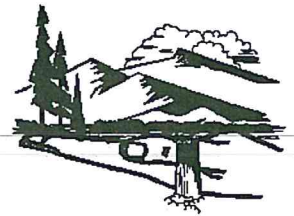




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

Todd Parfitt, Director

July 21, 2016

Mr. Mark Thrall
Alpha Coal West, Inc.
P.O. Box 3039
Gillette, WY 82717-3039

RE: Contura Coal West, LLC's Applications for Permit Transfer and Licensure for the Eagle Butte Mine (Permit No. 428) and Belle Ayr Mine (Permit No. 214)

Dear Mr. Thrall:

The Department of Environmental Quality, Land Quality Division ("Division") has received notice that Contura Coal West, LLC ("Contura") intends to apply for permit transfers and licenses to mine for the Eagle Butte and Belle Ayr Mines. The Division is aware that Contura will purchase the mines and their related assets from subsidiaries of Alpha Natural Resources, Inc. That transaction will occur in the near future under the bankruptcy reorganization plan for Alpha and its subsidiaries. The Division has received draft application materials and information from Contura and has spoken with Contura representatives about the transfer and licensure processes.

The Division is prepared to receive the final applications and proposed bond instruments from Contura. To aid the company's preparation and submission of those documents, the Division advises the following:

1. The permit transfer process is governed by Wyoming Statute § 35-11-408 and Chapter 12 of the Division's Coal Rules. You may find a copy of the rules through the Wyoming Secretary of State's webpage: <http://soswy.state.wy.us/Rules/default.aspx>. The permit transfer process will include publication of public notice and an opportunity for public comment, as required by the rules.
2. Applications for licenses to mine must meet the requirements and follow the procedure in Wyoming Statute § 35-11-410. The Division already maintains the official complete copies of the existing permits. Therefore, Contura may identify the permit numbers and refer to the Division's copies in lieu of providing a second set of copies under Wyoming Statute § 35-11-410(b)(ii). Contura will be bound to the terms and contents of the official permits.
3. The Division may issue licenses to mine prior to the completion of the permit transfers, but only after Contura has posted acceptable reclamation bonding instruments with the Division. Therefore, the Division strongly encourages Contura to submit its proposed bonds to the Division as soon as possible after filing the license applications.
4. The Director recently revised and set the current amounts of reclamation bonding required for the mines. The Director's letters setting those amounts are attached. Because the

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ADMIN/OUTREACH (307) 777-7937	ABANDONED MINES (307) 777-6145	AIR QUALITY (307) 777-7391	INDUSTRIAL SITING (307) 777-7369	LAND QUALITY (307) 777-7756	SOLID & HAZ. WASTE (307) 777-7752	WATER QUALITY (307) 777-7781
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Director revised the mines' bond amounts so recently, the attached letters identify the appropriate amount of bonding required for the mines. Pursuant to those letters, Contura must provide bonding in the amounts of \$138,321,000.00 for the Eagle Butte Mine (Permit No. 428) and \$125,510,000.00 for the Belle Ayr Mine (Permit No. 214). Contura should consider this letter as my notice under Wyoming Statute § 35-11-410(c) of the size of the bonds to be posted for the purpose of insuring reclamation. Therefore, after filing its license applications, Contura should proceed to submit bond instruments in those amounts to the Division *without* waiting for my determination on whether the license applications are in order and consistent with the terms of the permits and the Wyoming Environmental Quality Act. The Division will review the license applications and proposed bond instruments as we receive them.

5. Based on our discussions with Contura, the Division understands that Contura will promptly file its applications and bond instruments after it closes on the purchase of the mines' assets, and that the permit transfers, operator licensure, and bond posting can be completed relatively soon. The Division's communications with Contura establish that Contura is now a potential transferee for the purposes of the Division's Coal Rules, Chapter 12, § 1(b)(ii). In the short interim period between its closing and the completion of the transfer and licensure processes, Contura may operate under the existing permits as a potential permittee under the Division's Coal Rules, Chapter 12, § 1(b)(ii)(G). During that time, Contura shall assume the liability and reclamation responsibilities of the existing permits and shall conduct the surface coal mining and reclamation operations in full compliance with the Environmental Quality Act, the Division's rules and regulations, and the terms and conditions of the existing permits. During that time, Contura must also endeavor to complete all steps for permit transfer and operator licensure as swiftly as possible.

The Division is ready to assist Contura with these processes. Please feel free to contact me or the Division if you have any questions about this letter or the processes or requirements related to the transfer.

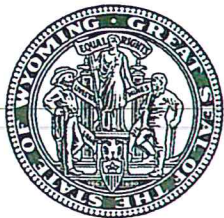
Sincerely,



Kyle Wendtland
Administrator
Land Quality Division

Attachments (2)

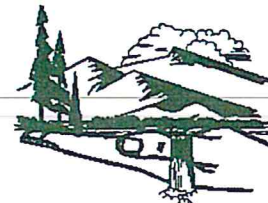
cc: Mr. John Paul Jones
Mr. Scott Kreutzer
Land Quality Division, District 3



Matthew H. Mead, Governor

Department of Environmental Quality

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Todd Parfitt, Director

Mr. Mark Thrall
Alpha Coal West, Inc.
P.O. Box 3039
Gillette, WY 82717-3039

RE: Bond Amount for Permit No. 214-T8, Alpha Coal West, Inc., Belle Ayr Mine

Dear Mr. Thrall:

The information presented in the 2015-2016 Annual Report for Permit No. 214-T8 has been reviewed by the Land Quality District III staff, and the Annual Inspection required by W.S. §35-11-411(c) was conducted on February 23, 2016.

In accordance with W.S. §35-11-411(d), the bond amount is set at \$125,510,000.00. This represents a decrease of \$93,397,000.00 from the current amount of \$218,907,000.00. The decrease is due to the reclamation proposal to share the cost of a shovel (and associated mobilization/demobilization costs) with Eagle Butte Mine, lower fuel costs, revised hourly costs on equipment, and lower unit costs due to Wyoming market conditions. Please contact Mr. Casey Robb, DEQ Bonding Analyst, at (307) 777-6910 for information on how to decrease the bond.

This bond amount is based only on an estimate of the cost of the state performing reclamation in the event of bond forfeiture. If this estimate proves to be less than the amount required, the Department will bring suit to recover the additional cost as allowed under W.S. §35-11-422.

Should you have any questions, please contact Mark Rogaczewski, in the Sheridan District Office at (307) 675-5616.

Sincerely,

Todd Parfitt
Director

Date: 6/30/2016

TP:KW:MR:kh

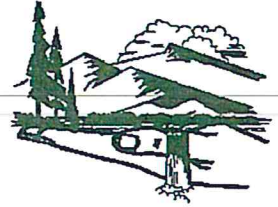
cc: Kim Pandullo – Cheyenne DEQ-LQD
Tammi Pusheck - Cheyenne DEQ-LQD
Connie Osborne – Cheyenne DEQ
Casey Robb – DEQ Bonding Analyst
District III



Matthew H. Mead, Governor

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Todd Parfitt, Director

Mr. Mark Thrall
Alpha Coal West, Inc.
P.O. Box 3039
Gillette, WY 82717-3039

RE: Bond Amount for Permit No. 428-T7, Alpha Coal West, Inc., Eagle Butte Mine

Dear Mr. Thrall:

The information presented in the 2015-2016 Annual Report for Permit No.428-T7 has been reviewed by the Land Quality District III staff, and the Annual Inspection required by W.S. §35-11-411(c) was conducted on January 14, 2016.

In accordance with W.S. §35-11-411(d), the bond amount is set at \$138,321,000.00. This represents a decrease of \$53,049,000.00 from the current amount of \$191,370,000.00. The decrease is due to lower fuel costs, revised hourly costs on equipment, and lower unit costs due to Wyoming market conditions. Please contact Mr. Casey Robb, DEQ Bonding Analyst, at (307) 777-6910 for information on how to decrease the bond.

This bond amount is based only on an estimate of the cost of the state performing reclamation in the event of bond forfeiture. If this estimate proves to be less than the amount required, the Department will bring suit to recover the additional cost as allowed under W.S. §35-11-422.

Should you have any questions, please contact Mark Rogaczewski, in the Sheridan District Office at (307) 675-5616.

Sincerely,

Todd Parfitt
Director

Date: 6/30/2016

TP:KW:MR:kh

cc: Kim Pandullo – Cheyenne DEQ-LQD
Tammi Pusheck - Cheyenne DEQ-LQD
Connie Osborne – Cheyenne DEQ
Casey Robb – DEQ Bonding Analyst
District III