

PRELIMINARY FINDINGS OF FACT

Coal Exploration Permit
Linc Energy, File Number E-1401

The Department of Natural Resources, Division of Mining, Land and Water (Division) has reviewed the permit request submitted by Linc Energy Operations, Inc., 3000 C Street, Suite 103, Anchorage, Alaska, 99503. The Division makes the following Preliminary Findings of Fact and Decision in accordance with 11 AAC 90.163.

1. An application for Coal Exploration Permit (File No. E-1401) was filed with the Division of Mining, Land and Water on April 1, 2014. 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, and the Mental Health Trust Land Office.
2. The proposed exploration area is approximately 7 miles Northwest of Tyonek, Alaska, within all or portions of, Sections 4-9, 16-21, 24, 25, 28-33 and 36, T013 N, R011W; Sections 19-21, 28-33, T013N, R010W; Sections 1, 11-14, 21- 24, 27, 28, 33, 34, T012N, R012W; Sections 1-3, 10-15, 22-27, 34-36, T 014N, R013 W; Sections 1-27 34-36 T014, R012W; Sections 1-22, 29-32, T013, R013; Sections 4-28, 34-36, T013, R012 W; Sections 20, 32, 23 -26, 28, 34, T008N, R011W; Sections 1, 4, 6, 7, 9, 14-16, 19-22, 27, 28, 30-34, T007, R011W; and Sections 3-7 , 9-10, 15-17, 20-21, 29, T006N, R011W of the Seward Meridian. A total of 107, 497.00 acres of land are within the Tyonek/Kenai exploration area. The Mental Health Trust Land office is the owner of both the surface and subsurface rights.
3. The proposed exploration activities will consist of drilling up to five exploration holes. All drill sites will be reclaimed and all drill holes not retained as monitoring wells will be sealed immediately upon completion of work at the site. All equipment used on site will be removed upon completion of the exploration program.
4. 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, and the Divisions Water Section.
5. A preliminary review by Division 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, and additional information on how the drill sites will be reclaimed. An updated permit application was received on July 11, 2014. The application was deemed complete on July 11, 2014.
6. The exploration application contains all the information required by 11 AAC 90.163 and is sufficient for the Division to make a preliminary decision.
7. Public notice of this application will start on July 23 and end on August 22. Legal ads will be placed in the Alaska Dispatch News on July 23. Also, on July 23, the notice will be mailed directly to the Division's list of affected persons and agencies and placed on the Departments public notice website.

8. The proposed activities 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.
9. The approved permit area is not within an area designated unsuitable for mining under AS 27.21.260.
10. The proposed coal exploration activities will not affect threatened or endangered species or their critical habitat.
11. Pursuant to 11 AAC 90.167(b) the Division has determined that the reclamation bond, in the amount of \$ 95,372.53, is sufficient to cover the associated reclamation costs.
12. Appropriate water use authorization must be acquired prior to withdrawing any water.
13. 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 the Permit Application, Preliminary Findings of Fact and Decision 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 or on our website (www.dnr.state.ak.us/mlw/mining/index.htm). A person who may be adversely affected by this decision may file written comments within 30 calendar days after the date of publication of this Preliminary Finding. Comments regarding this application should be sent to Liping Jing at the address listed above, by fax at (907) 269-8930, or by e-mail at coalprogram@alaska.gov with the subject "Linc Coal Project".

Liping Jing /Geologist
Coal Regulatory Program

7/23/2014

Date