

**FINAL FINDINGS OF FACT
AND
DECISION**

August 6, 2013

Usibelli Coal Mine, Inc.
Healy Valley Coal Exploration Project

Exploration Permit Application

Permit E-0603

FINAL FINDINGS OF FACT AND DECISION

The Division of Mining, Land and Water (DMLW) has received request submitted by Usibelli Coal Mine, Inc. (UCM), PO Box 1000, Healy, AK 99743 to renew the Healy Valley Coal Exploration Permit number E-0603. DMLW has reviewed the request, all written comments, and other relevant information received regarding the application and makes the following Final Findings of Fact and Decision in accordance with 11 AAC 90 907(h), under the authority of AS 27.21.030 and AS 27.21.100.

1. An application to issue a Coal Exploration Permit (File No. E-0603) was filed with the DMLW on March 25, 2013. The Healy Valley Coal Exploration Permit was originally issued on October 9, 1997. The request for exploration was submitted in accordance with AS 27.21.200 and 11 AAC 90 161 and 163.
2. The exploration are is located in the Healy Valley approximately four miles southeast of Healy, Alaska within: Sections 21-28, Township 12S, Range 7W, and Sections 21-28 and Sections 10-21, Township 11S, Range 6W, of the Fairbanks Meridian. A total of approximately 12, 160 acres of land are within the Healy Valley exploration area, which the Alaska Railroad, Alaska Mental Health Trust, the State of Alaska, and Golden Valley Electric Association have either surface, subsurface or mineral estate rights previously approved in the existing permits.
3. The decision approves the drilling of two exploration drillholes. All drill sites will be reclaimed. All equipment used on site will be removed upon completion of the exploration program.
4. The Exploration Permit Application was found to be complete on May 31, 2013. Public notice of the Preliminary Findings of Fact and Application began on June 6, 2013 and ended on July 15, 2013. A legal ad was placed in the Daily News Miner on June 6 and 13, 2013. Also, on June 13, 2013 the public notice was also mailed directly to the DMLW's mailing list of affected persons and agencies and placed on the Department of Natural Resources website.
5. During the notice period DMLW received one comment in support of issuing the permit.
6. The activities proposed in the permit meet the requirements of AS 27.21.200 and 11 AAC 90.163 through 11 AAC 90.167, subject to the stipulations of the permit, which ensure that the exploration and reclamation will comply with these requirements.
7. The approved permit area is not within the area designated unsuitable for mining under AS 27.21.260.
8. The proposed coal exploration activities will not affet threatened or endangered species or their critical habitat.
9. Pursuant to 11 AAC 90.167(b) the DMLW has determined that the reclamation bond in the amount of \$960.00 is sufficient to cover the associated reclamation costs. The portion of the reclamation bond for plugging and abandoning drill holes will be released upon

inspection and documentation that they are capped and sealed and meet the requirements of the permit and 11 AAC 90.303. The remaining bond, for the reestablishment of the vegetative cover, will be held for a minimum of one year or until there is at least 90 percent ground cover consisting of grasses and native vegetation that has been established on disturbed areas (drill pads, trenches, trails, etc).

10. The following stipulations will be included as part of the final permit:

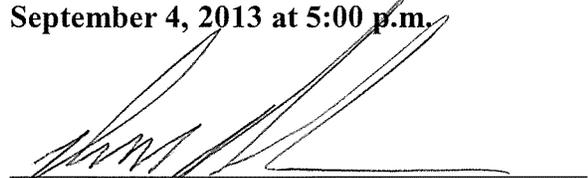
- a. Unless approved by DNR, drill holes must be sealed and the drill sites must be reclaimed and reseeded before disturbing a new location.
- b. All new roads, trails, pads, trenches, and other ground disturbance will be limited to that necessary to complete exploration activities.
- c. All new roads, trails, pads, trenches, and other disturbed areas are to be reclaimed after exploration activities are completed.

11. Issuance of an exploration permit does not relieve the applicant from the obligation to obtain approvals and permits from other federal, state, or local regulatory authority.

12. Prior to any additional drilling, appropriate water use authorization must be acquired prior to withdrawing any water.

Copies of the Preliminary Findings of Fact and Decision, and the Final Findings of Fact and Decision are available for review at the Alaska Department of Natural Resources, Division of Mining, Land and Water, 550 West 7th Avenue., Suite 920, Anchorage, AK 99501-3577 or on our website (<http://dnr.alaska.gov/mlw/mining/index.cfm>).

The applicant or a person with an interest, which is or may be adversely affected by this decision may request in writing a hearing under AS 27.21.150 to review the reasons for this decision. The request may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural resources, 550 West 7th Avenue, Suite 1400, Anchorage , AK 99501; faxed to 907-269-8918; or sent by electric mail to dnr.appeals@alaska.gov A request for a hearing must be received within 30 days after applicant is notified of this decision. **The deadline to request a hearing is on September 4, 2013 at 5:00 p.m.**



Russell Kirkham, CPG
Coal Regulatory Program Manager

August 6, 2013

Date