omissions occurring prior to such expiration or termination.

(d) The duty of defense and indemnification under this section 9 shall not arise to the extent that the claims, costs, losses, and damages were caused by the willful misconduct of GVEA.

10. Environmental Indemnification.

(a) UCM agrees to defend, indemnify and hold GVEA and its officers, directors, and employees harmless for all Environmental Claims arising from UCM's presence or

activities on the Haul Road except to the extent such Claims are caused by the willful misconduct of a party indemnified under this section.

(b) "Environmental Claim" means (a) a claim for costs incurred to respond to the release or threatened release of a hazardous substance as that term is defined in AS 46.03.826, whether or not the Alaska Department of Environmental Conservation or the United States Environmental Protection Agency or any other Federal, State or local regulatory agency has issued an order requiring the incurring of such response costs; or (b) claims by any person or entity arising out of, related to, or made in connection with the release or threatened release of hazardous substances from UCM's use of the Haul Road impacting GVEA's Property arising out of or made in connection with any alleged violation of any environmental protection law including, without limitation, (1) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601, *et seq.* ("CERCLA"), (2) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. 6901, *et seq.* ("RCRA"), AS 46.03.822, (3) Chapter 4 of Title 46 of the Alaska Statutes, and (4) any similar or related implementing or successor law hereinafter enacted, and any amendment, rule, regulation, order, or directive issued under any of the forgoing.

(c) This section does not cover Environmental Claims resulting from Haul Road dust becoming airborne. UCM's obligations concerning Haul Road dust are contained in subsection 13(f).

11. Exculpation of GVEA. GVEA and its officers, directors, and employees shall not be liable to UCM for any loss or damages to UCM or UCM's property from any cause related to the design, construction, maintenance, inspection, relocation, management, modification, improvement, or expansion of the Haul Road, except to the extent such damage is caused by GVEA's and its officers, directors, and employees willful misconduct. UCM waives all such claims including, but not limited to, negligence, rights of subrogation, damage to the Haul Road or Work, loss due to business interruption, loss of use, income or profits, and consequential and incidental damages, related to the design, construction, maintenance, inspection, relocation, modification, improvement, or expansion of the Haul Road against GVEA and its officers, directors, and employees, for loss or damage to person or property arising, during the period of time in which improvements relating to the Haul Road are located within GVEA's Property. GVEA's or its officers, directors, or employees operation of vehicles on the Haul Road is not within the scope of this exculpation and in such instances GVEA's liability will be determined under general negligence principles.

12. No Assumption of Risk or Obligation by GVEA. From time to time GVEA may observe UCM's use of the Haul Road or the performance of Work and may provide information to, obtain information from or inform UCM or its Agents of conduct which GVEA

believes is prohibited by state or federal law, regulation, rule or decision. UCM expressly agrees that such observation, provision or receipt of information, or communication of opinion of violations shall not impose any present or future duty upon GVEA or terminate, diminish or affect in any way the indemnification, exculpation or waiver provided by this agreement.

13. UCM Covenants.

(a) Except as otherwise provided herein, UCM assumes all risk and responsibility for UCM's use of the Haul Road and the design, construction, maintenance, inspection, or relocation, modification, improvement, expansion, operation or other similar activity involving or relating to the Haul Road.

(b) As long as any portion of the Haul Road granted under this agreement is located within GVEA's Property, UCM shall pay all consultants fees, testing, reports, and other costs incurred by GVEA in obtaining or amending any permit or other governmental authorization related to GVEA's power generation use and/or operations on its property to the extent such costs in the authorization process are directly related to consideration of the Haul Road in relation to GVEA's operations, except to the extent any of the above may result from Haul Road dust. The intention of this provision is that UCM shall pay for all costs in excess of costs GVEA would have incurred if the access road remained in its original location.

(c) At its sole cost, UCM shall perform all investigation, testing and other information gathering as necessary to determine the proper design and location of the Haul Road modifications set forth in *Exhibit A* and consistent with the cost allocation specified in Section 4(a) hereof, all future modifications and/or relocation. UCM acknowledges that GVEA has no duty to supply any information to UCM or its Agents concerning the proper design and location of the Haul Road. To the extent GVEA may submit information used by UCM, UCM acknowledges GVEA used its best efforts to provide accurate information, but UCM acknowledges GVEA does not warrant the accuracy of such information and UCM has no obligation to use the information that GVEA provides.

(d) Upon GVEA's request, UCM shall make available to GVEA all data related to the use, design, construction, location, modification, or relocation of the Haul Road. GVEA may use such data in support of any modification in the use of its property or to support governmental authorization associated with GVEA's use of its property.

(e) UCM covenants that UCM shall at all times use the Haul Road and perform all operations, activities and work in a safe, lawful, prudent, skillful manner so as to ensure that all use, operations, activities and work comply with Mine Safety and Health Administration regulations and all other applicable statutes and regulations whether state, federal or local.

(f) Consistent with Paragraph 10(c) hereof, UCM covenants and agrees to use reasonable precautions to control dust resulting from UCM's use of the Haul Road,

such as applying dust palliatives and water to the road to minimize road dust becoming airborne. The parties agree to work cooperatively with regulatory agencies in relation to fugitive dust issues.

(g) UCM covenants that the Haul Road will comply with all federal and state statutes, regulations, rules, codes, and other measures with which GVEA must comply as a direct result of the Haul Road being placed within its property.

(h) UCM agrees to comply with and require compliance with this agreement by its contractors and subcontractors that perform Work including, but not limited to, UCM's duty to defend, indemnify and hold GVEA harmless.

(i) UCM represents and warrants that it shall permit adequate access over/across the Haul Road to the immediately adjoining Parcel A as well as to the property identified as ADL# 31995 and 23976.

(j) UCM acknowledges that UCM's use of the Haul Road is non-exclusive to UCM. GVEA shall be entitled to use the Haul Road and to permit third parties to use the Haul Road as well for access to GVEA's Property. Without in any way limiting UCM's defense and indemnity obligations to GVEA, and its officers, directors and employees in paragraph 9, GVEA and UCM acknowledge that third parties authorized by GVEA to use the Haul Road have no right under this agreement to require UCM to defend and indemnify such third parties.

14. GVEA Covenants. GVEA agrees to provide UCM reasonable notification of governmental actions that may affect UCM's use of the Haul Road, including but not limited to issues relating to airborne dust. GVEA shall provide copies of correspondence concerning airborne dust or that implicate or tend to implicate UCM activities as a cause of any violation of law or regulation.

15. Dispute Resolution.

(a) Except as provided in subsection (b) below, any controversy or claim arising out of or relating to this easement agreement or the breach thereof, shall be settled by arbitration. The arbitration shall be governed by the rules of the American Arbitration Association then in effect. The controversy or claim shall be submitted to three arbitrators, one of whom shall be chosen by GVEA, one by UCM and the third chosen by the other two so selected. The party desiring arbitration shall give written notice to the other party of its desire to arbitrate the particular matter in question, naming the arbitrator selected by it. If the other party shall fail within a period of fifteen (15) days after such notice shall have been given to reply in writing naming the arbitrator selected by it, then the party not in default may apply to the American Arbitration Association for the appointment of the second arbitrator. If the two arbitrators chosen as above provided shall fail within fifteen (15) days after their selection to agree upon the

third arbitrator, then either party may apply to the American Arbitration Association for the appointment of an arbitrator to fill the place so remaining vacant. To be qualified as an arbitrator a person must have expertise in the subject matter in dispute and be either a registered engineer, a lawyer, or a management level business person. The decision of any two of the arbitrators shall be final and binding upon the parties hereto and shall be delivered in writing, signed in triplicate by the concurring arbitrators to each of the parties hereto. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The award may include general, consequential and incidental damages. Legal costs, attorneys' fees and the fees of expert witnesses may be awarded to a person adjudged by the arbitrators to be a prevailing party.

(b) A party shall be entitled to obtain a temporary restraining order or preliminary injunction in the courts of the State of Alaska and, in a case where such an order is issued, the entire controversy or claim shall be determined by the court.

16. UCM Compliance With Mine Health Safety Administration Requirements and Other Matters. UCM acknowledges that the Haul Road is subject to the jurisdiction of the Mine Safety and Health Administration and agrees to abide by its regulations and to bear all expenses incurred by GVEA as a direct result of MSHA's jurisdiction.

17. Default; Suspension of Work.

(a) Subject to subsection (b) hereof, UCM's failure to perform any material term of this agreement shall constitute a default if the failure to perform is not cured within 30 days after notice has been given to the defaulting party. If the default cannot reasonably be cured within 30 days, the defaulting party shall not be in default if efforts to cure the default within the 30-day period are commenced and diligently and in good faith continued thereafter. Notices given under this section shall specify the alleged default and the applicable easement provisions, and shall demand that the provisions be performed.

(b) GVEA may require UCM and its Agents to suspend use of the Haul Road if:

(1) GVEA anticipates that UCM's performance of the Work will materially interfere with GVEA's power generation use of its property and GVEA is reasonably unable to perform its own operations while the Work is ongoing, GVEA shall provide UCM as much notice as reasonably possible under the circumstances; or

(2) GVEA determines activities of UCM and its Agents constitutes an immediate unreasonable safety risk to GVEA employees or to GVEA's electrical operations, which risk cannot be immediately abated by UCM.

18. Remedies Upon Default. The parties shall have all remedies allowed by law. A party shall be entitled to full reasonable attorney's fees in any action or arbitration to

enforce any right hereunder. Neither party shall be required to post a bond or undertaking as a condition of requesting or obtaining an injunction, order or decree that requires the party to comply with the terms of this agreement.

19. General Conditions.

(a) Time of Essence. Time is of the essence of each provision of this agreement.

(b) Consent of GVEA. Whenever consent or approval of GVEA is required, GVEA shall have the absolute right of consent.

(c) Corporate Authority. Each party shall deliver to the other party on execution of this agreement a certified copy of a resolution of its board of directors authorizing the execution of this agreement and naming the officers that are authorized to execute this agreement on behalf of the corporation.

(d) Successors. This agreement shall be binding on and inure to the benefit of the parties and their successors and assigns.

(e) Exhibits - Incorporation in Agreement. All Exhibits referred to are attached to this agreement and incorporated by reference.

(f) Interpretation of Agreement. This agreement shall be construed and interpreted in accordance with the laws of the State of Alaska. Each party has had assistance of counsel in negotiating this agreement and therefore the contract interpretation aid of construing an agreement against the drafter shall not be used in interpreting this agreement.

(g) Integrated Agreement; Modification. This agreement and other documents executed in connection therewith, set forth the entire agreement and understanding between GVEA and UCM respecting the subject matter hereof, and together supersede all other agreements, promises or representations, oral or written, which are or may be incidental or supplementary to the provisions thereof. This agreement may only be modified or altered by a document in writing executed by both GVEA and UCM, their respective successors and permitted assigns.

(h) Compliance With All Laws. UCM shall, at its sole expense, comply with all applicable State and Federal statutes and regulations in effect on the date of this agreement and with all statutes and regulations placed in effect or amended after the effective date of this agreement. A reference to a statute or regulation in this agreement includes any change in that statute or regulation, whether by amendment, repeal and replacement, or other means.

(i) Use of Definitions. The definitions contained in this agreement shall be used to interpret this agreement.

(j) Notice. Any written notice to be given relating this agreement shall be deemed to have been given if sent by certified mail postage prepaid to the last know address of the party.


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(k) No Waiver. The failure of any party to insist upon strict performance of any provision of this agreement or the failure to exercise any right, power or remedy upon a default hereof, shall not constitute a waiver of any provision of this agreement or limit a Party's right to insist upon strict performance or a party's right to thereafter enforce any provision or exercise any right hereunder.

(l) Multiple Counterparts. This agreement may be executed in multiple counterparts, each of which shall constitute an original as to the party or parties executing the same.

(m) Further Documentation. The parties agree to execute such documents as provided by this agreement or as the other party reasonably may reasonably request to fulfill the intent of this agreement.

USIBELLI COAL MINE, INC.

GOLDEN VALLEY ELECTRIC
ASSOCIATION, INC.



Joseph E. Usibelli, Jr., President



Steve Haagenson, President and
Chief Executive Officer

Date: 6/10/02

Date: 6-14-02

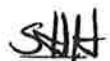
Attachments: *Exhibit A: Location of Haul Road and any Improvements*
Exhibit B: Grant of Easement
Exhibit C: Quitclaim of Easement
Exhibit D: Insurance

EXHIBIT A

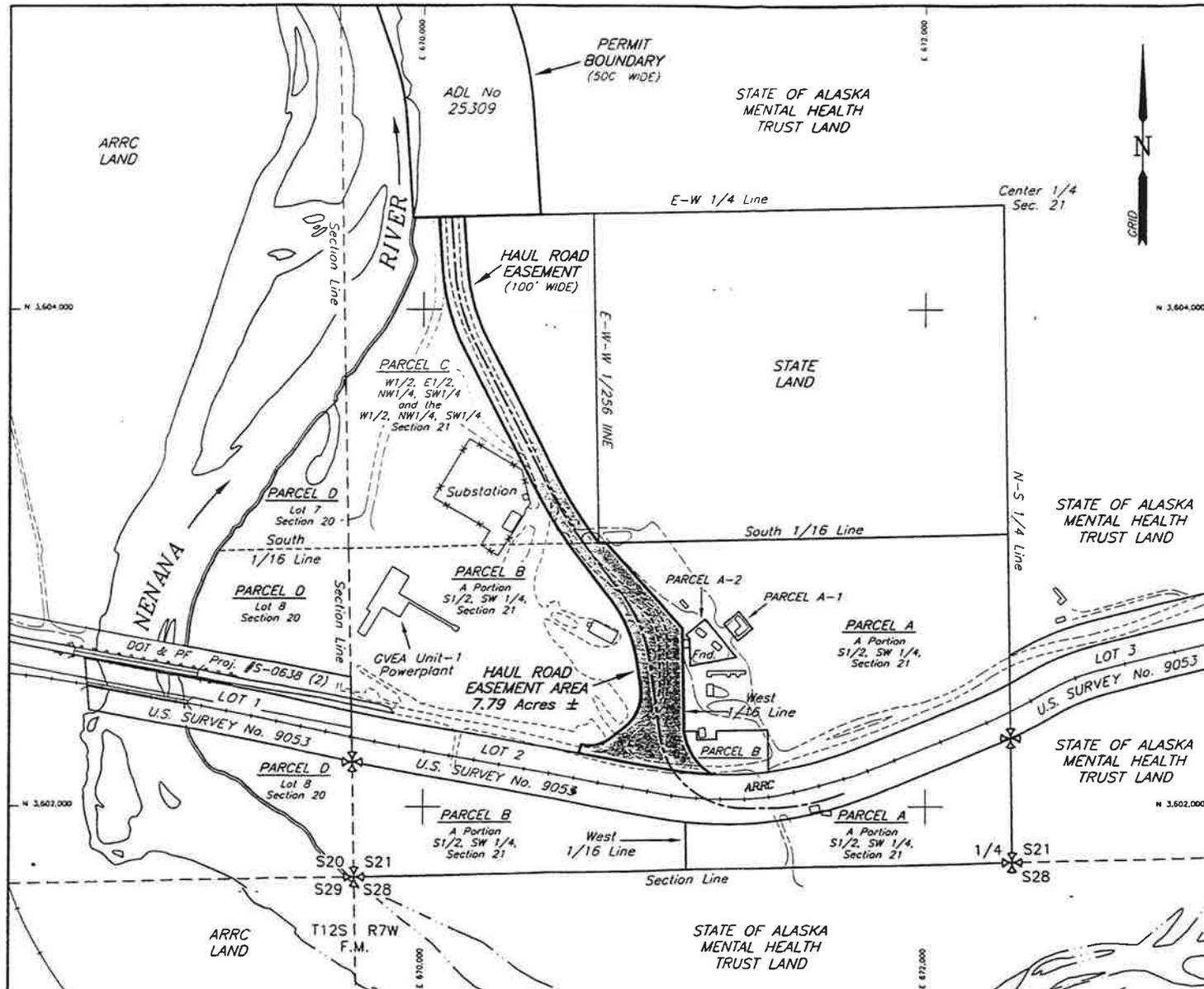
TO GVEA-UCM HAUL ROAD EASEMENT AGREEMENT

Haul Road Drawing Attached


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UCM/GVEA HAUL ROAD AGREEMENT (Final Draft) Page 13 of 20 Exhibit A

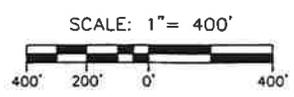


SECTION 20 & 21,
T12S, R7W, F.M., ALASKA

PARCEL	SURFACE ESTATE	MINERAL ESTATE
Parcel A	Waugaman	U.S.A. (Coal)
Parcel A-1	Jennings	U.S.A. (Coal)
Parcel A-2	Lowatchie	U.S.A. (Coal)
Parcel B	GVEA	U.S.A. (Coal)
Parcel C	GVEA	U.S.A. (Coal, Oil & Gas)
Parcel D	GVEA	STATE OF ALASKA

NOTE:
Horizontal Datum: ASPC, Zone 4, NAD-27

LEGEND:
 GLO-BLM Monument of Record.
 Bld. Building Foundation, Only.



POKER FLATS MINE  PERMIT NUMBER 01-83-796

EXHIBIT A
HAUL ROAD EASEMENT AGREEMENT
EASEMENT LOCATION DRAWING

DATE: 2/02 DRAWN BY: T.S. Venetruk PLS

USIBELLI COAL MINE, INC.
P.O. BOX 1000, HEALY, ALASKA 99743
(907) 843-2222

SECTION 20 & 21,
T12S, R7W, F.M., ALASKA

PARCEL	SURFACE ESTATE	MINERAL ESTATE
Parcel A	Waugaman	U.S.A. (Coal)
Parcel A-1	Jennings	U.S.A. (Coal)
Parcel A-2	Lowatchie	U.S.A. (Coal)
Parcel B	GVEA	U.S.A. (Coal)
Parcel C	GVEA	U.S.A. (Coal, Oil) (& Gas)
Parcel D	GVEA	STATE OF ALASKA

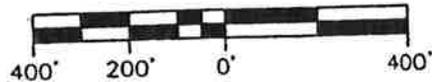
NOTE:

Horizontal Datum: ASPC, Zone 4, NAD-27

LEGEND:

-  GLO-BLM Monument of Record.
-  Fnd. Building Foundation, Only.

SCALE: 1" = 400'



POKER FLATS
MINE



PERMIT NUMBER
01-83-796

EXHIBIT A
HAUL ROAD EASEMENT AGREEMENT
EASEMENT LOCATION DRAWING

DATE: 2/02 DRAWN BY: T.S. Venchuk PLS

USIBELLI COAL MINE, INC.
P.O. BOX 1000, HEALY, ALASKA 99743
(907) 883-2226

STATE OF ALASKA
MENTAL HEALTH
TRUST LAND

STATE
LAND

STATE OF ALASKA
MENTAL HEALTH
TRUST LAND

STATE OF ALASKA
MENTAL HEALTH
TRUST LAND

STATE OF ALASKA
MENTAL HEALTH
TRUST LAND

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ALASKA RAILROAD CORPORATION



Corporate Address: P.O. Box 107500, Anchorage, Alaska 99510
327 W. Ship Creek Avenue, Anchorage, Alaska 99501

ARRC Contract No. 7997
Permit For: Private Haul Road
ARRC Milepost: D-1.3 to D-4.7

PERMIT

THIS PERMIT, dated January 15, 2001³, is made by and between the **Alaska Railroad Corporation**, a public corporation of the State of Alaska formed pursuant to AS 42.40 ("ARRC"), and **Usibelli Coal Mine, Inc.**, an Alaska corporation ("Permittee").

1. GRANT OF PERMIT. ARRC hereby grants to the Permittee a permit to construct, reconstruct, operate and/or maintain an eighty (80) foot wide, 3 ½ mile long haul road within ARRC's Suntrana Branchline track right-of-way from ARRC Milepost D-1.3 to D-4.8 (the "Facility") upon ARRC's track right-of-way, communications pole line right-of-way, or other property of ARRC, as set forth on the drawing attached as Exhibit A (the "Site"). The permission herein granted is subject to the terms and conditions set forth in this Permit.

2. TERM. This Permit shall be for an initial term of ten (10) years, commencing as of June 1, 2001 and ending May 31, 2011, with two options to extend for an additional 10 years each upon mutual agreement of both parties. ARRC may terminate this Permit at any time on 180 days' written notice if ARRC desires to restore rail service within all or part of the Suntrana Branch right-of-way; however, if ARRC desires to restore rail service within the first 4,500 feet east of the Permittee's prill tower at Milepost D-1.3, ARRC may terminate this Permit at any time on 30 days' written notice.

3. PERMIT FEE. As consideration for this Permit, Permittee shall pay an annual fee of One Thousand Five Hundred Dollars (\$1,500) in advance. However, every five (5) years during the permit term and any extended period thereafter, the annual fee shall be adjusted to ARRC's then-current fee for similar permits.

4. PLANS AND SPECIFICATIONS.

4.01 Permittee shall construct, reconstruct, operate and/or maintain the Facility in the location shown outlined in "red" on Exhibit A.

4.02 Prior to advertising for bids, issuing amendments and/or issuing a change order(s) to its contractor for work on any part of the Facility covered by this Permit, or prior to commencing any such work itself, the Permittee shall submit to ARRC for approval all plans and specifications and all amendments, additions or corrections thereto, for the original construction and all future modifications of the Facility. Permittee agrees not to commence any associated work until the aforesaid approval has been received.

4.03 Permittee agrees that any Facility construction or operation shall be substantially in accordance with Permittee's plans and specifications as first approved by ARRC.

4.04 Permittee agrees that if, at any time during the term of this Permit, ARRC deems it necessary to have additional safety equipment installed for the protection of its passengers, personnel, or equipment, the Permittee will, upon request from ARRC, install such equipment or safety devices as are prescribed by ARRC. Permittee agrees to comply with all ARRC standards for side and overhead clearances, which may be obtained from ARRC.

4.05 The Standard Specifications for Work on Railroad Property (the "Standard Specifications") attached as Exhibit B are incorporated herein by reference. Permittee hereby agrees that all construction, reconstruction, operation and maintenance upon ARRC property shall be performed in accordance with the Standard Specifications and any supplemental conditions required by paragraph 4.06 of this document or by any supplements hereto. Permittee agrees to make the Standard Specifications and any supplemental conditions part of all contractual bid specifications which the Permittee may publish for work associated with its Facility covered under this Permit. In the event the Standard Specifications are revised by ARRC prior to termination of this Permit, Permittee agrees that any changes in or additions to the Facility shall be performed in accordance with such revised Standard Specifications, provided that ARRC has given notice of the change to Permittee.

4.06 Permittee hereby agrees to the supplemental conditions, if any, to this Permit attached as Exhibit C.

4.07 If automatic crossing signal devices (including improved crossing protection devices required by revised industry standards) are required by applicable law or regulation, by railroad industry standards, or by either party, such signals shall be furnished, installed and maintained by ARRC at the expense of the Permittee.

5. MAINTENANCE OF FACILITY.

5.01 During the term of this Permit, the Permittee shall maintain the Facility to industry standards or to those standards or levels of maintenance prescribed by federal, state or municipal laws and regulations. If no industry standards, laws or regulations exist, then the Permittee shall maintain its Facility to the satisfaction of ARRC. If final design, as approved by ARRC, includes a track crossing, sight triangles shall be maintained by Permittee free of vegetation and other obstructions to vision in accordance with the table entitled "Sight Triangle Distance" attached as Exhibit D and as otherwise established and revised from time to time by ARRC.

5.02 Permittee shall construct a fence and gate at the Facility in accordance with ARRC's Standard Plan 2.77 attached to this Permit as Exhibit E, and at the time directed by ARRC's Chief, Engineering Services in his approval of Permittee's construction plans.

5.03 Permittee shall give the ARRC not less than ten (10) days prior written notice of Permittee's intention to enter upon ARRC property for the purpose of maintenance, reconstruction, alteration or removal of the Facility, except that in any instance of sudden emergency requiring prompt and immediate action to protect the public safety, notification may be in the form of a telephone call to the ARRC Engineering Department at 265-2456.

6. PAYMENT FOR WORK.

6.01 Permittee shall pay for all Facility construction, reconstruction, operation and/or maintenance, including the cost of ARRC inspectors and flagmen whose duties will be to protect

the interests of ARRC and to insure the completion of the work to the satisfaction of ARRC.

6.02 Permittee shall reimburse ARRC for all costs in connection with the granting and operation of this Permit, including but not limited to, labor, materials, and equipment furnished by ARRC. Such reimbursement shall be at rates established by ARRC, and shall be due and payable within thirty (30) days following the date invoices are submitted by ARRC to the Permittee.

7. INTEREST IN RAILROAD PROPERTY.

7.01 It is understood that the Permittee acquires no interest in or title to ARRC property by means of this Permit. Permittee shall have, at the discretion of ARRC, access to ARRC property for the purpose of construction, reconstruction, operation and/or maintenance of the Facility. This shall be done at times which will not in any way interfere with the operation of ARRC.

7.02 ARRC reserves the right of ingress to and egress from the Site and the right to enter any part of the Site, including buildings thereon, for the purpose of inspection at any reasonable time, and in time of emergency. All inspections will be coordinated with the Permittee in order to minimize interference with the Permittee's activities on the Site.

7.03 Prior to the expiration or termination of this Permit, the Permittee will remove the Facility and other property of Permittee and restore the Site to its original condition unless otherwise directed by ARRC. Failure of the Permittee to do so by the expiration or termination date will result in ARRC removing the Facility and other property of Permittee and restoring the Site at the Permittee's expense, which expense Permittee agrees to pay ARRC upon demand.

8. NON-EXCLUSIVE USE/RAILROAD CONSTRUCTION.

8.01 ARRC reserves the right to grant permission to others to use and occupy the Site, provided that said use and occupancy will not, in the opinion of ARRC, unreasonably interfere with the Permittee's use of the Facility.

8.02 In the event ARRC finds it is necessary to alter or add to its construction within the Site, the Permittee shall make all alterations to the Facility necessary to accommodate ARRC's construction without cost to ARRC.

9. INSURANCE AND INDEMNIFICATION.

9.01 Workers' Compensation. Permittee shall ensure that, with respect to all personnel performing work on the Facility, Permittee maintains in effect at all times during the term of this Permit, coverage or insurance in accordance with the applicable laws relating to workers' compensation and employer's liability insurance, regardless of whether such coverage or insurance is mandatory or merely elective under the law.

9.02 Liability Insurance. Prior to construction, reconstruction, operation and/or maintenance of the Facility, Permittee shall secure such liability insurance as will protect Permittee and ARRC from and against any and all claims and liabilities arising out of bodily harm (including death) or property damage that may result from such construction, reconstruction, operation and/or maintenance. All such insurance shall be placed with such insurers and under such forms of policies as may be acceptable to ARRC. Without limiting the generality of the foregoing, such insurance shall include the following; provided however, that

the provisions of this paragraph shall control over any inconsistent provisions contained in the Standard Specifications attached hereto:

A. General liability insurance (including, but not limited to, premises-operations, products, contractual, broad-form property and independent contractors) with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) aggregate for bodily harm (including death) and property damage.

B. Automobile liability insurance (including owned, hired, and non-owned) with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence for bodily harm (including death) and property damage.

C. Railroad protective liability insurance, naming the Alaska Railroad Corporation as insured, of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury and Two Million Dollars (\$2,000,000) per occurrence for property damage. **[This subparagraph applies only during periods of construction within twenty (20) feet of track.]**

The amounts and types of insurance set forth in this paragraph 9.02 are subject to review and reasonable change annually by ARRC. ARRC shall provide Permittee written notice of a change thirty (30) days' prior to the effective date.

9.03 Evidence of Insurance. Permittee shall deliver to ARRC certificates of insurance prior to the construction, reconstruction, operation and/or maintenance of the Facility (or within such further time as ARRC may allow in writing), and on an annual basis thereafter, and such additional assurance certified by an authorized representative of the insurer as ARRC may from time to time request.

9.04 Additional Insured. Permittee shall ensure that any policies of insurance that Permittee carries against loss of or damage to property or against liability for property damage or bodily harm that may occur in connection with the Facility or this Permit shall name ARRC as an additional insured.

9.05 No Limitation. The requirements of this Permit as to insurance and acceptability to ARRC of insurers and insurance to be maintained by Permittee is not intended to and shall not in any manner limit or qualify the liabilities and obligations of Permittee under this Permit.

9.06 Indemnity. Permittee shall assume complete liability for any and all claims resulting from the construction, reconstruction, maintenance, operation, use and existence of the Facility located on, under, or over the Site. Permittee releases and shall defend, indemnify and hold harmless ARRC from and against all royalties, claims, losses, harm, costs, liabilities, damages, and expenses (including, but not limited to, attorneys' fees), whether suffered by ARRC or any other person or entity, in any manner directly or indirectly arising out of or due to:

A. any act, omission, fault, negligence, or strict liability of Permittee in connection with or incident to the Facility or performance of this Permit;

B. any bodily harm (including death) to any person or damage to any property or to the environment in connection with or incident to the Facility or performance of this Permit by Permittee;

C. any lien or asserted liens upon the property of ARRC arising out of or in connection with the Facility or the performance of this Permit by Permittee;

D. any failure of Permittee to comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits, and other requirements, now or hereafter in effect, or any governmental authority;

E. any failure of Permittee to secure and maintain insurance as required by this Permit; or

F. any failure of Permittee to comply with the requirements of this Permit.

To the fullest extent permitted by applicable law, the provisions of this paragraph 9.06 shall apply regardless of any acts, omissions, fault, negligence, or strict liability of any employees or agents of ARRC.

10. DEFAULT AND REMEDIES.

10.01 Default. The occurrence of any one or more of the following events shall constitute a material default by Permittee.

A. The failure by Permittee to make any payments required to be made by Permittee hereunder, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from ARRC to Permittee.

B. Except as otherwise provided in this Permit, the failure by Permittee to observe or perform any of the covenants, conditions or provisions of this Permit to be observed or performed by Permittee, other than described in paragraph (a) above, where such failure shall continue for a period of ten (10) days after written notice thereof from ARRC to Permittee.

C. The occurrence of any of the following:

(i) the making by Permittee of any general arrangement or general assignment for the benefit of creditors;

(ii) Permittee becomes a debtor in bankruptcy;

(iii) the appointment of a trustee or receiver to take possession of substantially all of Permittee's assets; or

(iv) the attachment, execution or other judicial seizure of substantially all of Permittee's assets.

D. The discovery by ARRC that any financial statement given to ARRC by Permittee, any assignee of Permittee, any successor in interest of Permittee or any guarantor of Permittee's obligation hereunder, was materially false at the time given.

E. Vacation or abandonment of the Facility by Permittee.

10.02 Remedies. In the event of any material default by Permittee, ARRC may at any time thereafter, without notice or demand and without limiting ARRC in the exercise of any right or remedy which ARRC may have by reason of such default:

A. Terminate Permittee's rights under this Permit and ARRC may pursue other remedies, or

B. Maintain Permittee's rights under this Permit in which case this Permit shall continue in effect. In such event ARRC shall be entitled to enforce all of ARRC's rights and remedies under this Permit, including the right to recover the payments due hereunder, and

C. Pursue any other remedy now or hereafter available to ARRC under the laws or judicial decisions of the State of Alaska.

10.03 Late Charges; Interest. If any payment due from Permittee shall not be received by ARRC when such amount shall be due, then, without any requirement for notice to Permittee, Permittee shall pay to ARRC all charges and interest as set forth in ARRC's credit policy. This late charge does not waive, excuse or cure any default.

11. LAWS AND TAXES.

11.01 This Permit is issued subject to all requirements of the laws of the State of Alaska and regulations of ARRC relating to the granting of privileges on ARRC lands and facilities.

11.02 Permittee shall comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority including, but not limited to, matters of health, safety, sanitation and the environment. Permittee shall execute and deliver to ARRC copies of all documents as may be required to effect or to evidence such compliance. All laws, ordinances, rules, regulations, orders, licenses, and permits required to be incorporated in agreements of this character are incorporated herein by this reference.

11.03 If at any time during the Permit Term any new or additional taxes (other than federal or state net income taxes or any other taxes existing on the effective date hereof) are assessed against the Permitted Premises, or any improvement thereon, or any rents payable to ARRC under this Permit, or against ARRC with respect thereto, Permittee shall pay to the taxing authority or ARRC, not less than ten (10) days before they become delinquent and as additional rents, all of such new taxes.

11.04 Unless otherwise specified in this Permit, the attachments hereto or as directed by ARRC, Permittee shall obtain and pay for all permits, inspections, licenses and fees and shall furnish all bonds, security or deposits required to construct, reconstruct, operate and/or maintain the Facility in accordance with this Permit. Permittee shall advise ARRC in writing and consult with ARRC prior to applying for any permit or other authorization from, or entering into any agreement with, any governmental authority with regard to the construction, reconstruction, operation and/or maintenance of the Facility.

11.05 Permittee agrees to notify ARRC of any claim, demand or lawsuit arising out of the Permittee's occupation or use of the Site. Upon ARRC's request, the Permittee will cooperate and assist in the investigation and litigation of any such claim, demand or lawsuit.

11.06 ARRC makes no specific warranties, expressed or implied, concerning its title to or the condition of the Suntrana Branchline or the Site, including survey, access or suitability for any use, including those uses authorized by this Permit. Permittee's use of the Site is subject to any and all of the covenants, terms and conditions affecting ARRC's title to the Site.

12. LIENS. Permittee shall keep the Site free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the Permittee on the Site, and hold ARRC harmless from liability for any liens, including costs and attorneys' fees. This provision shall not be interpreted to mean that ARRC in any way recognizes a liability on its part for any such liens.

13. ASSIGNMENT. This Permit shall not be assigned or in any manner transferred without the prior written consent of ARRC. This shall not be construed to impair or prevent the carrying out by public agencies of responsibilities not inconsistent with the operation and policies of ARRC relative to reconstruction, maintenance or control of the Facility.

14. NOTICES. Any notice permitted or required to be given hereunder shall be in writing and either delivered by hand, sent by certified or registered mail, return receipt requested, or sent by telegram with confirmed delivery;

- A. If to ARRC, at
ALASKA RAILROAD CORPORATION
P.O. Box 107500
Anchorage, AK 99510-7500
Attn: Director, Real Estate
- B. If to Permittee, at
USIBELLI COAL MINE, INC.
P.O. Box 1000
Healy, AK 99743
Attn: President

Notice shall be deemed to have been given on the date delivered to the recipient, regardless of any other date indicated thereon.

15. NO WAIVER. The failure of ARRC to insist in any one or more instances upon the strict performance by the Permittee of any provision or covenant in this Permit shall not be considered as a waiver or relinquishment for the future, and any such provision or covenant will continue in full force, unless ARRC issues an authorized written waiver therefrom.

16. VALIDITY OF PARTS. If any provision or covenant of this Permit is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

17. INTERRELATIONSHIP OF PROVISIONS. The basic provisions, general covenants, special covenants, supplements, addendums and drawings contained herein are essential parts of this Permit and are intended to be co-operative in designating and describing the respective rights and obligations of the parties to this Permit. Should discrepancies appear, special covenants govern over basic provisions, both of which govern over general covenants, and figured dimensions govern over scaled dimensions unless obviously incorrect.

18. HEADINGS AND CAPTIONS. The heading and captions used in this Permit have been inserted solely for convenience of reference and shall not affect, or be deemed to affect, the meaning of any provision of this Permit.

19. BINDING. Subject to the provisions of paragraph 13 above, this Permit shall be binding on the successors and assigns of Permittee and ARRC.

20. INTEGRATION AND MERGER. This Permit sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Facility and the Site, whether oral or written. No modification of this Permit is effective unless made in writing and signed by both parties.

21. GOVERNING LAW. This Permit and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the applicable laws of the State of Alaska and of the United States of America. Permittee shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of this Permit, to recover damages for breach or default under this Permit, or otherwise arising under or by reason of this Permit, other than in the courts of the State of Alaska.

ALASKA RAILROAD CORPORATION

Dated: 1/14/02

By: Karen J. Morrissey
Karen J. Morrissey
Director, Real Estate

ALASKA RAILROAD CORPORATION

Dated: 1/15/02

By: Thomas E. Brooks
Thomas E. Brooks
Chief, Engineering Services

USIBELLI COAL MINE, INC.

Dated: 12/12/01

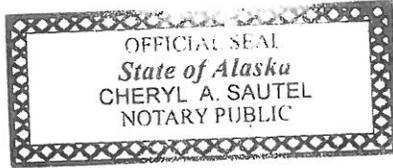
By: Joseph E. Usibelli, Jr.
Joseph E. Usibelli, Jr.
President

Attachments [check as attached]:

- Exhibit A Map/legal description
- Exhibit B Standard Specifications
- Exhibit C Supplemental Conditions
- Exhibit D Sight Triangle Distance Table
- Exhibit E ARRC Standard Plan 2.77

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

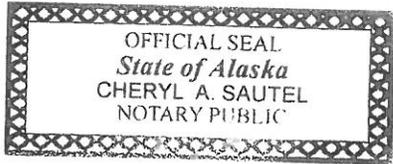
The foregoing instrument was acknowledged before me this 14 day of January, 2002 by Karen J. Morrissey, Director, Real Estate of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.



Cheryl A. Sautel
Notary Public in and for Alaska
My commission expires: 7-18-05

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 15 day of January, 2002 by Thomas E. Brooks, Chief, Engineering Services of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.



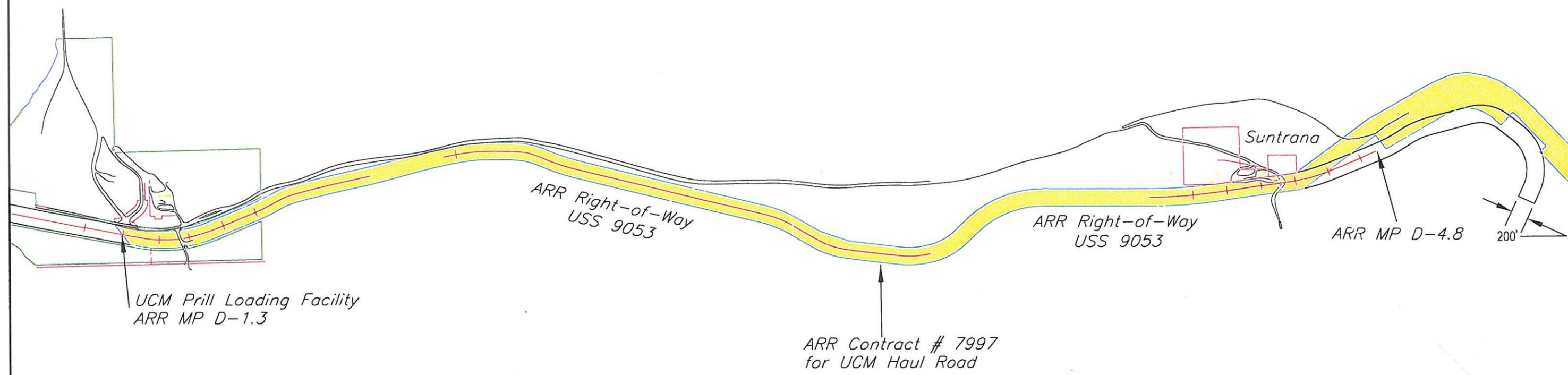
Cheryl A. Sautel
Notary Public in and for Alaska
My commission expires: 7-18-05

STATE OF ALASKA)
)ss.
FOURTH JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 17th day of December, 2001, by Joseph E. Usibelli, Jr., the President of Usibelli Coal Mine, Inc., on behalf of the same.



Nannette M. Stone
Notary Public in and for Alaska
My commission expires: 1/31/2004



Alaska Railroad Corporation	
PERMIT for USIBELLI COAL MINE	
Contract No. 7997	
Suntrana Branch, MP D 1.3 - end	
Date: 08/01/00	Scale: 1" = 1100'
Dwg. By: enh	Filename: \permits\7997-p.dwg

EX-1054 *A*

**ATTACHMENT PART B
NOTICE OF INTENT TO EXPLORE
For 2013 Renewal Term**

ACTIVITIES NOT SUBSTANTIALLY DISTURBING THE LAND SURFACE 11
AAC 90.161

6.1 Describe intended exploration activities, including major pieces of equipment and their use:

WETLAND AND VEGETATION MAPPING: Mapping of wetlands and vegetation within the proposed Rosalie Mine Permit boundary will be accomplished through field investigation using the US Army Corp of Engineers (USACE) standard three-parameter approach presented in the 1987 Wetland Delineation Manual and will employ the methods described in the 2007 Alaska Regional Supplement to the Wetland Delineation Manual. Access will be by pick-up truck only along existing trails and by foot into undisturbed areas. If existing trails have been over grown by brush methods of brush removal such as axes and chainsaws may be used.

SURFACE AND GROUNDWATER MONITORING: Sampling of surface water and groundwater to determine flows, water quality, and depth may be conducted using standard field investigation techniques. All sampling will be conducted within the proposed Rosalie Mine Permit boundary. Access will be by pick-up truck only along existing trails and by foot into undisturbed areas.

6.3 Describe practices to be used to protect the environment from adverse impacts resulting from exploration activities that do not cause substantial disturbance:

Usibelli Coal Mine will conduct all exploratory activities in such a manner to as to make absolute minimal impact within the exploratory region. This will be accomplished by making use of pre-existing trails and roads where ever possible and traveling only by foot into undisturbed regions. Any test holes dug in the process of soils mapping will, as stated previously, be immediately backfilled. These test holes will only be dug manually and will be kept to the smallest size possible for obtaining pertinent information.

Other than those stated above, Usibelli Coal Mine does not foresee any adverse impacts resulting from its exploration practices.

ATTACHMENT PART C
EXPLORATION PERMIT APPLICATION
For 2013 Renewal Term

ACTIVITIES SUBSTANTIALLY DISTURBING THE NATURAL LAND SURFACE
11 AAC 90.163

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

REGIONAL TOPOGRAPHY: The exploration area lies in the northern foothills of the central part of the Alaska Range near the town of Healy. The terrain is generally rolling, with streams eroding deep cuts with steep sides. Elevations range from 1200 to 3250 feet above sea level. The major body of water in the area is the Nenana River which flows northwest. Hoseanna and Healy Creeks, both of which flow to the west, are the two main tributaries of the Nenana River in this area. Exhibit 2013-1 shows the original topography of the area.

REGIONAL GEOLOGY: The Nenana Coal Field lies at the foothills of the Alaska Range and extends in an easterly, westerly direction for approximately 200 km. (Please see insert of coal field locations at the end of this section.) This coal field, in turn, is composed of ten smaller coal fields, the one of interest being the Healy Creek Field. The top portion of this coal producing region is a layer of gravel hundreds of feet thick believed to have been deposited by gravel laden rivers and glaciers. Beneath this, to varying depths, lies the coal producing layer known as the Usibelli group. This layer, of Tertiary age, consists of five formations: Grubstake, Lignite, Suntrana, Sanctuary and Healy Creek. Of these formations, only the Lignite, Suntrana, and Healy Creek formations are coal producing, with the Healy Creek formation being the oldest (Late Oligocene to early Miocene). The Healy Creek formation consists of layered sandstone, siltstone, clay and coal all deposited upon an unstable layer of schist.

In the old Suntrana mining area, located approximately four miles east of the Healy Creek/ Nenana River junction, the coal has been found to exist in twenty-three separate seams, with most coal being mined from the sixth seam (coal seams being sequentially numbered from the bottom of the formation upward). In the Healy Creek Basin the coal is found to lie in a radically faulted fashion (synclined), with the northern part of the coal dipping down seventy degrees to vertical and the southern section of coal being inclined forty degrees upward, making the southern section closer to the surface and therefore a more cost-productive coal source.

LAND USE: The exploration area lies within the State land use for the Tanana Basin land use management subunit D-4 of the Parks Highway/West Alaska Range sub region. The principle management objectives are the development of

coal and hard rock minerals, and protection of fish and wildlife habitat and recreational values. Coal mining began in the Healy Valley in 1918.

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.

REGIONAL VEGETATION: Vegetation of the general Healy area consists of a mosaic of communities transitional between boreal forest and alpine tundra (McKay and Joyce 1979). The 1979 study identified such communities as: open spruce forest, closed spruce forest, floodplain riparian, birch forest, alder/shrub, sub-alpine meadow and alpine tundra in higher elevations. Studies conducted by Dr. Helm looked specifically at premining vegetation. The most predominant vegetation was of the forest type, including: Open White Spruce, Paper Birch and closed Paper Birch groves. Resin Birch and shrub scrublands were also found extensively throughout the area. In addition to these forest types, ground cover included numerous species of vascular plants, several types of meadows and various mosses and lichens. Dr. Helm (1982) also conducted a study of the Poker Flats area before mining operations were begun and found vegetative cover which is very comparable to that of the Gold Run Pass region. Dr. Helm will be conducting studies of the Healy Creek region as well.

FISH HABITAT: The hanger pit the remnant of Emil Usibelli's first surface mine is a fishing hole that has been stocked by ADF&G in the past. Healy Creek is a shallow braided system which flows in a broad floodplain with little riparian vegetation. Typical of braided systems, the channel is unstable. The substrate consists of boulder, cobble, and gravel. Arctic grayling, Dolly Varden, round whitefish, and slimy sculpin have been collected in low numbers from Healy Creek (Tarbox, et al., 1979). Moody Creek is a tributary of Healy Creek Fish sampling in Moody Creek produced Dolly Varden in small numbers (Tarbox, et al., 1979). Tarbox et al. (1979) also investigated Bison Gulch and Hornet Creek. It was concluded that these streams did not have adequate habitat to support fish.

WILDLIFE HABITAT: Three habitat types are found on and within the vicinity of the proposed Rosalie mine site and were derived from Elliott (1984). A tall shrub type, made up of an alder (*Alnus crispa*) willow (*Salix alaxensis*) association, is found on north-facing terraces along creek drainages and floodplains and on disturbed sites which have regenerated naturally. This habitat type includes the closed alder vegetation. These habitats support typical interior of Alaska bird and mammals.

8.2 Provide a description of exploration and reclamation methods and a discussion of the exploration will comply with the performance standards of 11 AAC 90.167.

EXPLORATION ACTIVITIES: The proposed UCM exploration plan for this 2 year term is to complete drilling of 2 exploration holes. Activities include the construction of 2 drill pads adjacent to existing trails as shown on Exhibit 2013-2. Exhibit 2013-2 is at a 1 inch equals 400 feet scale instead of the required 1"

equals ~25,000 feet. Exhibit 2013-2 shows the locations of existing roads and trails (designated by orange lines) throughout the proposed exploratory area. A road system is all ready in place, allowing access to, and movement within, the exploratory region. Many of these roads are found to date back to the early 1920's when the Healy River Coal Corporation began exploration and production of the Suntrana Mine, November 1921. The existence of these roads coupled with the use of a low-impact drill, should eliminate the need for construction of any additional new roads.

Major upgrading work of existing access routes is not anticipated. Minor grading may need to be performed to eliminate excessive ruts in certain areas while encroaching vegetation may need to be trimmed in others. All existing roads and trails will be left in as good or better shape than they were found. Where no access is available trails will need to be constructed. The trails will be built using a small dozer and will be kept to a minimum size and disturbance level.

TYPES OF EQUIPMENT:

A) CONSTRUCT DRILL PADS - All possible measures will be taken to establish drill sites on relatively level terrain to avoid the need for pad construction. Should pad construction become unavoidable, a small dozer will be utilized to create a usable pad of the minimum dimensions required. The construction sequence will consist of stripping and temporarily stockpiling any vegetative cover and topsoil, unless the site: 1.) is a permafrost zone; 2.) is on a slope greater than 3:1; 3.) the top soil is less than 18" thick. All stripped materials will be placed on a stable area protected from wind and water erosion, as best as is available adjacent to the site. The pad will be constructed as to avoid any surface runoff over the disturbed area, which may cause erosion, by means of a diversion ditch.

B) DRILLING - All drill holes will be located in the proposed area as outlined on Exhibit 2013-2. All drilling will take place within UCM leased lands. The maximum total depth will be approximately 300' per hole with the actual total depth of each hole being determined as it is drilled. The depth of each drill hole will vary in conjunction with the strata encountered during the drilling process. If problems are encountered holding the walls of the holes open, the foaming agent Rapidsol, or its equivalent, will be introduced into the hole. Rapidsol is a biodegradable foam derived from the guar bean, and will be introduced at a rate of approximately 1gal/55 linear feet of drill hole. If severe collapsing of the surficial gravel deposits occurs, an Odex system will be utilized to place 6" casing in the hole from the surface through the Quaternary gravels. The small amounts of water required for the foaming agent, will be brought to the drill sight in 55 gallon drums from existing water sources (UCM shop), or from Healy Creek once a Temporary Water Use Permit is obtained from the Division of Mining and Water Management.

RECLAMATION PROCEDURE:

A) **DRILL HOLE SEALING:** 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.

B) **REGRAIDING OF DRILL PADS:** Pad reclamation can begin after the hole is properly backfilled and sealed, and the site is cleared of all equipment. Regrading will commence using a small dozer. First, the stockpiled vegetation will be placed in the deepest portion of the excavation, being laid out and compacted by the dozer. Next, the displaced earthen material will be dozed back into the excavation, over the compacted vegetation, so as to tie back in with the original surrounding topography. Finally, if any topsoil was stockpiled, it will be evenly spread over the disturbed area and backbladed. If there is potential for runoff to reach waters of the US some of the vegetation may be use to create a brush barrier as a BMP and will be left in place after reclamation is completed.

C) **SEEDING:** UCM Re-vegetation Seed Mix 1 will be applied at a rate of 43 pounds of seed per acre, while 20-20-10 fertilizer will be applied at a rate of 450 pounds per acre. Both will be applied through the use of manually operated equipment, with a second application of the fertilizer taking place one year after the initial application.

D) **REMOVAL OF FACILITIES AND EQUIPMENT:** Upon completion of activities at each site, the applicant will make every effort to remove all equipment and supplies brought into the area by any and all of the applicant's crews. A conscientious effort will be made to avoid any littering during the program and to clean up any litter inadvertently deposited. No permanent or temporary overnight camps are planned in any of the areas of exploration, as to avoid any undue environmental impact.

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.

ACTIVITIES NOT SUBSTANTIALLY DISTURBING THE LAND SURFACE:

Wetlands: The wetland delineation efforts will be conducted between June 1 and August 30th of 2013. These efforts will include the reclamation efforts of refilling all field holes.

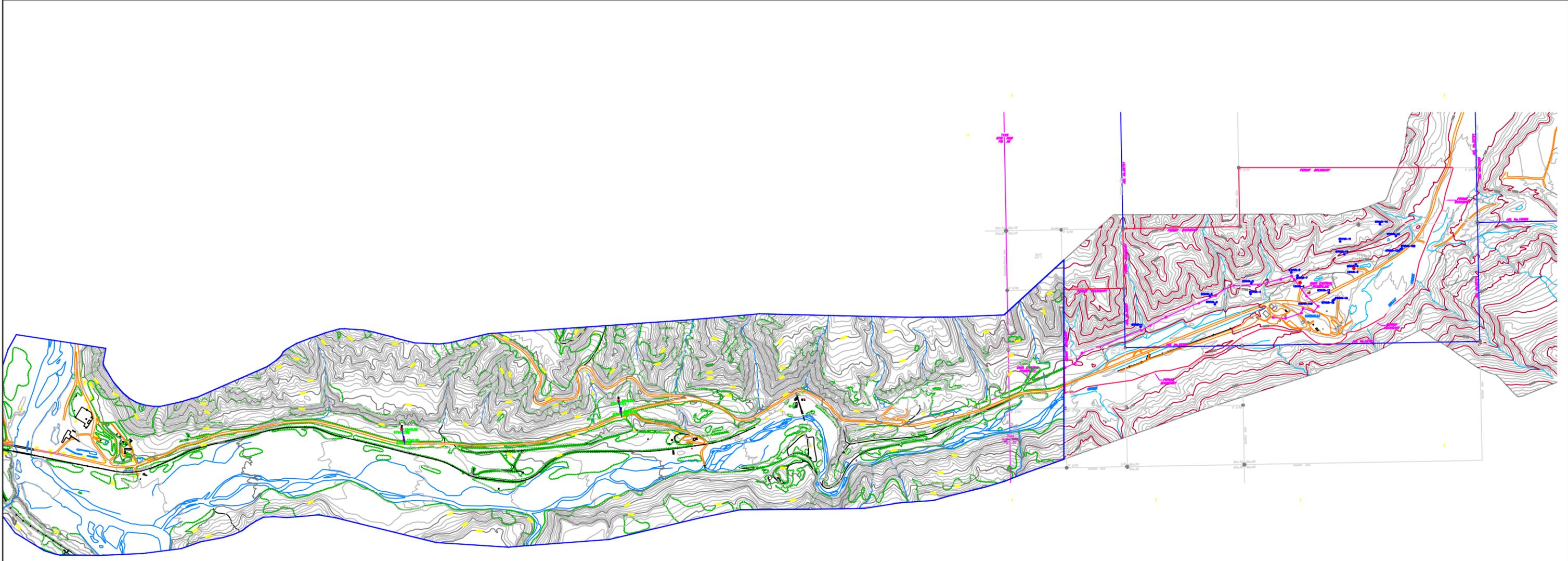
Water Sampling: Water sampling efforts would occur between June 1 and October 1 of each permit year. No reclamation efforts required.

ACTIVITIES SUBSTANTIALLY DISTURBING THE NATURAL LAND
SURFACE:

Drilling including pad preparation and reclamation would occur between May 1
and November 1st of 2014.

8.5 Give a detail estimate of the cost of reclamation of all are to be affected by
exploration activities.

See attached Exhibit 2013-3: Healy Valley Exploration 2013 Permit Renewal
Revised Bond Calculation.



Scale: 2 -1/2" = 1 mile



LEGEND

- ✕ GLO-BLM MONUMENT, FIELD LOCATED.
- ✕ GLO-BLM MONUMENT OF RECORD, CALCULATED CORNER POSITION.
- ⊕ PRIMARY MONUMENT, FIELD LOCATED.
- ⊕ CALCULATED CORNER POSITION.
- △ AERIAL PHOTO PANEL, H/V CONTROL.
- ◆ ELECT. DISTRIBUTION WOOD POLE.

SCALE: AS NOTED

CONTOUR INTERVAL= 20'

- NOTES:**
- HORIZONTAL DATUM IS BASED ON STATE PLANE CO-OR, ZONE-4, NAD 27.
 - VERTICAL DATUM IS BASED ON MEAN SEA LEVEL.
 - BOUNDARIES ARE APPROXIMATE AND MAY CHANGE WHEN FUTURE SURVEY DATA IS APPLIED.
 - AERIAL TOPOGRAPHY BY AEROMAP U.S. FLIGHT DATE: MAY 17, 1983.

SUBJECT REVISIONS			
REV.	DATE	BY:	DESCRIPTION
0	8/98	TSV	ORIGINAL DRILL HOLE LOCATIONS.
1	3/12	JTS	ADDED NEW EXPLORATION HOLES
2	4/13	JRK	CHANGED SCALE AND TITLE BLOCK

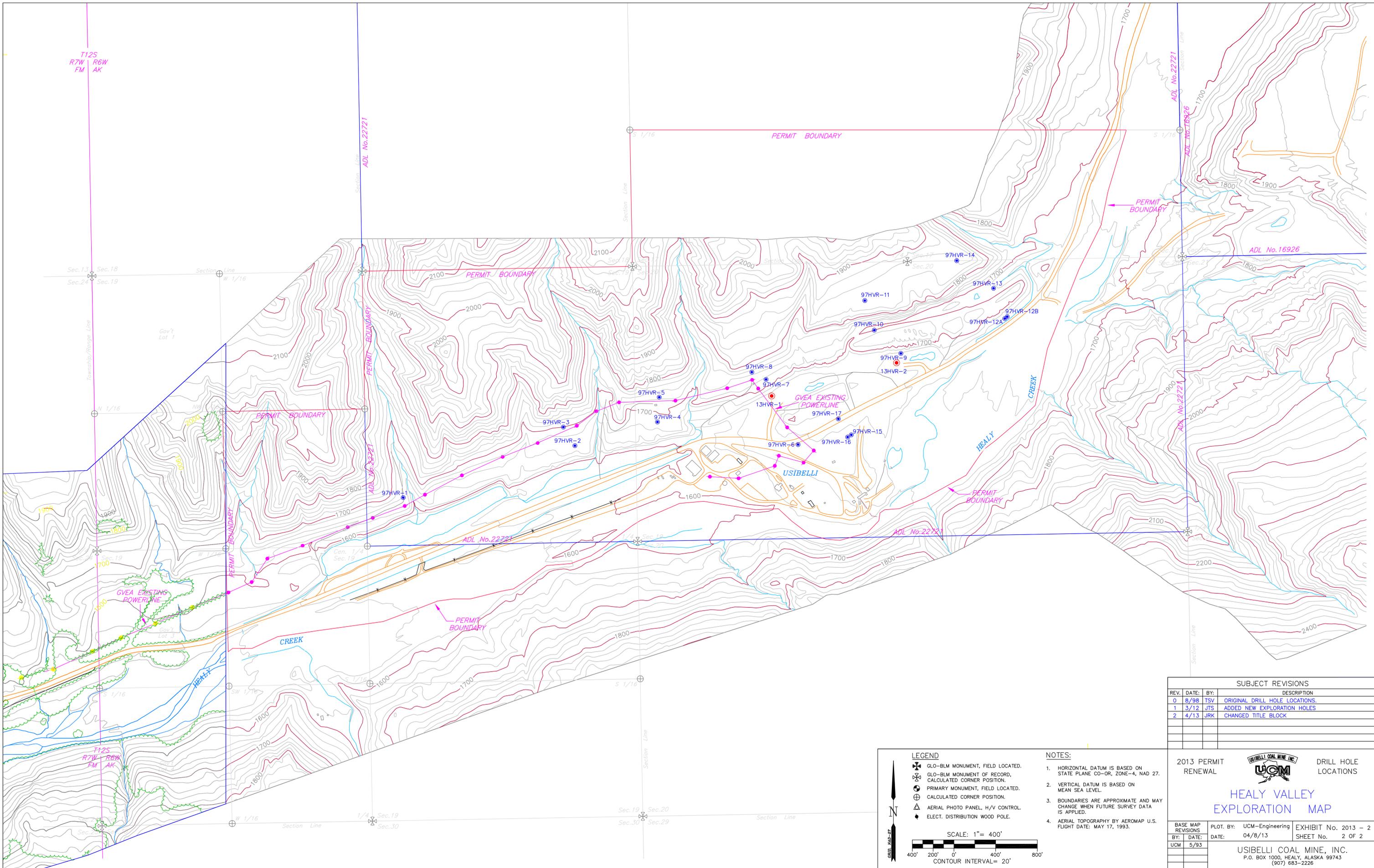
2013 PERMIT RENEWAL



DRILL HOLE LOCATIONS

HEALY VALLEY EXPLORATION MAP

BASE MAP REVISIONS	PLOT. BY: UCM-Engineering	EXHIBIT No. 2013 -1
BY: UCM	DATE: 04/08/13	SHEET No. 1 OF 2
DATE: 5/93	USIBELLI COAL MINE, INC.	
P.O. BOX 1000, HEALY, ALASKA 99743		
(907) 683-2226		



SUBJECT REVISIONS		
REV.	DATE	DESCRIPTION
0	8/98	TSV ORIGINAL DRILL HOLE LOCATIONS.
1	3/12	JTS ADDED NEW EXPLORATION HOLES
2	4/13	JRK CHANGED TITLE BLOCK

LEGEND

- ⊗ GLO-BLM MONUMENT, FIELD LOCATED.
- ⊗ GLO-BLM MONUMENT OF RECORD, CALCULATED CORNER POSITION.
- ⊙ PRIMARY MONUMENT, FIELD LOCATED.
- ⊙ CALCULATED CORNER POSITION.
- ⊕ AERIAL PHOTO PANEL, H/V CONTROL.
- ◆ ELECT. DISTRIBUTION WOOD POLE.

SCALE: 1" = 400'

CONTOUR INTERVAL = 20'

- NOTES:**
- HORIZONTAL DATUM IS BASED ON STATE PLANE CO-OR, ZONE-4, NAD 27.
 - VERTICAL DATUM IS BASED ON MEAN SEA LEVEL.
 - BOUNDARIES ARE APPROXIMATE AND MAY CHANGE WHEN FUTURE SURVEY DATA IS APPLIED.
 - AERIAL TOPOGRAPHY BY AEROMAP U.S. FLIGHT DATE: MAY 17, 1993.

2013 PERMIT RENEWAL

USIBELLI COAL MINE, INC.

HEALY VALLEY EXPLORATION MAP

DRILL HOLE LOCATIONS

BASE MAP	PLT. BY: UCM-Engineering	EXHIBIT No. 2013 - 2
REVISIONS	DATE: 04/8/13	SHEET No. 2 OF 2
UCM 5/93		

USIBELLI COAL MINE, INC.
P.O. BOX 1000, HEALY, ALASKA 99743
(907) 683-2226

Exhibit 2013-3**Healy Valley Exploration 2013 Permit Renewal Revised Bond Calculation****Direct Costs****Drillhole Closure Costs**

Material Costs:

Bentonite 40% equals 1/2 bag per 1' PQ=5" diameter 2'-12'	2 holes	1 bag	\$50.00
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Labor Costs:	(0.5 hours/hole) (\$5200/ 12 hr shift)	(2holes)	\$433.00
Labor & Equipment (Sub rates)			

Total Drillhole Closure Cost **\$483.00**

(A)

Revegetation Costs

2 drill pads at 40' x 40' and 40' of 1((0.046ac/pad)(# 2pads) (43 lbs/ac)(\$3.8/lb)	\$15.00
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Grass Seed (#2 labors)(# 4hrs) (\$15/hr)	\$120.00
--	----------

Labor 1/2 day pickup truck at \$25/day	\$12.50
--	---------

Equipment

Total Revegetation Cost **\$147.50**

(B)

Indirect Costs	10%	\$63.05
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Mob/Demob	10%	\$48.30
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Contingency	15%	\$94.58
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Contractor Profit/Overhead	4%	\$25.22
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Project Management Fee	5%	\$31.53
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Engineering Redesign Fee

Total Indirect Cost **\$262.67**

(C)

(A)+(B)+(C)= **TOTAL COST** **\$893.17**

Grand Total - Reclamation Bond