

2.01 GENERAL REQUIREMENTS

2.01.1 Scope

This permit describes the minimum general requirements for continued operation of the coal mining activities at West Elk Mine. The permit describes how reclamation and operations are to be conducted according to the requirements of the Rules associated with Title 34, Article 33, of the Colorado Revised Statutes of the Colorado Surface Coal Mining Reclamation Act.

2.01.2 General Requirements for Existing Operations

MCC files applications for renewals and revisions to this existing permit as needed to continue mining operations at West Elk Mine. The main mine site is located about two miles east of Somerset in Gunnison County, Colorado. The underground mining operations are primarily located in Gunnison County with a small area of past mining located in Delta County.

2.01.3 General Requirements for Permits for All Surface Coal Mining and Reclamation Operations

West Elk Mine operates under permit #C-1980-007 originally issued by the Colorado Division of Reclamation, Mining, and Safety (CDRMS) is July 1981, and has undergone several revisions and renewal processes since then to keep this document current. MCC expects to continue coal production at West Elk Mine for at least another 20 years at this mine operation.

2.01.4 Permit Requirements for New Surface Coal Mining and Reclamation Operations

This section does not apply to West Elk Mine.

2.01.5 Permit Term

MCC operates the West Elk Mine under permit #C-1980-007 issued by the CDRMS. The permit term is five years and as the mining operations continue through the term of the permit, renewal and revision applications are submitted for approval by CDRMS. MCC submitted and CDRMS has accepted surety bonds totaling \$15.0MM.

2.01.6 Permit Fees

MCC filed permit fees with the original application submitted in 1980 to cover the costs of administering, and enforcing this permit pursuant to the Rules of the Colorado Mined Land Reclamation Act, as amended.

2.02 GENERAL REQUIREMENTS FOR COAL EXPLORATION

During the 1992, 1993, and 1994 drilling seasons, exploration drilling occurred within and outside the current permit area, on adjacent tracts of unleased, federally-owned coal (Federal exploration license Nos. COC-53793 and COC-54360). Notices of Intent to Explore (NOI) were filed and approved by CDRMS prior to the commencement of these exploration programs (Jumbo Mountain: NOI CX-92-212-00, Raven Gulch: NOI CX-93-212-01, and the West Elk Mine area: NOI CX-94-212-02).

MCC filed and received approval for NOI Nos. CX-95-212-05 and X-95-212-04 for exploration activities during the 1995 and 1996 drilling seasons.

In 1997, MCC received approval for NOI CX-97-221 for Federal Exploration License No. COC-58219. Another federal coal exploration license was applied for the Sunset Trail exploration in November 1998. Sunset Trail exploration license No. COC-62540 was conditionally approved by the BLM, but was later withdrawn.

In 2003, MCC received approval for NOI X-2003-212-05 for alluvial and hydrologic monitoring wells located on Federal coal leases held by MCC, but were not within the West Elk Mine permit area at that time.

In 2005, MCC received approval for NOI X-2005-212-06 for coal exploration located on Lions Mesa and Dry Fork fee and other federal coal, but were not within the West Elk Mine permit area at that time.

In 2006 MCC received approval for NOI X-2006-212-07 located on federal lands for the geotechnical investigation of the Deer Creek ventilation shaft location.

In 2017 MCC received approval for NOI X-2017-212-09 located on private land and fee coal for two exploration sites. Only one of the two exploration sites was drilled.

In late 2017, MCC received approval for NOI X-2013-228-01 for ten exploration sites located within the Sunset Trail federal lease modification areas, but were not within the West Elk Mine permit area at that time. Only three of the ten exploration sites were drilled.

In 2018, MCC received approval for NOI X-2018-212-10 located on private land and fee coal in Section 22 for two exploration sites. Only one of the two exploration sites was drilled.

Future drilling activities will be conducted in accordance with Section 2.02 of the *Regulations of the Colorado Mined Land Reclamation Board for Coal Mining* and in a manner that protects the environment and complies with all applicable Federal and State rules.