

**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
1.2 OTHER BUSINESSES .....	B-2
1.3 PREVIOUS OPERATIONS WITHIN THE U.S. ....	B-3
1.4 COAL MINING PERMITS .....	B-3
1.5 INTERESTS IN LAND CONTIGUOUS TO THE PERMIT AREA .....	B-4
2.0 COMPLIANCE .....	B-6
3.0 AUTHORITY TO ENTER .....	B-6
3.1 EXISTING RIGHTS .....	B-6
3.2 PENDING RIGHTS .....	B-9
4.0 AREAS UNSUITABLE FOR MINING .....	B-9
5.0 PERMIT TERM INFORMATION .....	B-10
6.0 OTHER LICENSES AND PERMITS .....	B-10
7.0 LIABILITY INSURANCE .....	B-12

**LIST OF TABLES**

	<u>Page</u>
TABLE B-1 Permits, Leases, and Approvals Required for the Wishbone Hill Coal Project.....	B-11

**LIST OF EXHIBITS**

	<u>Page</u>
EXHIBIT B-1 Certificate of Insurance .....	B-13

**LIST OF PLATES**

PLATE B-1 Permit Term Disturbance Area.....	In Map Pocket
---	---------------

## **1.0 IDENTIFICATION OF INTERESTS**

Specific information required by 11 AAC 90.023 is presented below for the applicant and other businesses having an interest within the proposed permit area.

### **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: Earl Beistline  
Corporate office: DIRECTOR  
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. (UCM) are owned by members of the Usibelli family.

## 1.2 OTHER BUSINESSES

The only other business having an interest in the surface or subsurface estate within the proposed permit area is:

Cook Inlet Region, Inc.  
2525 "C" Street, Suite 500  
Anchorage, Ak. 99503 (907) 274-8638

The officers of Cook Inlet Region, Inc. are:

Margaret L. Brown	President & CEO
Sophie Minich	Chief Operating Officer
Stig Colberg	Chief Business Development Officer
Patrick W. Duke	Chief Financial Officer
Barbara A. Donatelli	Senior Vice President
Ethan Schutt	Senior Vice President, Land and Energy
Bruce Anders	General Counsel
Dave Pheifer	Vice President, Real Estate
Gregory P. Razo	Vice President, Government Contracting
Ashley Schmiedeskamp	Vice President, Business Development

The directors of Cook Inlet Region, Inc. are:

Charles G. Anderson	Chairman
Roy M. Huhndorf	Chairman Emeritus
Patrick M. Marrs	Vice Chairman
Thomas P. Huhndorf	Secretary
Michael R. Boling	Treasurer
Douglas W. Fifer	Assistant Secretary
Penny L. Carty	Assistant Treasurer
B. Agnes Brown	
Rolf a. Dagg	
Hallie L. Bissett	
Erik I. Frostad	
Jeffrey A. Gonnason	
Katrina M. Jacuk	
Ted S. Kroto Sr.	
Louis Nagy Jr.	

Businesses having an interest in the surface or subsurface estate adjacent to the permit area include:

Eklutna, Inc.  
1615 Centerfield Drive, Suite 100  
Eagle River, Ak. 99577-7719  
(907) 696-2828

Chickaloon Moose Creek Native Association  
P.O. Box 1105  
Sutton, Alaska 99674  
(907) 745-0707

Alaska State Elks Association  
2034 Crataegus Ave.  
Anchorage, Alaska 99508  
(907) 746-3557

### **1.3 PREVIOUS OPERATIONS WITHIN THE U.S.**

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

### **1.4 COAL MINING PERMITS**

The applicant currently holds the following surface coal mining permits issued by the Alaska Department of Natural Resources, Division of Mining, Land, and Water (ADNR-DMLW):

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  
Phase 5 major revision S-0602-A

Two Bull Ridge

Original permit issued under S-0603

Rosalie Mine

Original permit issued under S-0604

Jumbo Dome Mine Road Corridor – Original permit issued under S-0605

In addition to the mining permits listed above, the applicant also holds the following coal exploration permits issued by the ADNR-DMLW:

Hoseanna Creek	Permit No. 02-86-795
Two Bull Ridge	Permit No. MHL E-0602
Healy Valley	Permit No.E-0603
Wishbone Hill	Permit No. 01-86-795

Cook Inlet Region, Inc. is the only other business that has an interest in the subsurface estate within the proposed permit area. They held ADNR-DMLW surface coal mining permits 01-89-796 and 02-89-796 from September 19, 1995 through November 30, 1997.

### **1.5 INTERESTS IN LAND CONTIGUOUS TO THE PERMIT AREA**

The permit area for the proposed Wishbone Hill coal mining operation lies within state coal lease ADL 32144 and ADL 309947. As such, a portion of the land that is contiguous to the permit area is under these two coal leases. Usibelli Coal Mine, Inc. (UCM) acquired the leases through transfer from North Pacific Mining Corporation with approval from the ADNR-DMLW and the Mental Health Trust Land Office. The location of the leases is described below.

ADL-309947

Township 19N, Range 2E, Seward Meridian

Section 22:

E1/2 SE1/4

Section 23:

NW1/4

W1/2 NE1/4

N1/2 SW1/4

ADL-32144

Township 19N, Range 2E, Seward Meridian

Section 22:

S1/2 SW1/4

W1/2 SE1/4

Section 27:

N1/2

N1/2 S1/2

Section 28:

N1/2 SE1/4

SE1/4 NE1/4

S1/2 SW1/4 NE1/4

NW1/4 SW1/4 NE1/4

UCM does not have any options or pending bids on any other lands that are contiguous to the permit area.

**2.0 COMPLIANCE INFORMATION**

The applicant (which is the operator), nor any subsidiary, affiliate, or other business controlled by the applicant, has never had a federal or state mining permit suspended or revoked, or forfeited a mining bond or similar security deposited in lieu of bond.

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
8/25/09	DMLW	N-S0603-082509	S-0603	Abated
8/25/09	DMLW	N-S0603-082509-1	S-0603	Terminated

**3.0 AUTHORITY TO ENTER**

This section provides the basis for UCM’s legal right to enter upon and conduct surface coal mining and reclamation operations within the permit area. Relevant documents are identified by type, date of execution, and the specific land to which they pertain.

**3.1 EXISTING RIGHTS**

- 1) Coal lease ADL-32144 and ADL-309947 issued December 1, 1997 by the ADNR-DMLW with concurrence from the Mental Health Trust Land Office for ADL-32144. These coal leases were obtained through transfer from North Pacific Mining Corporation. The permit lands associated with each lease are described below:

PERMIT LANDS

STATE COAL LEASE

*Township 19N, Range 2E, Seward Meridian*  
Section 22:

SE1/4 SE1/4-----	ADL-309947
SE1/4 NE1/4 SE1/4	
S1/2 NE1/4 NE1/4 SE1/4	
SE1/4 SW1/4 NE1/4 SE1/4	
SE1/4 NE1/4 SW1/4 SE1/4-----	ADL-32144
SE1/4 SW1/4 SE1/4	
S1/2 SW1/4 SW1/4 SE1/4	

Section 23:

NW1/4 SW1/4 -----ADL-309947  
ADL-309947  
NE1/4 SW1/4  
SE1/4 NW1/4  
SE1/4 SW1/4 NW1/4  
E1/2 NE1/4 SW1/4 NW1/4  
S1/2 SW1/4 SW1/4 NW1/4  
SW1/4 SW1/4 NE1/4

Section 27:

N1/2 S1/2----- ADL-32144  
NE1/4  
S1/2 NW1/4  
E1/2 NE1/4 NE1/4 NW1/4  
SW1/4 NE1/4 NE1/4 NW1/4  
S1/2 NE1/4 NW1/4  
E1/2 SE1/4 NW1/4 NW1/4  
SW1/4 SE1/4 NW1/4 NW1/4

Section 28:

NE1/4 SE1/4 ----- ADL-32144  
SE1/4 SE1/4 NE1/4  
S1/2 SW1/4 SE1/4 NE1/4  
SE1/4 NE1/4 SE1/4 NE1/4

- 2) Coal lease from Cook Inlet Region, Inc., executed on June 10, 1997, for the following described permit lands:

*Township 19N, Range 2E, Seward Meridian*

Section 23:

SW1/4 SW1/4  
W1/2 SE1/4 SW1/4  
W1/2 E1/2 SE1/4 SW1/4

Section 26:

W1/2 NW1/4

- 3) UCM owns the following described permit lands and holds the statutory warranty deeds:

*Township 19N, Range 2E, Seward Meridian*

Parcel 1

Section 23:

W1/2 SE1/4 SW1/4, W1/2 E1/2 SE1/4 SW1/4

Parcel 2

Section 23:

SW1/4 SW1/4

Section 26:  
NW1/4 NW1/4

Parcel 3

Section 26:  
SW1/4 NW1/4

- 4) Surface lease ADL-225305 issued on March 11, 2003 by the ADNR-DMLW with concurrence from the Mental Health Trust Land Office for the following described lands:

*Township 19N, Range 2E, Seward Meridian*

Section 28:  
SE1/4 SE1/4

- 5) Surface lease ADL-224865 issued on April 20, 1990 by the Division of Land. This lease was obtained through transfer from North Pacific Mining Corporation with approval from the ADNR-DMLW and Mental Health Trust Land Office. The permit lands associated with the lease are described below:

*Township 19N, Range 2E, Seward Meridian*

Section 27:  
S1/2 S1/2

Section 34:  
N1/2 N1/2 N1/2  
SE1/4 NE1/4 NE1/4  
E1/2 SW1/4 NE1/4 NE1/4  
E1/2 NE1/4 SE1/4 NE1/4  
E1/2 SE1/4 SE1/4 NE1/4  
E1/2 NE1/4 NE1/4 SE1/4

Section 35:  
NW1/4 NW1/4 SW1/4  
W1/2 NE1/4 NW1/4 SW1/4  
N1/2 SE1/4 NW1/4 SW1/4  
SE1/4 NE1/4 NW1/4 SW1/4  
S1/2 NW1/4 NE1/4 SW1/4  
SW1/4 NE1/4 SW1/4  
W1/2 SE1/4 NE1/4 SW1/4  
SE1/4 SE1/4 NE1/4 SW1/4  
S1/2 SW1/4 NW1/4 SE1/4  
N1/2 NE1/4 SE1/4 SW1/4  
NW1/4 NW1/4 SW1/4 SE1/4  
E1/2 NW1/4 SW1/4 SE1/4  
NE1/4 SW1/4 SE1/4  
W1/2 NW1/4 SE1/4 SE1/4

Section 35 (Continued):

SE1/4 NW1/4 SE1/4 SE1/4  
N1/2 SW1/4 SE1/4 SE1/4  
SW1/4 NE1/4 SE1/4 SE1/4  
NW1/4 SE1/4 SE1/4 SE1/4  
E1/2 SE1/4 SE1/4 SE1/4

Section 36:

SW1/4 SW1/4 SW1/4  
S1/2 SE1/4 SW1/4 SW1/4

- 6) Lease Agreement executed with the Matanuska-Susitna Borough on October 26, 2010 for the permit lands described below.

*Township 18N, Range 2E, Seward Meridian*

Section 1:

NE1/4 NW1/4 NW1/4 NW1/4  
NE1/4 NW1/4 NW1/4  
W1/2 NW1/4 NE1/4 NW1/4  
NE1/4 SE1/4 NW1/4 NW1/4  
SW1/4 NE1/4 NW1/4  
NW1/4 SE1/4 NW1/4  
NW1/4 SW1/4 SE1/4 NW1/4  
SE1/4 NE1/4 SW1/4 NW1/4  
SE1/4 SW1/4 NW1/4  
S1/2 SW1/4 SW1/4 NW1/4

- 7) The permit lands described below were conveyed to UCM under a statutory warranty deed from North Pacific Mining Corporation on January 12, 1998:

*Township 18N, Range 2E, Seward Meridian*

Section 1:

That portion of Lot 5 lying north of the Glenn Highway right-of-way

### **3.2 PENDING RIGHTS**

There are no pending rights within the permit area.

### **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.

## **5.0 PERMIT TERM INFORMATION**

The requested permit term is 5 years. The disturbance area associated with the first five years of mining and the remaining life of mine are 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 structures, coal processing facilities and the development of mining pits for coal extraction (see Part D).

## **6.0 OTHER LICENSES AND PERMITS**

Permits and approvals required for start-up of the Wishbone Hill Coal Project are listed in Table B-1 along with the issuing authority, identification number, and current status.

**TABLE B-1  
PERMITS, LEASES, AND APPROVALS  
REQUIRED FOR START-UP OF THE WISHBONE HILL COAL PROJECT**

Document	Permit/ Lease No.	Original Issue Date	Latest Renewal	Expiration Date
<b><u>Department of Natural Resources</u></b>				
1) Coal Lease No. 1	ADL 32144	*Dec 29, 1997	N/A	Indefinite
2) Coal Lease No. 2	ADL 309947	*Dec 29, 1997	N/A	Indefinite
3) Permit to Mine No. 1	01-89-796	Sep 5, 1991	Sep 4, 2006	Nov 27, 2011
4) Permit to Mine No. 2	02-89-796	Sep 5, 1991	Sep 4, 2006	Nov 27, 2011
5) CZM Review for Permit to Mine No. 2	N/A	Aug 2, 1991	Sep 4, 2006	Nov 27, 2011
6) 25-Year State Surface Lease	ADL 224865	Apr 20, 1990	N/A	Apr 15, 2015
7) 10-Year State Surface Lease	ADL 225305	Mar 11, 2003	N/A	Aug 31, 2012
8) Permit to Appropriate Surface Water	Pending	May 16, 1990	Jun 13, 2000	May 16, 2005
9) Permit to Appropriate Groundwater	Pending	----	----	----
10) Temporary Water Use Permit	Pending	----	----	----
11) Cultural Resource Site Clearance	3130-2R	Aug 7, 1989	N/A	N/A
<b><u>Department of Environmental Conservation</u></b>				
12) Air Quality Construction Permit	Pending	Dec 31, 1990	Jun 23, 1995	Jan 18, 1997
13) Wastewater Disposal Permit	2003DB0036	Jul 8, 1992	Jul 16, 2003	**Jun 17, 2008
14) Sewage Treatment Plan Review	Pending	----	----	----
15) Drinking Water Plan Review	Pending	----	----	----
16) Spill Prevention Plan Review	Pending	----	----	----
17) Storm Water Pollution Prevention Plan	Pending	----	----	----
<b><u>Department of Fish &amp; Game</u></b>				
18) Fish Habitat Permit	Pending	----	----	----
<b><u>Department of Transportation</u></b>				
19) Approval to Construct a Driveway	ATC-20440	Sep 25, 2009	N/A	Aug 31, 2011
<b><u>Department of Revenue</u></b>				
20) Mining License	Pending	----	----	----
<b><u>Matanuska-Susitna Borough</u></b>				
21) Surface lease	MSB 001803	Oct 26, 2010	N/A	Jun 1, 2035
22) CZM Consistency Review	AM 90-089	Oct 26, 2010	N/A	Jun 1, 2035
23) Conditional Use Permit	Grandfathered	Nov 7, 2008	N/A	N/A
<b><u>Mine Safety &amp; Health Administration</u></b>				
24) Mine Identification No.	50-00030	N/A	N/A	N/A
<b><u>Army Corps of Engineers</u></b>				
25) Wetlands Non-Jurisdictional Determination	N/A	Mar 1, 2011	N/A	N/A
<b><u>Cook Inlet Region, Inc.</u></b>				
26) Coal Lease	N/A	Jun 10, 1997	N/A	Jun 10, 2017

\* Date lease was transferred to UCM

\*\* Renewal application approved on January 20, 2009. Reissuance of the permit put on hold because of DEC's work schedule.

---

---

\*\* Renewal Application pending approval

## **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

Fairbanks AK 99701

INSURED

Usibelli Coal Mine, Inc.

P.O. Box 1000

Healy AK 99743

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.

## 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 /LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT /SPECIAL 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 DISTURBANCE AREA**

