

**PART B**  
**LEGAL, FINANCIAL, AND COMPLIANCE INFORMATION**

**TABLE OF CONTENTS**

	<u>Page</u>
1.0 IDENTIFICATION OF INTERESTS.....	B-1
1.1 Applicant.....	B-1
2.0 COMPLIANCE INFORMATION.....	B-5
3.0 AUTHORITY TO ENTER.....	B-6
4.0 AREAS UNSUITABLE FOR MINING.....	B-6
5.0 PERMIT TERM INFORMATION.....	B-7
5.1 Permit Terms.....	B-7
5.2 Overlapping Permit Areas.....	B-7
6.0 OTHER LICENSES AND PERMITS.....	B-8
7.0 LIABILITY INSURANCE.....	B-9

**LIST OF PLATES**

Plate B-1: Permit Term Information.....	B-11
---	------

**LIST OF EXHIBITS**

Exhibit B-1: Certificate of Insurance.....	B-10
--	------

## **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.

<b>LIST OF VIOLATIONS</b>				
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)

12/16/2010

PRODUCER (907)456-6671 FAX: (907)452-5214

Hale &amp; Associates, Inc.

100 Cushman Street, Suite 200

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

Fairbanks AK 99701

INSURED

Usibelli Coal Mine, Inc.

P.O. Box 1000

Healy AK 99743

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A Great Northern Insurance

INSURER B Federal Insurance Company

INSURER C

INSURER D

INSURER E

## COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	37103649	12/31/2010	12/31/2011	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000				
	GEN'L AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				MED EXP (Any one person) \$ 10,000
					PERSONAL & ADV INJURY \$ 1,000,000
					GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 1,000,000
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN EA ACC \$
					AUTO ONLY AGG \$
B	EXCESS /UMBR ELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE	79684472	12/31/2010	12/31/2011	EACH OCCURRENCE \$ 25,000,000
	AGGREGATE \$ 25,000,000				
	DEDUCTIBLE \$				\$
	RETENTION \$				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATU-TORY LIMITS OTH-ER \$
					E L EACH ACCIDENT \$
					E L DISEASE - EA EMPLOYEE \$
					E L DISEASE - POLICY LIMIT \$

### DESCRIPTION OF OPERATIONS /LOC ATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT /SPECI AL PROVISIONS

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

### 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, THE ISSUING INSURER WILL ~~MAIL~~ MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, ~~BY REGISTERED MAIL~~ BY REGISTERED MAIL.

AUTHORIZED REPRESENTATIVE

## COMMENTS/REMARKS

Major revision approved & issued under # S-0601-A

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

## **IMPORTANT**

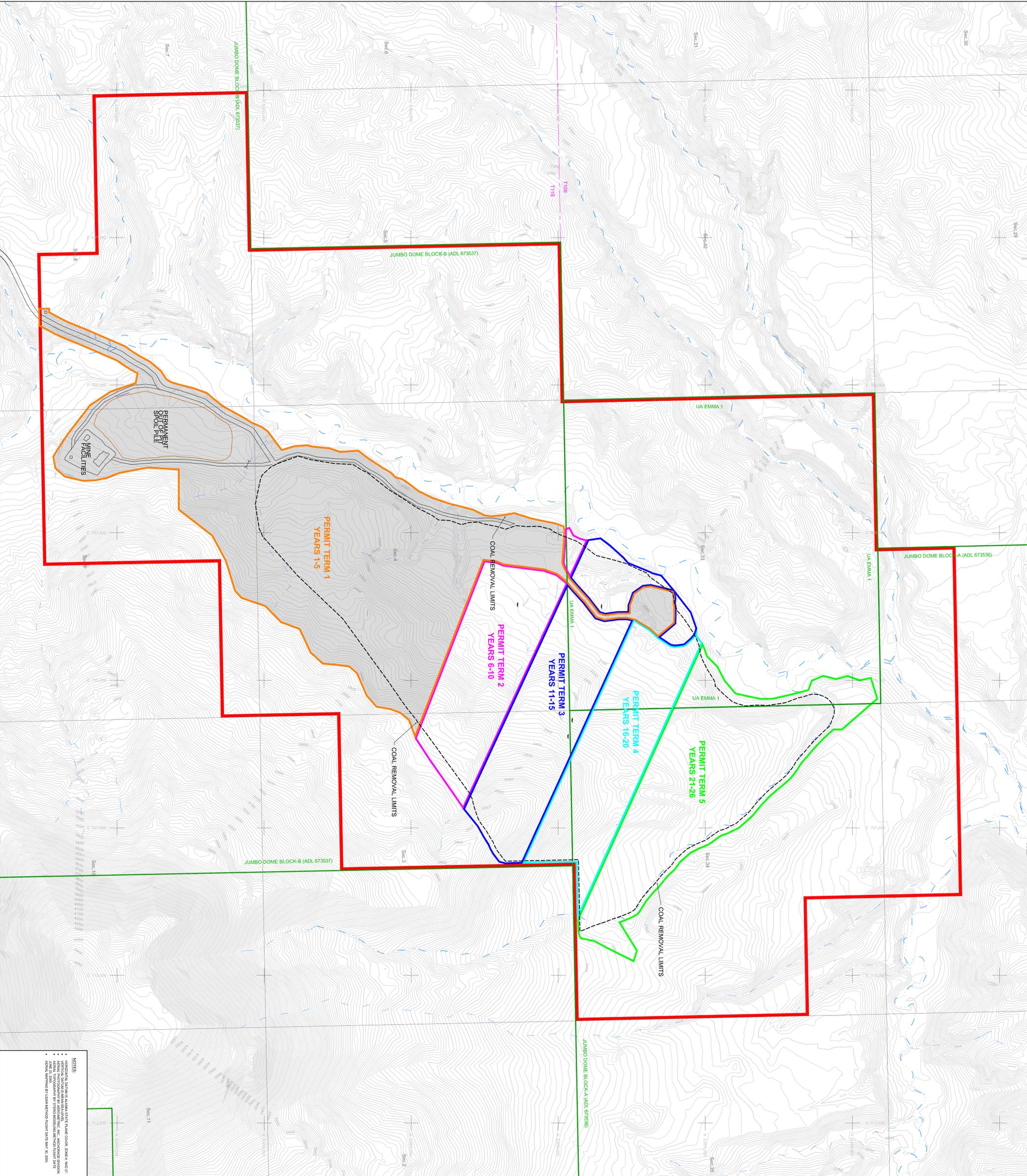
If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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**

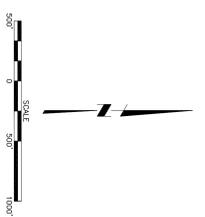
This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**PLATE B-1**  
**PERMIT TERM INFORMATION**



**LEGEND**

- PROPOSED PERMIT BOUNDARY
- COAL LEASE BOUNDARY
- SECTION LINE
- TOWNSHIP/RANGE LINE
- APPROXIMATE EXISTING CONTOUR
- EXISTING STREAM/DRAINAGE
- DISPOSED ANNUAL FIVE YEAR
- PROPOSED MINING BOUNDARY



**NOTES**

- HORIZONTAL DATUM IS ALASKA STATE PLANE COORD. ZONE 4, NAD 83
- VERTICAL DATUM IS NAVD 83
- AREA UNDER CONSIDERATION BY STATE OF ALASKA, DIVISION OF MINES
- JUNE 20, 2008 PERMIT DATE
- AERIAL PHOTOGRAPHY FROM METRO FLIGHT DATE MAY 28, 2008

REV.	DATE	BY	DESCRIPTION

**SUBJECT REVISIONS**

DESIGN BY: **AMW**

CHECKED BY: **AMW**

DWG FILE: **JUMBO COAL MINE**

**PERMIT TERM INFORMATION**

JUMBO COAL MINE

USBELLI COAL MINE, INC.

PLATE No. B-1

REV. 1