

May 1, 2012

Ms. Amy McGregor  
Office of Surface Mining  
Reclamation and Enforcement  
1999 Broadway, Suite 3320  
Denver, CO 80202-3050

12-05-02-24

**RE: Kayenta Complex Permanent Program Permit AZ-0001E Life-of-Mine Plan Revision**

Dear Ms. McGregor:

The enclosed submittal contains revision materials for the Kayenta Complex Permanent Program Permit AZ-0001E Life-of-Mine Plan (LOM) revision. This application seeks regulatory authorization to extend mining at the Kayenta Mine through a term that fulfills the allowed quantity of coal that may be extracted in accordance with the terms of the coal lease and to combine the Interim Program authorization area from the old Black Mesa Mine with the Kayenta Mine Permanent Program Permit area such that these areas are covered by a single Permanent Program Permit referred to as the Kayenta Complex. Peabody Western Coal Company (PWCC) is **not** proposing any plans to activate the Black Mesa Mine or mine reserves in that area. Approval of this submittal is needed by December 2013.

There are three major elements to this submittal. **First**, it includes updated mine plans extending the life of the Kayenta Complex until the coal lease agreements have been fulfilled. **Second**, it includes new environmental baseline information collected in the future coal reserve areas to augment the existing environmental baseline studies and ongoing environmental monitoring results. **Third**, the permit boundary for the Kayenta Complex is expanded to include the former Black Mesa mine area and bring essential active facilities needed to operate the Kayenta Mine into Permanent Program status.

**Life-of Mine Plans - Kayenta Complex**

The existing leases with the Navajo Nation and the Hopi Tribe entitle PWCC to mine 670 million tons of coal. With this submittal, PWCC seeks to permit the potentially economical surface-recoverable reserves needed for mining the 670 million tons within the existing lease boundary (approximately 429 million tons have been mined as of January 1, 2012). PWCC requests the Office of Surface Mining Reclamation and Enforcement (OSM) consider the J-19, J-21, J-21 West, J-28, N-9, N-10, and N-11 Extension surface-recoverable reserve areas when conducting its review and approval activities including the appropriate National Environmental Policy Act compliance activities. All of these coal reserve areas are within existing leases and the currently approved Kayenta Mine AZ-0001E permit area. Areas formerly designated as coal resource areas within the interim authorization area of Black Mesa Mine have been removed from the maps submitted with this LOM revision.

**Environmental Baseline Information**

This application contains additional environmental baseline data for the coal reserve areas within the existing leasehold to augment the substantial environmental monitoring and baseline studies information that has been amassed over the past 30

years. This data includes baseline information on vegetation, wildlife, soils, and overburden collected in accordance with plans proposed by PWCC and approved by OSM pursuant to letters dated May 7, 2003 (vegetation) and June 25, 2003 (soils, overburden, and wildlife).

**Permit Boundary - Kayenta Complex**

This application combines the Interim Program authorization area from the old Black Mesa Mine with the Kayenta Mine Permanent Program permit area such that these areas are covered by a single Permanent Program Permit referred to as the Kayenta Complex. The expanded permit boundary will bring active facilities and proposed facilities required to operate the Kayenta Mine in the foreseeable future into Permanent Program status. A total of 18,857 acres including 841 acres of active essential facilities, will be added to the existing 44,073 acre area for Permit AZ-0001E. The remaining 18,092 acres of the former Black Mesa Mine area will remain under interim or pre-law lands status.

In order to expedite review and approval, the following is a discussion of the modifications to the application that should be subject to regulatory review or where relevant information can be found.

1. Introduction (Chapter 1) and General Description of the Mining Location and Activities (Chapter 2) – New language is incorporated to reflect the active and proposed mining areas for the Kayenta Complex, to incorporate all active and proposed foreseeable facilities into the Permanent Program Permit, and state coal shipments to Mohave Generating Station thru the coal slurry pipeline ceased as of December 31, 2005 and will never restart.
2. Legal, Financial, and Compliance Information (Chapter 3) – The legal descriptions for the Kayenta Complex combined Permanent Program Permit are included.
3. Geology (Chapter 4) and Coal Recovery and Protection Plan (Chapter 5) – Updated and additional drill hole and geological data is included with the mine plan information (see Typical Geologic Cross Sections, Drill Hole Collar Location Maps – Drawing 85351, and the Mine Plan Map – Drawing 85210). With the approval of this revision, 670 million tons of coal will be mined from the J-19, J-21, J-21 West, J-28, N-9, N-10, and N-11 Extension coal reserve areas at Kayenta Complex. The coal resource areas from the interim authorization area of Black Mesa Mine have been removed from maps submitted with this LOM revision.
4. Facilities (Chapter 6) – The location of five new proposed temporary sediment control and mining disturbance runoff control structures are shown on the permit maps, Drawings 85210, 85400, 85405, and 85408. The Siltation and Impoundment Structures Data – Drawing 85406 was updated with the new proposed pond data and existing pond status information. The designs and updates to the Sediment and Water Control Facility Plan pertinent to the J-21 West mining area are included in this submittal. Culvert design information is included in the revised Attachment Q to Chapter 6.

5. **Blasting (Chapter 7) – J-21 West** has been added as a blasting notification area. Drawings 94700 and 94720 were updated to show current monitoring sites and resident locations.

6. **Soils Resources and Overburden (Chapter 8) –** The baseline soil survey of the J-28 and N-10 reserve areas is included with this submittal as Attachment 8 to Appendix A, Volume 11. Soils mapped previously and presented in the PAP for Permit AZ-0001E includes the J-21 West mining area. Overburden core data for the coal reserve areas has also been included for Appendix B, Volume 11. This submittal includes Drawing 85613 with updated overburden sample sites for the coal reserve areas.

7. **Vegetation Resources (Chapter 9) and Wildlife (Chapter 10) –** Chapter 9 is revised to include the 2003 baseline for portions of the remaining lease area. The text page changes introduce this in the chapter and remove references to N-9 and N-99/N-12. The attachments for those two areas were 4 and 5 and these are replaced with new attachments 4 and 5 which include baseline data for much of the entire leasehold. Note the N-9 and N-99/N-12 baseline is included in the 2003 baseline (Attachment 5) which is where the information for those two areas was taken from. Chapter 10 is revised similar to Chapter 9 and the rationale and information is the same except the N-9 and N-99/N-12 information was taken from the baseline that is now included as Attachment 4 to Chapter 10.

8. **Cultural, Historic, Religious, and Ceremonial Resources (Chapter 13) –** PWCC worked with the Hopi Cultural Preservation Office (HCPO) and the Navajo Nation Archaeology Department (NNAD) on cultural issues in the J-21 West coal resource area. The HCPO has assessed the status of the original archaeological survey, traditional cultural property inventory, and potential for human remains existing within the J-21 West coal resource area. The HCPO has assessed the archaeological work for the J-21 West project area in two phases. Phase I included the Archeological Site Reconnaissance, Reassessment, and Traditional Cultural Places Inventory report that was submitted to OSM in 2001. Subsequently, NNAD conducted an additional field survey of the J21-West area to identify sites of Navajo Cultural interest and has identified one additional site of concern (burial). Phase II is planned to begin in the summer of 2013, and will include mitigation through recovery or avoidance. Chapter 13 of Permit AZ-0001E specifically outlines PWCC procedures issued to address all cultural resources. Mitigation and reports will be completed in accordance with these procedures outlined in the approved plan.

9. **Land Use (Chapter 14) –** This submittal includes Drawing 85324 with updated pond and water source information.

10. **Hydrologic Description (Chapter 15), Hydrologic Monitoring Program (Chapter 16), Protection of the Hydrologic Balance (Chapter 17), and Hydrologic Reclamation Plan (Chapter 19) –** No changes are included with this submittal.

11. **Probable Hydrologic Consequences (Chapter 18), –** PWCC updated predictions of impacts to the N-aquifer through 2057 using the 3-D groundwater model and impact assessments for sediment ponds through 2018 in accordance with the proposed 5-year mine plans. In addition, updates to several tables and associated text are also provided

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based on monitoring data collected through 2010. Lastly, minor changes to Chapter 18 text regarding outdated nomenclature for the N-11 pit extension area and a few topographical errors are also provided.

12. The affected lands area associated with all mining-related activities proposed in this submittal will be backfilled, regraded, and revegetated in accordance with the plans and schedules set forth in revised Chapters 20 (Reclamation Schedule), 21 (Backfilling and Grading), 22 (Minesoil Reconstruction), and 23 (Revegetation Plan). This submittal includes updates to each chapter regarding the timing, methods, and acreages proposed for the J-21 West area. The topsoil balance for all active and proposed mining areas is included in Chapter 22 (Minesoil Reconstruction). Chapter 23 (Revegetation Plan) has been updated to reflect the current proposed list of post-mining ponds and water sources.

13. Bonding (Chapter 24) – Independent bonding estimates to reflect the affected lands associated with all disturbance areas are dynamic. Estimates will be submitted later during the technical review of this application.

Enclosed are insertion instructions for updating the PAP, the notarized verification statement, the certification statement, and eleven copies of the revised materials (both digital and paper). If you have any questions, please don't hesitate to contact me.

Respectfully,



Gary W. Wendt  
Manager, Permits SW

**Enclosures**

- c:     B. Dunfee (PE)  
       A. Rappleyea (PWCC-KC)  
       J. Schlenvogt (PWCC-KC)  
       M. Shepherd (PWCC-KC)

# **INSERTION INSTRUCTIONS**

## **Life-of Mine (LOM) Mine Plan Permit Revision**

### **Kayenta Complex**

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**Page 1 of 5**

<b><u>Volume</u></b>	<b><u>Chapter</u></b>	<b><u>Description</u></b>
1		Replace the existing index pages i thru viii with the revised pages i thru ix.
1	1	Replace the existing title page thru page 2 with the revised pages.
1	2	Replace the existing title page and pages i, 1, 2, and 5 with the revised pages.
1	3	Replace the existing pages 1, 2, 4, 5, 6, and 13 with the revised pages.
1	3	In Attachment 6, replace the existing title page and text page 2 with the revised pages.
1	3	In Attachment 7, replace existing title page with the revised title page and add new certification as the last page.
1	3	In Attachment 11, replace existing title page and next page with the revised two pages.
1	4	Replace the existing title page, index pages i, ii, and text pages 29 and 32 thru 45 with the revised pages.
1	5	Replace the existing Chapter 5 with revised Chapter 5.
1	6	Replace the existing Chapter 6 with revised Chapter 6.
6	6	Insert new sediment Design Reports J21W-A, J21W-B, J21W-C, J21W-D, and J21W-E after the existing Design Report J21-I2.

# **INSERTION INSTRUCTIONS**

## **Life-of Mine (LOM) Mine Plan Permit Revision**

### **Kayenta Complex**

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<b><u>Volume</u></b>	<b><u>Chapter</u></b>	<b><u>Description</u></b>
7	6	Replace existing Attachment Q with revised Attachment Q. Replace existing Attachment W with revised Attach. W.
7A-F	6	Replace existing index in these 6 volumes with the revised index.
8	7	Replace the existing Chapter 7 with revised Chapter 7. Replace the existing Attachments 2 and 5 with the revised Attachments 2 and 5. Insert updated residential list at end of Attachment 6.
8	8	Replace existing title page, index page ii, and text pages 1 thru 6, 17 thru 28, and 31 thru 38 with the revised pages.
8	9	Replace the existing index page iii and text pages 3 and 4 (duplex) and 79 thru 84 (duplex) with the revised pages. Add new Attachment 6 materials.
8	10	Replace the existing index page iv and text pages 3 and 4 (duplex) with the revised pages. Replace existing Attachment 4 with new Attachment 4.
8	14	Replace existing text pages 27 thru 30 (duplex) with the revised pages. Discard existing pages 29a and 29b.
11	18	Replace all existing Index pages with the revised pages. Replace the existing text pages 1, 2, 15, 16, 18a thru 24, 27 thru 40, 45 thru 76, 81 thru 92, 97 thru 106, 111, 112, and 117 thru 128 with the revised pages. Replace the existing Attachment 3 with the revised Attachment 3.
11	20	Replace the entire existing Chapter 20 with the new Chapter 20.

# **INSERTION INSTRUCTIONS**

## **Life-of Mine (LOM) Mine Plan Permit Revision**

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<b><u>Volume</u></b>	<b><u>Chapter</u></b>	<b><u>Description</u></b>
11	22	Replace the existing Chapter 22 with the revised and/or recopied Chapter 22. Replace existing Attachments 22-1 and 22-2 with the revised and/or recopied attachments.
11	23	Replace existing text pages 43 and 44 (duplex) with the revised pages.
11A	25	Replace the existing title page thru page 4 and pages 7 thru 9 with the revised title page thru 4 and pages 7 thru 11.
11A	Appendix A	Replace the existing Appendix A-1, title page thru page 26 with revised Appendix A-1, title page thru 31 after the Existing Attachment 7.
12	Appendix B	Replace the existing title page and index page B-i with the revised pages.
12	Appendix B	Replace existing pages 517 to the end with the recopied title page (J-28 Mining Area – Deep Cores) and pages 517 thru 604 after existing page 516.
13		Discard Typical Area Geologic Cross Section J-7 Area # 1, #2, and #3; J-19 Area #1, #2, #3, #4, #5, #6, and #7; J-21 Area #1, #2, #3, #4, #5, and #6; N-6 Area #1, #2, and #3; N9 Section #1 (West-East) and #1 (North-South); N-10 Area #1 and #2; N-11 Area #1 and #2; N-12 Section #1 (East-West) and #1 (North-South); N-99 Section #1 (West-East), N-99 Section #1 (South-North), and N-99 Section #2 (South-North).

# **INSERTION INSTRUCTIONS**

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<b><u>Volume</u></b>	<b><u>Chapter</u></b>	<b><u>Description</u></b>
13		Insert new "Typical Geological Cross Section" J-19 Sections #1 and #2, J-21 Sections #1 and #2, J21 West Sections #1, #2, and #3, J-28 Section #1 (East-West) and J-28 Sec. #1 (North-South), N9 Secs. #1 & #2, N-10 Sections #1 and #2, and N-11 Extension Sections #1, #2, and #3.
18		Replace the existing Drawing No. 85210 (Silo, Northwest, Northeast, Southwest, and Southeast sheets) with the revised drawings.
19a		Insert new drawing No. 85305C "Soil Type and Topsoil Salvage Map" for J-28 and N-10 in new Volume 19a. (Use old Volume 16 Binder)
19		Move Drawing No. 85305B sheets 7 of 15 through 15 of 15 to the front of new Volume 19a.
20b		Discard all existing Drawing No. 85351 Drill Hole Collar Location Maps. Insert new Drawing No. 85351 "J-19 Drill Hole Collar Location Map" in the front of the Volume. Insert new Drawing No. 85351 "J-21 Drill Hole Collar Location Map" after J-19. Insert new Drawing No. 85351 "J-21 West Drill Hole Collar Location Map" after J-21. Insert new Drawing No. 85351 "J-28 Drill Hole Collar Location Map" after J-21 West. Insert new Drawing No. 85351 "N-9 Drill Hole Collar Location Map" after J-28. Insert new Drawing No. 85351 "N-10 Drill Hole Collar Location Map" after N-9.

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<b><u>Volume</u></b>	<b><u>Chapter</u></b>	<b><u>Description</u></b>
20b		Insert new Drawing No. 85351 "N-11 Extension Drill Hole Collar Location Map" after N-10. Replace the existing Drawing 85360 (Silo, Northwest, Northeast, Southwest, and Southeast sheets) with the revised drawing.
21		Replace the existing Drawing No. 85400 sheets K6, K7, K8, K9, K10, K11, L6, L7, L8, L9, L10, L11, M7, M8, M9, M10, M11, N8, N9, N10, and N11 with the revised sheets.
22		Replace the existing Drawing No. 85405, sheet 2 of 2, Drawing No. 85406, Drawing No. 85408 (Silo, Northwest, Northeast, Southwest, and Southeast sheets) with the Revised drawings. Delete Drawing 85613A. Replace existing Drawing 85613 with the revised drawing.
23		Replace existing Drawings 94700 and 94720 with the revised drawings.
29		Replace the existing Drawing 85352 sheets L-11, M-10, and M-11 with the revised sheets.

**VERIFICATION**

I verify under oath that the information contained in this application for a permit, revision, renewal, bond release, or transfer, sales or assignments of permit rights is true and correct to the best of my information and belief.

Signature of Responsible Official  Gary W. Wendt

Title  Manager, Permits Southwest  Date  May 1, 2012

SUBSCRIBED AND SWORN TO BEFORE ME BY  Gary W. Wendt

This  1<sup>st</sup>  Day of  May  2012

NOTARY PUBLIC  Brianna R. Lorents

MY COMMISSION EXPIRES  June 5, 2015



BRIANNA R LOWRENTS  
Notary Public - Arizona  
Coconino County  
My Comm Expires Jun 2, 2012



CERTIFICATION

Based upon my inquiry of those individuals immediately responsible for obtaining and preparing the information contained in this 2012 Kayenta Complex Permanent Program Permit AZ-0001E Life-of-Mine Plan Revision application package, I certify per 30 CFR 777.11(c) that such information is true and correct to the best of my information and belief.

As an authorized representative of Peabody Western Coal Company, first being duly sworn, I hereby certify that per 30 CFR 778.9(a), (b), and (d) the AVS information, regarding ownership and control and notice of violation information is accurate, complete, and up-to-date. All information required by 30 CFR 778.13 is accurate and there has been no change in the information previously submitted and approved in the permit application package.

Pursuant to 30 CFR 778.11(d), I certify, swear, or affirm under penalty of the Act (Public Law 95-87) that I am the natural person with the greatest level of effective control over the entire proposed operation. I am aware that, as the person with the greatest level of effective control over this proposed operation, I am obligated by the Act to prevent violations and to cause any violation that occurs to be abated promptly. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.



*Bradley G. Brown*  
Bradley G. Brown  
President  
Peabody Western Coal Company

State of Arizona )  
 ) ss.  
Coconino County )

The foregoing instrument was acknowledged before me this 1 day of MAY, 2012, by Bradley G. Brown, President of Peabody Western Coal Company, a Delaware Corporation, on behalf of the corporation.

*Brianna R. Lorents*  
Notary Public

My Commission Expires:  
June 5, 2015

BRANNA R. LORENZ  
Notary Public - Arizona  
Cocaine County  
My Comm. Expires Jan 2, 2018

