

PRELIMINARY FINDINGS OF FACT

Coal Exploration Permit

Linc Energy, File Number E-1401

The Division of Mining, Land and Water has reviewed the permit request submitted by Linc Energy Operations, Inc., 3000 C Street, Suite 103, Anchorage, Alaska, 99503; permit (E-1401). The Division makes the following Preliminary Findings of Fact and Decision in accordance with 11 AAC 90.165.

1. An application for Coal Exploration Permit (File No. E-1401) was filed with the Division of Mining, Land and Water on July 1, 2011. A copy of the permit application along with a request for comments was distributed to Alaska Division of Fish and Game, Alaska Department of Environmental Conservation, Department of Natural Resources Water Section, U.S. Environmental Protection Agency, U.S Fish and Wildlife Service, and Office of Surface Mining Reclamation and Enforcement.
2. The proposed exploration area is approximately 7 miles Northwest of Tyonek, Alaska, including portions of T013N, R011W, Sections 4-9, 16-21, 24, 25, 28-33 and 36; T013 N, R010W, Sections 19-21, 28-33; T012N, R012W Sections 1, 11-14, 21- 24, 27, 28, 33, 34; T 014N, R013 W, Sections 1-3, 10-15, 22-27, 34-36; T014, R012W, Sections 1-27 34-36; T013, R013, Sections 1-22, 29-32; T013, R012 W, Sections 4-28, 34-36;T008N, R011W, Sections 20, 32, 23 -26, 28, 34; T007, R011W, Sections 1, 4, 6, 7, 9, 14-16, 19-22, 27, 28, 30-34; T006N, R011W, Sections 3-7 , 9-10, 15-17, 20-21, 29 of the Seward Meridian. A total of 107, 497.00 acres of land are within the Tyonek and Kenai exploration area in which Alaska Mental Health Trust Authority is the owner of both the surface and subsurface rights.
3. The proposed exploration activities would consist of drilling up to 3 exploration holes. All drill sites would be reclaimed and all drill holes not retained as monitoring wells would be sealed immediately upon completion of work at the site. All equipment used on site would be removed upon completion of the exploration program.
4. A preliminary review by MLW staff determined that an adjusted bond and further information on the project was necessary. This additional information included more detailed information about the drilling program, updates to background information, additional information on how the drill sites would be reclaimed. An updated permit application was received on August 30, 2011. The application was deemed complete on August 30, 2011
5. The exploration application contains all the information required by 11 AAC 90.163 and is sufficient for this office to make a preliminary decision.
6. Public notice of this application will be starting on August 31, 2011 and ending on September 30, 2011. Legal ads will be placed in the Fairbanks Daily News Miner on August 31. Also, on August 31, the notice will be mailed directly to the Division's mailing list of affected persons and agencies.
7. The activities proposed in the 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.
8. The approved permit area is not within an area designated unsuitable for mining under AS 27.21.260.

9. The proposed coal exploration activities will not affect threatened or endangered species or their critical habitat.
10. Pursuant to 11 AAC 90.167(b) the Division has determined that the reclamation bond in the amount of \$97,608.89 sufficient to cover the associated reclamation costs.
11. Appropriate water use authorization must be acquired prior to withdrawing any water.
12. In addition to an approval of this coal exploration permit by Department of Natural Resources Coal Regulatory Program, the project was also subject to consistency review by habitat permits approvals from the Alaska Department of Fish and Game and temporary water use permits form Department of Natural Resources Water Section.

Copies of Permit Application, and Preliminary Findings of Fact and other supporting documents are available for review at the Alaska Department of Natural Resources, Division of Mining, Land and Water, 550 W. 7th Ave., Suite 920, Anchorage, AK 99501-3577. A person who may be adversely affected by the issuance of this permit may file written comments and may include a request for an informal conference (AS 27.21.140). Comments should be sent to Russell Kirkham, at the Anchorage address listed above, by fax to (907) 269-8930, or by e-mail to: russell.kirkham@alaska.gov. The deadline for comments is 5:00 p.m. on September 30, 2011.

Russell Kirkham/Manager
Coal Regulatory Program

Date