




**COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
COAL PROGRAM INSPECTION REPORT**



PERMIT INFORMATION

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| Permit Number: C-2009-087 Mine Name: Peabody Sage Creek Mine Operator: Peabody Sage Creek Mining, LLC Operator Address: Mr B. Scott Cowman P.O. Box 250 36600 Routt County Road 27 Hayden, CO 81639 | County: Routt Operation Type: Underground Permit Status: Active Ownership: Federal |
| | Operator Representative Present: Scott Cowman |
| Operator Representative Signature: (Field Issuance Only) | |

INSPECTION INFORMATION

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| Inspection Start Date: September 18, 2013 Inspection Start Time: 09:00 Inspection End Date: September 18, 2013 Inspection End Time: 12:30 | | Inspection Type: Coal Partial Inspection Inspection Reason: Surety Release Requested Weather: Raining | |
| Joint Inspection Agency: None | | Joint Inspection Contacts: | |
| Post Inspection Agency: None | | Post Inspection Contacts: | |
| Inspector(s): Jason D. Musick | Inspector's Signature:  | | Signature Date: 10/2/2013 |

| Inspection Topic Summary | |
|---|---|
| NOTE: Y=Inspected N=Not Inspected R=Comments Noted V=Violation Issued NA=Not Applicable | |
| N - Air Resource Protection N - Availability of Records N - Backfill & Grading N - Excess Spoil and Dev. Waste N - Explosives N - Fish & Wildlife Y - Hydrologic Balance N - Gen. Compliance With Mine Plan N - Other N - Processing Waste | N - Roads R - Reclamation Success R - Revegetation N - Subsidence N - Slides and Other Damage N - Support Facilities On-site N - Signs and Markers N - Support Facilities Not On-site N - Special Categories Of Mining R - Topsoil |

COMMENTS

This was a partial coal inspection conducted by Jason Musick of the Colorado Division of Reclamation, Mining and Safety on September 18, 2013. The purpose of this inspection was to evaluate the on-the-ground condition with respect to the Peabody Sage Creek Mine's full bond release application, SL-02 in accordance with Rule 3.03.2(2). Scott Cowman of Peabody Energy accompanied the inspection. The weather was cloudy and raining and the ground was wet during the inspection. All areas to be inspected were accessible and visible.

Lands requested for liability release under SL-02 include pre-law 68.79 acres of land reclaimed beginning in 1972 and 1977 previously permitted under the Seneca II Mine (C-1980-005). Surface land ownership is private (Peabody Sage Creek Holdings) and Mineral ownership is private (Peabody Sage Creek Holdings). OSM and BLM was notified of the inspection and no response was received.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

All affected lands within this bond release area were mined prior to August 3, 1977 and fall within the pre-law category. Do to the pre-Law category of the bond release area. The post mining land use for the area is livestock grazing and wildlife habitat. Based on the Annual Reclamation Reports of the area, the site is annually grazed in accordance with the grazing schedule.

Based on the applicable Rules for Pre-Law Bond Release, the backfilling and grading of the area was successful as the bond release area corresponds favorably with the surrounding terrain. Minor rills and gullies were noticeable with no heavy erosion noted, with the exception of the large drainage from the eastern portion of the area to the stock pond located in the low portion of the area. Although this area displayed heavy down cutting, the feature was established as large shrubs have developed within the erosion. No off site impacts were observed as the area of erosion has been contained within the bond release area. A determination will be made during the review process concerning the extent of erosion and the potential for any off site impacts concerning the features identified during the inspection.

In review of the SL-1 inspection for the Seneca II Mine which initially included the pre-law area, pH, conductivity and temperature was collected. No instrument was available for this inspection. As part of the October I&E inspection, these field measurements will be collected at the stock pond within the pre-law bond release area.

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1

REVEGETATION – Rule 4.15 Vegetative Cover; Timing:

Although no vegetation success criteria is associated with the bond release area, the requirements to establish a diverse, effective, and permanent vegetation cover native to the area was required. The establishment of vegetation was inspected to support the post mining land use of livestock grazing and wildlife habitat. Vegetative cover and bare areas were inspected with respect to the post mining land use and the potential for excessive contribution of suspended solids to stream flow outside of the permit area. Species composition was visually evaluated to ensure that predominate species were observed to support the post mining land use. Sage Creek Mine's vegetation cover and diversity are acceptable and no problems were noted with revegetation at the time of the inspection. Very few noxious species were noted during the inspection.

TOPSOIL – Rule 4.06 Removal 4.06.2; Substitute Materials 4.06.4(4); Storage and Protection 4.06.3; Redistribution 4.06.4:

Based on the absence of topsoil storage and redistribution requirements, no topsoil placement was included in the bond release area. Although no topsoil was verified, good vegetation growth was observed throughout the north and northeast facing slopes, with sparse vegetation along the south and southwest facing slopes.

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1

ENFORCEMENT ACTIONS/COMPLIANCE

No enforcement actions are pending and none were taken as a result of this inspection.

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1

PHOTOGRAPHS



NORTH FACING SLOPES



NORTH FACING SLOPE



STOCK POND



NORTHEAST FACING SLOPE



SOUTHWEST FACING SLOPE

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1



EROSION FEATURE



FENCED VEGETATION PLOT



STOCKPOND AND EAST FACING SLOPE



FENCED VEGETATION PLOT



EROSION ABOVE STOCK POND



EROSION ABOVE STOCK POND

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1



SOUTHWEST FACING SLOPE



STOCK POND



SOUTH SPOIL



SOUTH SPOIL



SOUTH SPOIL



SOUTHEAST SLOPE ABOVE POND

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1



NORTHEAST ABOVE POND



POND LOOKING NORTH



NORTHEAST SLOPE ABOVE POND



NORTHEAST SLOPE



SOUTHWEST SLOPE ABOVE POND

Number of Partial Inspection this Fiscal Year: 2

Number of Complete Inspections this Fiscal Year: 1