

PRELIMINARY FINDINGS OF FACTS AND DECISIONS

Revision of Coal Exploration Permit (No. 02-86-795)

Usibelli Coal Mine, Inc. (UCM) has submitted a revision request for the Hoseanna Creek Coal Exploration permit (02-86-795). The request is to expand the exploration permit area to include UCM's newly acquired coal leases in the Jumbo Dome area, and to perform additional exploration work. From this point forward the permit will be referred to as the Hoseanna Creek and Emma Creek Exploration Permit. The permit number will remain the same. The Division of Mining, Land and Water (DMLW) has reviewed the request and makes the following Preliminary Findings of Facts and Decisions in accordance with 11 AAC 90.165, 11 AAC 90.907, and 11 AAC 90.129.

1. An application to revise Coal Exploration Permit No. 02-86-795 was filed with the DMLW on July 3, 2002. A preliminary review by staff determined that an additional plate clearly identifying the Jumbo Dome leases was necessary. DMLW also requested that UCM submit an approximation of how many new miles of trail will be constructed and an approximation of how many trenches will be excavated. The additional information was submitted and the permit application was deemed complete.
2. Coal Exploration Permit No. 02-86-795 was originally issued on June 7, 1986. The original permit area is in the Fairbanks Meridian, T11S, R6W, sections 25-35, T11S, R7W, sections 25, 26, 32-36, T12S, R7W, sections 3-5. UCM is requesting that the permit area be expanded to include the Jumbo Dome Leases. The requested expansion area lies within the Fairbanks Meridian, T10S, R6W, sections 26-28, 34-35, T11S, R6W, sections 3-5, 7-10, 16-21. The Jumbo Dome leases are contiguous with the Hoseanna Creek leases and would add an additional 12,400 acres, expanding the total exploration area from 12,478 acres to 24,879 acres.

Since 1986 the permit has been revised thirteen times to allow for additional exploration drilling. A total of 145 holes were permitted for drilling. Of the 145 holes, which have been permitted only 40 remain active, all others have been reclaimed or mined through. On September 5, 2001, DMLW released bond for 105 holes, which were no longer active. During the last permit renewal, UCM had requested the drilling of 50 additional holes, installation of 20 piezometer holes, and excavation 50 test pits.

3. For the current revision, UCM is requesting permission to construct 15 miles of new access trails, to drill an additional 40 to 60 holes, and to excavate a maximum of 10 trenches that will allow for bulk sampling of up to 225 tons of coal. No other exploration activities which would significantly disturb the area will be authorized under this revision.
4. Public notice of this permit revision will be given for the period starting on August 8, 2002, and ending on September 6, 2002. A legal ad will be placed in the Fairbanks Daily

News Miner on August 8, 2002. Also, on August 8, 2002, the notice will be mailed directly to the Division's mailing list of affected persons and agencies.

5. The activities proposed in the revision meet the requirements of AS 27.21.200 and 11 AAC 90.163, and 11 AAC 90.167, subject to the stipulations of the permit, which ensure that the exploration and reclamation will comply with these requirements.
6. The approved permit area is not within an area designated unsuitable for mining under AS 27.21.260.
7. The proposed coal exploration activities will not affect threatened or endangered species or their critical habitat.
8. The self-bond currently in place is \$19,550. An additional \$36,892.50 must be submitted for the proposed exploration under the revised permit application. This money will cover construction of 15 miles of new trail and excavation of 10 test trenches. UCM is currently bonded for 15 drill holes. If UCM wishes to drill more than 15 holes the bond will be adjusted accordingly.

Hole Plugging:	\$300.00/hole
Regrading, Reseeding and Fertilizing:	\$550.00/acre
Mob/Demob:	\$2500.00
Backfilling Trenches:	\$.30/cubic yard

9. Prior to any drilling, trenching, trail building, or any other disturbance activity, UCM will submit a plan detailing the work program.
10. A copy of these Preliminary Findings of Facts and Decisions will be distributed in accordance with 11 AAC 90.165(f). Comments regarding this revision should be sent to: Justin Ireys, Mining Engineer, Coal Regulatory Program, Alaska Department of Natural Resources, Division of Mining, Land and Water, 550 W 7th Avenue, Suite 900D, Anchorage, AK 99501-3577 (Phone: (907) 269-8603; fax: (907) 269-8930; e-mail: justini@dnr.state.ak.us). The deadline for comments is 4:00 p.m., September 6, 2002.

Stan Foo, Chief, Division of Mining

Date