

OGMCOAL - Bear Canyon AML fees

From: Daron Haddock
To: Christopher A. Jones
Date: 12/7/2010 3:54 PM
Subject: Bear Canyon AML fees
CC: Dana Dean; OGMCOAL; Steve Alder

Dear Chris,

At your request I am providing my understanding of the outstanding fees that are still pending and which need to be resolved in order to transfer the Bear Canyon permit. Our consultation with the OSM AVS office has identified 4 violations associated with the non-payment of AML fees that link to the Bear Canyon Mine (ACT/015/025). Two of these violations are associated directly with the Bear Canyon Mine for non payment of the AML fee that goes with coal that was mined at the Bear Canyon mine. These two violations are the responsibility of Co Op Mining Company also doing business as CW Mining. It is imperative that these two violations (fees, penalties and interest) get paid in order to clear the transfer requirements.

It is my understanding that the other two violations are tied to the Hiawatha mine (ACT/007/011) and are associated with AML fees on remining of coal fines from slurry ponds and refuse piles at the Hiawatha site. These fees are the responsibility of Hiawatha Coal Company who conducted the mining and who is the permittee of the Hiawatha mine. Although the AVS system has linked the Hiawatha Coal Company and Co Op mining violations because of Corporate ownership, that ownership link has since been severed by the Bankruptcy and the AML fees owed by Hiawatha Coal Company should not be the responsibility of CW Mining. The non-payment of fees at the Hiawatha mine should not hold up the transfer of the Bear Canyon mine permit. I hope this gives you the information that you need. Sincerely,

Daron R. Haddock
Coal Program Manager