

CHAPTER 1

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Peabody Western Coal Company operates the Kayenta Complex mining operation on the Black Mesa, Navajo County, Arizona. The Kayenta Complex includes former mines separately designated as Black Mesa Mine and Kayenta Mine that began operations during 1970 and 1973, respectively. The Kayenta Complex is located on contiguous leases within the boundaries of the Navajo and Hopi Indian reservations. The mines are currently operated pursuant to interim program authorization and permanent program permits issued by the Office of Surface Mining Reclamation and Enforcement (OSM). Interim program authorization was issued on January 29, 1982 and Permit AZ-0002A was issued on December 21, 1984. The permanent program permit was issued on July 6, 1990. The permanent program permit is AZ-0001E and was renewed four times; on July 6, 1995, on July 6, 2000, on July 6, 2005, and lastly on July 6, 2010.

On September 28, 1984, OSM promulgated regulations at 49FR38482 which set forth certain requirements for surface coal mining and reclamation operations on Indian lands. These regulations mandated operators expecting to conduct surface coal mining and reclamation operations on Indian lands eight months after the effective date of the regulations to apply for a permit within two months of the effective date. On October 31, 1984, Peabody filed an application for a permit and requested that OSM incorporate into the application the approximately 53 volumes of data concerning the Black Mesa operations already filed with OSM. Peabody agreed to supplement the application as necessary to completely fulfill regulatory requirements should OSM identify deficiencies (see Attachment 1). OSM accepted Peabody's request on November 17, 1984 (see Attachment 2) and, on July 10, 1985, authorized Peabody to operate after May 28, 1985 in the interim program area (see Attachment 3). This authorization was necessary for the interim program area prior to promulgation of the permanent Indian land regulations.

The purpose of this document is to consolidate and update information regarding the surface coal mining and reclamation activities conducted by Peabody on the Kayenta Complex leasehold. The document supports Peabody's October 31, 1984 permit application.

Through the filing of this document, Peabody seeks to obtain from OSM a life-of-mine mining plan and permit area approval for the entire Kayenta Complex pursuant to 30 CFR

Subchapter E. It is Peabody's intent that, upon approval by OSM, the information in this document regarding surface mining and reclamation plans and procedures will supersede any such information previously filed with OSM by Peabody for the Kayenta Complex. The Kayenta Mine operates under Permanent Program Permit AZ-0001E and the Black Mesa Mine formerly operated under Interim Program authorization. The Black Mesa Mine ceased shipping coal to the Black Mesa Pipeline Company as of December 31, 2005.

In February 2012, the Kayenta Complex application was revised to incorporate the J-21 West coal resource area into the 5-year mine plan, incorporate all essential active facilities and proposed facilities required in the foreseeable future into the Permanent Program Status, expand the permit boundary for the Kayenta Complex by including the interim authorization areas of Black Mesa Mine, and remove areas formerly designated as coal resource areas within the interim authorization area of Black Mesa Mine from the LOM revision submittal maps.

Certain technical information such as baseline environmental data previously supplied to OSM in support of mining and reclamation plans and permit approvals has not been entirely reproduced in this document. Where such information has been relied upon to support the plans and procedures presented in this document, specific reference to such information has been made and that information is considered by Peabody to be incorporated into this document by such reference as provided for in 30 CFR 777.11(b).