

PERMIT RENEWAL APPLICATION

KAYENTA MINE

PERMIT AZ-0001D

February 26, 2010

PEABODY WESTERN COAL COMPANY

KAYENTA, ARIZONA

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Introduction, 774.15(a), (b)(1)

Pursuant to 30 CFR 774.15(a) and (b)(1), Peabody Western Coal Company (PWCC) hereby submits an application for renewal of Surface Mine Permit AZ-0001D for Kayenta Mine. This package has been submitted at least 120 days prior to the permit expiration date of July 6, 2010. The following information is included in this package to support the application and make it administratively complete. The renewal does not propose any revisions to the approved mining and reclamation plan. The renewal application package contains:

1. Name and address of the permittee, the term of the renewal requested, and permit number as required by 30 CFR 774.15(b)(2)(i)
2. Certificate of liability insurance as required by 30 CFR 774.15(b)(2)(ii).
3. Performance bond assurance as required by CFR 30 774.15(b)(2)(iii).
4. Newspaper notice and proof of publication as required by 30 774.15(b)(2)(iv) and 30 774.15(b)(3).
5. Additional updated information as required by 30 774.15(b)(2)(v).

Name and Address of Permittee, Permit Number, and Permit Term, 774.15(b)(2)(i).

Name and Address of Permittee:

Peabody Western Coal Company

P. O. Box 650

Navajo Route 41

Kayenta, Arizona 86033

(928) 677-3201

This information is presented on Page 1, Chapter 3, Permit AZ-0001D. Listed below is the current permit number, permit number for the requested renewal permit, and the term of the requested renewal.

Permit Number: AZ-0001D

2010-2015 Permit Number: AZ-0001D

Renewal Term: July 6, 2010 through July 5, 2015

Certificate of Liability Insurance, 774.15(b)(2)(ii).

Attached is a Certificate of Liability Insurance for the Black Mesa Complex (which includes Kayenta Mine) indicating compliance with the minimum requirements for liability insurance per 30 CFR 800.60(a). The policy shall be maintained in full force during the life of the permit, this and any subsequent renewals, and the liability period necessary to complete all reclamation operations per 30 CFR 800.60(b).

A copy of the effective Liability Insurance Certificate is always maintained in Attachment 5, Chapter 3, Volume 1 of the Kayenta Mine Permit AZ-0001D as specified on Page 4, Chapter 3 of the permit.

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

Performance Bond Assurance, 774.15(b)(2)(iii).

All performance bonds and Letter of Credit in effect for the Kayenta Mine operation will continue in full force and effect for the 2010 to 2015 five-year renewal period per 30 CFR 774.15(b)(2)(iii). PWCC recently calculated the bond liability for the 2005-2010 "worst case" or highest reclamation liability year in October 2008. PWCC will provide any additional bond justified and required by OSMRE per 30 CFR 800.15. The following documents are in force as of February 26, 2010 for the Black Mesa Complex (which includes Kayenta Mine). This information is presented in Attachment 10, Chapter 3, Volume 1 of Permit AZ-0001D.

<u>Bond/LC No.</u>	<u>Surety</u> *	<u>Amount</u>
4144114	ZAIC & FDCM	\$14,300,000
6197012	SICA	\$40,000,000
8940860	ZAIC & FDCM	\$46,000,000
9264222	CCIC & NFICH	\$28,304,188
9264224	CCIC & NFICH	\$18,261,696
9264225	NFICH	\$ 6,261,536
9264241	NFICH	\$ 5,939,744
82154865	CGIC	\$15,000,000
104536183	TCSCA	\$ 4,000,000
105191031	TCSCA	\$28,000,000
105243347	TCSCA	\$27,219,836
105253365	TCSCA	\$11,800,000
<u>LC#1S1365004</u>	<u>Bank of America</u>	<u>\$ 105,000</u>
	Total:	\$245,192,000

*CCIC - Continental Casualty Insurance Company

CGIC - Chubb Group Insurance Companies

FDCM - Fidelity and Deposit Company of Maryland

NFICH - National Fire Insurance Company of Hartford

SICA - Safeco Insurance Company of America

TCSCA - Travelers Casualty and Surety Company of America

ZAIC - Zurich American Insurance Company

Upon approval of the permit renewal application, PWCC will provide OSMRE with any additional bond required by OSMRE pursuant to 30 CFR, Subchapter J.

Newspaper Notice and Proof of Publication, 774.15(b)(2)(iv) and 774.15(b)(3).

Attached is the proposed announcement of application for renewal of surface mining Permit AZ-0001D. According to 30 CFR 773.6(a)(b), 30 CFR 774.15(b)(2)(iv), and 30 CFR 778.21, once the OSM has determined the application to be administratively complete and has approved the proposed newspaper notice, Peabody Western Coal Company will commence the publication process. A copy of the approved newspaper advertisement and proof of publication will be filed with OSM and shall be made part of the renewal application within four weeks after the last date of publication. The announcement will be published in the following two newspapers: the Navajo Times and Navajo Hopi Observer.

The advertisement and proof of publication shall be placed in Attachment 11, Chapter 3, Volume 1 of Kayenta Mine Permit AZ-0001D.

PUBLIC NOTICE

Pursuant to the Code of Federal Regulations (CFR), Title 30, Chapter VII, Subchapter E, Part 750 and Subchapter G, Parts 773 and 774, notice is hereby given that Peabody Western Coal Company (PWCC) has filed an application with the Office of Surface Mining Reclamation and Enforcement, Western Region (OSM) for renewal of Permit AZ-0001D covering mining operations at Kayenta Mine, Navajo County, Arizona. The permit renewal does not affect any terms and conditions of the existing coal leases, and no new coal leases are associated with the renewal. No new permit area is proposed beyond that which is currently approved. The term of the renewed permit will be from July 6, 2010 through July 5, 2015. This notice is hereby given that:

1. The name and business address of the applicant is: Peabody Western Coal Company, P. O. Box 650, Navajo Route 41, Kayenta, Arizona, 86033.
2. The Kayenta Mine Permit AZ-0001D area is located in northeastern Arizona near the northern edge of Black Mesa within the protracted boundaries of Townships 35 through 37 North, Ranges 17 through 19 East. The operation is contained within the areas shown on the following U.S. Geological Survey 7.5-minute quadrangle maps: Longhouse Valley, Marsh Pass S.E, Owl Spring, Great Spring, Yucca Hill, and Cliff Rose Hill. The permit area is located within the following lands of Navajo County, Arizona that are described relative to the Gila and Salt River Base Meridian.

T35N, R18E - Sections 13, 14, 24, 25, and 36;
T35N, R19E - Sections 1-5 and 7-36;
T36N, R17E - Sections 1-4, 11, and 12;
T36N, R18E - Sections 1-18, 20, and 22-26;
T36N, R19E - Sections 15-22, 25-30, and 32-36;
T37N, R18E - Sections 28, 29, and 32-36.

The permit area with important landmarks is shown on the map included with this public notice.

3. An electronic copy of the application is available for review on the OSM, Western Region, Internet website at <http://www.wrcc.osmre.gov>. Paper copies of the application are available for public and/or inspection at the following five listed locations:

Navajo Nation Minerals Department
Office of Surface Mining
Window Rock Boulevard
Window Rock, AZ 86515

Forest Lake Chapter House
Navajo Route 41
20 miles north of Pinon
Pinon, AZ 86510

Office of Surface Mining
Reclamation and Enforcement
505 Marquette NW, Suite 1200
Albuquerque, NM 87102

The Hopi Tribe
Office of Mining and Mineral Resources
Highway 264
1 mile east of Kykotsmovi
Kykotsmovi, AZ 86039

Office of Surface Mining
Western Region
1999 Broadway, Suite 3320
Denver, CO 80202-3050

4. The name and address of the OSM representative where written comments, objections, or requests for an informal conference may be submitted on or before 5:00 p.m., m.d.t., May 17, 2010, which is no less than thirty (30) days after the last publication date of the two papers is:

Mr. Dennis Winterringer
Office of Surface Mining
Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, CO 80202-3050
(303) 293-5048
email: kayentarenewal@osmre.gov

Per 30 CFR 773.6(c), any person having an interest that is or may be adversely affected by the decision on the application may request an informal conference. The request must briefly summarize the issues to be raised by the requestor and must state whether the requester desires to have the conference conducted in the locality of the proposed operation.

Black Mesa Complex

PO Box 650
Kayenta, Arizona 86033

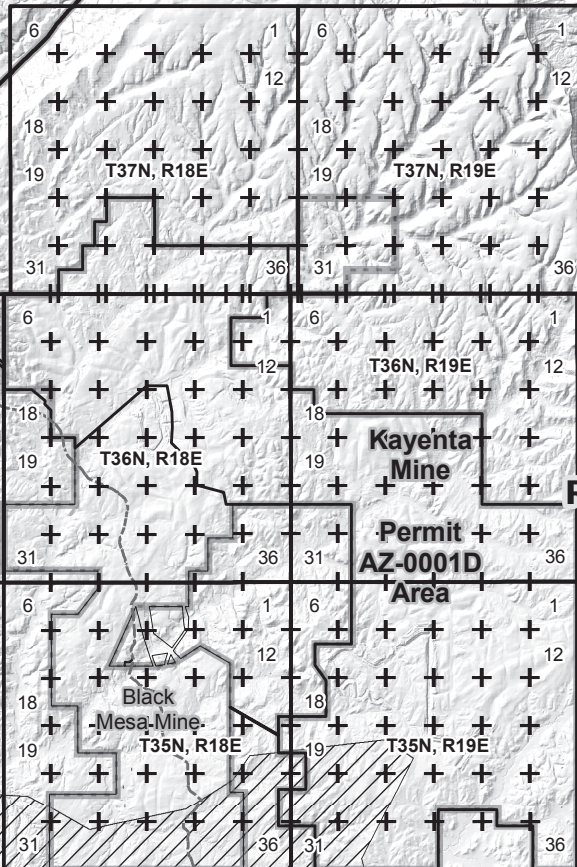


1 inch equals 4 miles



564

160



**Navajo
Reservation**

**Hopi
Reservation**

Additional Updated Information, 774.15(b)(2)(v).

No new items are being submitted with this five-year Kayenta Mine Permit AZ-0001D renewal application to update information per 30 CFR 774.15(b)(2)(v). PWCC will provide information during the technical review as required by OSM.