

PART B
LEGAL, FINANCIAL, AND COMPLIANCE INFORMATION

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1.0 IDENTIFICATION OF INTERESTS

Specific information required by 11 AAC 90.023 is presented below for the applicant. There are no other businesses that have an interest in the surface or subsurface estate for the proposed permit and adjacent areas.

1.1 APPLICANT

The applicant is: Usibelli Coal Mine, Inc.
P.O. Box 1000
Healy, Alaska 99743
(907) 683-2226

The Officers and Directors of Usibelli Coal Mine, Inc. are:

Name: Joseph E. Usibelli
Corporate office: CHAIRMAN AND CEO
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Joseph E. Usibelli Jr.
Corporate office: PRESIDENT
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Rosalie Whyel
Corporate office: VICE-PRESIDENT
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: A. Kirk Lanterman
Corporate office: SECRETARY/TREASURER
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Alan Renshaw
Corporate Office: VICE PRESIDENT - OPERATIONS
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Richard C. Hundrup
Corporate Office: VICE PRESIDENT - FINANCE
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Keith Walters
Corporate Office: VICE PRESIDENT –PLANNING AND BUDGET
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: William Brophy
Corporate Office: VICE PRESIDENT – CUSTOMER RELATIONS
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Fred Wallis
Corporate Office: VICE PRESIDENT - ENGINEERING
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Marc Langland
Corporate office: DIRECTOR
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

Name: Richard Wien
Corporate office: DIRECTOR
Address: P.O. Box 1000, Healy, Alaska 99743
Telephone number: 907-683-2226

All shares of Usibelli Coal Mine, Inc. are owned by members of the Usibelli family.

The applicant has not conducted a coal mining operation in the United States during the last five years under any other name.

The applicant currently holds the following coal mining permits issued by the Alaska Department of Natural Resources, Division of Mining and Water Management:

Poker Flats Mine

Original permit issued under # 01-83-796
Runaway Ridge major revision # 01-83-796-01
Major revision approved and issued under # S-0601-A

Gold Run Pass Mine

Original permit issued under # 02-83-796
Major revision approved and issued under # S-0602-A

Two Bull Ridge

Original permit issued under #S-0603

Jumbo Dome Mine Road Corridor

Original permit issued under #S-0605

Wishbone Hill Mine

Original permits issued under #01-89-796 and #02-89-796

State coal leases within and contiguous to the proposed permit area are depicted on Plate A-1. The holders of record for these leases and their legal description are listed below.

ADL 673536 (Block A)

Leaseholder - Usibelli Coal Mine, Inc.

Legal Description:

Township 10S, Range 6W, F.M.

Section 26: All
Section 27: All
Section 28: E½
Section 34: All
Section 35: All

ADL 673537 (Block B)

Leaseholder - Usibelli Coal Mine, Inc.

Legal Description:

Township 11S, Range 6W F.M.

Section 3: W½
Section 4: All
Section 5: E½
Section 7: E½
Section 8: All
Section 9: All
Section 10: W½

ADL 673538 (Block C)

Leaseholder – Usibelli Coal Mine

Legal Description:

Township 11S, Range 6W, F.M.

Section 16: All
Section 17: All
Section 18: E½
Section 19: E½
Section 20: All
Section 21: All

ADL 673539 (Block D)

Leaseholder – Usibelli Coal Mine

Legal Description:

Township 11S, Range 6W, F.M.

Section 11: E½SW¼, SE¼

Section 12: S½

Section 13: All

Section 14: All

Section 15: All

Township 11S, Range 5W, F.M.

Section 7: S½

Section 18: N½

Usibelli Coal Mine, Inc. has a Coal Lease Agreement with the University of Alaska for the following described lands within the Jumbo Dome mine permit area.

Legal Description:

Township 10S, Range 6W, F.M.

Section 33: All

The applicant, nor its operator, nor any subsidiary, affiliate, or other business controlled by the applicant has ever had a federal or state mining permit suspended or revoked, or forfeited a mining bond or similar security deposited in lieu of bond.

2.0 COMPLIANCE INFORMATION

Violations received by UCM in connection with its existing surface coal mining operation during the past three years are outlined below.

| LIST OF VIOLATIONS | | | | |
|---------------------------|---------------|--------------------|-----------------|---------------|
| Date | Agency | Violation # | Permit # | Status |
| 08/25/2009 | DMLW | N-S0603-082509 | S-0603 | abated |
| 08/25/2009 | DMLW | N-S0603-082509-1 | S-0603 | Pending |

3.0 AUTHORITY TO ENTER

Listed below are the existing rights which provide the legal authority for UCM to enter upon and conduct surface coal mining and reclamation operations on lands within the proposed permit boundary (see **Plate A-1**). None of the rights listed below are subject to pending litigation.

1) University of Alaska, EMMA-1, Executed on April 22, 2003

Township 10S, Range 6W, F.M. Alaska

Section --: All of Section 33

2) Jumbo Dome Coal Lease – Lease Block A (ADL 673536) between the State of Alaska and UCM; Executed on October 9, 2006

Township 10S, Range 6W, F.M. Alaska

All of Sections 26, 27, 34, 35, and the East ½, Sec. 28

3) Jumbo Dome Coal Lease – Lease Block B (ADL 673537) between the State of Alaska and UCM; Executed on October 9, 2006

Township 11S, Range 6W, F.M. Alaska

All of Sections 4, 8, and 9, and the West ½, Sec. 3, and the East ½, Sec. 5, the East ½, Sec. 7 and the West ½, Sec. 10.

4.0 AREAS UNSUITABLE FOR MINING

The proposed permit area contains no areas that have been designated unsuitable for mining or that are under study for designation as such. In addition, the permit area includes no National Park System lands, no National Wildlife Refuge System lands, no National System of Trails lands, no National Wilderness Preservation System lands, no Wild and Scenic Rivers System lands including study rivers. No public parks or National Register Historic Sites will be adversely affected. No mining will occur within 100 feet of a cemetery or of the outside right-of-way line of any public road. Finally, no mining will occur within 300 feet of any occupied dwelling, public building, school, church, community or institutional building, or public park.

5.0 PERMIT TERM INFORMATION

5.1 PERMIT TERMS

The requested permit term is 5 years. The disturbance area associated with the first five years of mining and each additional 5-year permit term over the estimated life of the operation within the Jumbo Dome logical mining unit is depicted on Plate B-1. The major activities during the term covered by this permit application will include construction of roads, drainage and sedimentation control facilities, permanent out-of-pit spoil piles, and development of mining pits for coal extraction (see Part D).

5.2 OVERLAPPING PERMIT AREAS

The Jumbo Dome Mine Permit will overlap with the Jumbo Dome Road Corridor Permit No. S-605. The Marguerite Creek Crossing will be permitted under the Jumbo Dome Road Corridor permit. All other mine support facilities will be permitted under the Jumbo Dome Mine permit.

6.0 OTHER LICENSES AND PERMITS

Other permits and approvals required for the Jumbo Dome coal project are listed below along with the issuing authority, identification number, and current status.

State of Alaska

Department of Environmental Conservation

Type of Permit: Land Application Permit

Identification No:

Status: Potential Application Pending

State of Alaska

Department of Environmental Conservation

Type of Permit: Alaska Pollution Discharge Elimination System

Identification No:

Status: Potential Application Pending

Department of the Army

US Army Engineer District, Alaska

Corps of Engineers

Type of Permit: 404 Permit for Discharge of Fill Material into Waters of the United States

Identification No.:

Status: Application Pending

State of Alaska

Department of Environmental Conservation

Type of Permit: Storm Water Pollution Prevention Plan

Identification No:

Status: Application Pending

State of Alaska

Department of Environmental Conservation

Type of Permit: Spill Prevention Countermeasure and Control Plan

Identification No:

Status: Update to current SPCC Plan

State of Alaska

Department of Natural Resources

Division of Parks and Outdoor Recreation

Type of Permit: Cultural resource site clearance for the permit area

Identification No:

Status: Application Pending

7.0 LIABILITY INSURANCE

Exhibit B-1 contains certification that UCM has a public liability insurance policy in force for its existing operations and any proposed operations that may be conducted under other permits. The policy contains the coverage requirements and special conditions specified in 11 AAC 90.033, including the use of explosives. Notice will be sent to the Commissioner of Natural Resources if the coverage is not renewed or otherwise canceled.

EXHIBIT B-1

CERTIFICATE OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
9/20/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | |
|--|--|
| PRODUCER Hale & Associates, Inc. 100 Cushman Street, Suite 200 Fairbanks AK 99701 | CONTACT NAME: Darlene Balog |
| | PHONE (A/C, No, Ext): (907) 456-6671 FAX (A/C, No): (907) 452-5214 E-MAIL ADDRESS: Darlene.Balog@Hale-Insurance.com |
| INSURED Usibelli Coal Mine, Inc. P.O. Box 1000 Healy AK 99743 | INSURER(S) AFFORDING COVERAGE |
| | INSURER A: Great Northern Insurance |
| | INSURER B: Federal Insurance Company |
| | INSURER C: |
| | INSURER D: |
| | INSURER E: |
| | INSURER F: |

COVERAGES CERTIFICATE NUMBER: CL1192007884 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSR | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|---|----------|---------------|-------------------------|-------------------------|--|
| A | GENERAL LIABILITY | | | 37103649 | 12/31/2010 | 12/31/2011 | EACH OCCURRENCE \$ 1,000,000 |
| | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 |
| | <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | | | | | | MED EXP (Any one person) \$ 10,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: | | | | | | PERSONAL & ADV INJURY \$ 1,000,000 |
| | <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC | | | | | | GENERAL AGGREGATE \$ 2,000,000 |
| | AUTOMOBILE LIABILITY | | | | | | PRODUCTS - COMP/OP AGG \$ 1,000,000 |
| | <input type="checkbox"/> ANY AUTO | | | | | | COMBINED SINGLE LIMIT (Ea accident) \$ |
| | <input type="checkbox"/> ALL OWNED AUTOS | <input type="checkbox"/> SCHEDULED AUTOS | | | | | BODILY INJURY (Per person) \$ |
| | <input type="checkbox"/> HIRED AUTOS | <input type="checkbox"/> NON-OWNED AUTOS | | | | | BODILY INJURY (Per accident) \$ |
| | | | | | | | PROPERTY DAMAGE (Per accident) \$ |
| B | <input checked="" type="checkbox"/> UMBRELLA LIAB | <input checked="" type="checkbox"/> OCCUR | | 79684472 | 12/31/2010 | 12/31/2011 | EACH OCCURRENCE \$ 25,000,000 |
| | <input type="checkbox"/> EXCESS LIAB | <input type="checkbox"/> CLAIMS-MADE | | | | | AGGREGATE \$ 25,000,000 |
| | DED | RETENTION \$ | | | | | |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | | | WC STATUTORY LIMITS |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) | <input type="checkbox"/> Y/N | N/A | | | | OTHER |
| | If yes, describe under DESCRIPTION OF OPERATIONS below | | | | | | E.L. EACH ACCIDENT \$ |
| | | | | | | | E.L. DISEASE - EA EMPLOYEE \$ |
| | | | | | | | E.L. DISEASE - POLICY LIMIT \$ |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Notice will be sent to the below named Certificate Holder if coverage is nonrenewed or cancelled on or before the above expiration date. General liability coverage includes coverage for blasting as respects mining operations.
Poker Flats Mine
Original permit issued under # 01-83-796
Runaway Ridge major revision #01-83-796-01
Major revision approved & issued under # S-0601-A

| | |
|--|--|
| CERTIFICATE HOLDER Alaska Department of Natural Resources Division of Mining, Land and Water 550 W. 7th Ave., Suite 1070 Anchorage, AK 99501 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |
| | AUTHORIZED REPRESENTATIVE David Hale/DARLEN |

COMMENTS/REMARKS

Gold Run Pass Mine

Original permit issued under # 02-83-796

Major revision approved & issued under # S-602-A

Rosalie Mine

Original permit issued under # S-0604

Wishbone Hill Mine

Original permit issued under # 01-89-796 &
02-89-796

Two Bull Ridge Mine

Original permit issued under # S-0603

Major Revision A issued November 30, 1999

Jumbo Dome Mine Road Corridor

Original permit issued under # S-0605

IMPORTANT

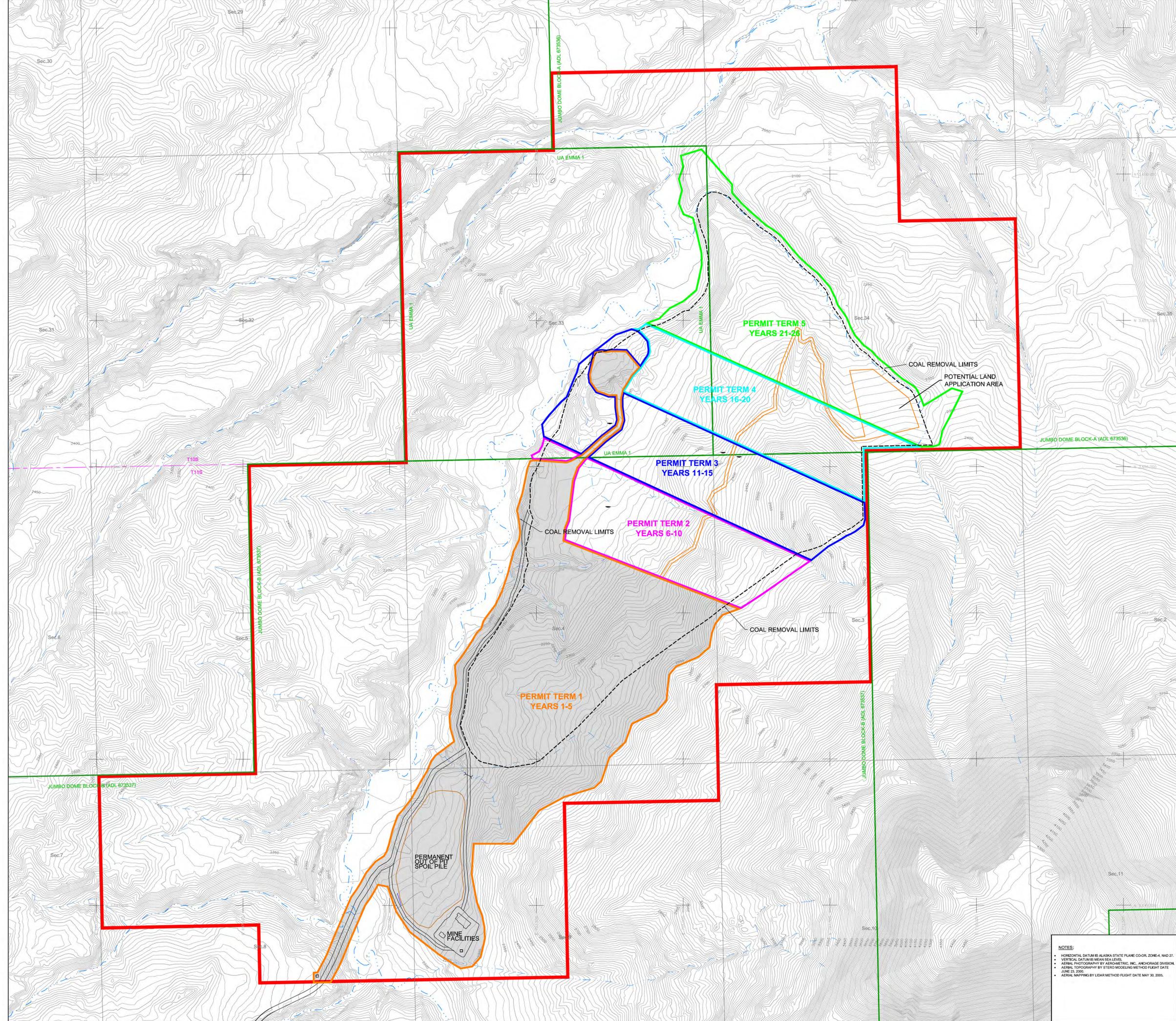
If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

PLATE B-1
PERMIT TERM INFORMATION

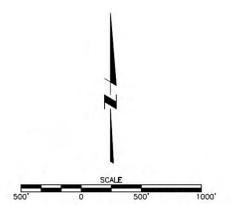


LEGEND

- PROPOSED PERMIT BOUNDARY
- COAL LEASE BOUNDARY
- SECTION LINE
- TOWNSHIP/RANGE LINE
- APPROXIMATE EXISTING CONTOUR AND ELEVATION, FT
- EXISTING STREAM/DRAINAGE
- PROPOSED INITIAL FIVE YEAR DISTURBANCE AREA
- - - PROPOSED MINING BOUNDARY

PROFESSIONAL ENGINEER'S STATEMENT
 I, Thomas E. Leidich, state that this map was prepared under my supervision and all the information presented hereon is true and correct to the best of my knowledge and information.

10/3/11
 DATE



| SUBJECT REVISIONS | | | |
|-------------------|------|----|-------------|
| REV. | DATE | BY | DESCRIPTION |
| | | | |
| | | | |
| | | | |

NOTES:

- HORIZONTAL DATUM IS ALASKA STATE PLANE CO-OR. ZONE-4 NAD 27.
- VERTICAL DATUM IS MEAN SEA LEVEL.
- AERIAL PHOTOGRAPHY BY AEROMETRIC, INC. ANCHORAGE DIVISION.
- AERIAL TOPOGRAPHY BY STEREO MODELING METHOD FLIGHT DATE JUNE 23, 2005.
- AERIAL MAPPINGS BY LIDAR METHOD FLIGHT DATE MAY 30, 2005.

| | |
|-------------------|------------------------------------|
| DESIGN BY: MMW | PERMIT TERM INFORMATION |
| DRAWN BY: LMB | |
| CHECK BY: TEL | |
| DWG. FILE: | |