

**UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT**

**INDIAN LANDS PROGRAM
PERMIT FOR SURFACE COAL MINING OPERATIONS**

Permit Number: AZ-0001E Effective Date: July 6, 2010
Expiration Date: July 6, 2015

Permit Term: 5 years

Permittee: Peabody Western Coal Company
P.O. Box 650
Indian Route 41
Kayenta, Arizona 86033

Operation Name: Kayenta Mine

General Location: Navajo County, Arizona

T35N, R18E: Secs. 13, 14, 24, 25, and 36;
T35N, R19E: Secs. 1-5 and 7-36;
T36N, R17E: Secs. 1-4, 11, and 12;
T36N, R18E: Secs. 1-18, 20, and 23-26;
T36N, R19E: Secs. 15-22, 25-30, and 32-36;
T37N, R18E: Secs. 28, 29, and 32-36;

All north of the Gila Base and east of the Salt River Meridian

Leases: Navajo Coal Lease No. 14-20-0603-8580 and Joint Mineral Coal Leases Nos. 14-20-0450-5743 and 14-20-0603-9910.

1. STATUTES AND REGULATIONS - This permit is issued pursuant to the Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. §§ 1201, *et seq.*, and the Indian Lands Program, 30 CFR Part 750. This permit is subject to all applicable laws and regulations that are now or hereafter in force, even though not specifically referenced herein.
2. AUTHORIZATION - This permit authorizes those surface coal mining and reclamation operations described in the application for this permit originally approved by the Office of Surface Mining Reclamation and Enforcement (OSM) on July 6, 1990 as Permit AZ-0001C, except to the extent directed otherwise in this permit. Permit AZ-0001C was renewed on July 6, 1995, as Permit AZ-0001D, the renewal of which was approved on June 8, 2000, and remained designated as AZ0001D when renewed again in 2005. The permit application, approved as it applies to the Kayenta Mine, is incorporated by reference into this permit. The permit area for the Kayenta Mine consists of approximately 44,073 acres, including the rail loadout facility, the associated overland conveyor, and the powerline serving the mine.

OSM has not rendered an initial administrative decision on the application as it applies to the Black Mesa Mine, and this permit does not address any surface coal mining and reclamation operations on the Black Mesa Mine.

In approving the application for this permit as it applies to the Kayenta Mine, OSM granted no variances.

3. CONDITIONS - The standard permit conditions at 30 CFR § 773.17 and the terms and conditions of Navajo Coal Lease No. 14-20-0603-8580 and Joint Mineral Lease Nos. 14-20-0450-5743 and 14-20-0603-9910 are incorporated by reference into this permit. This permit also includes special conditions in Attachment A.

The terms and conditions of this permit are binding on the permittee, its officers, directors, employees, agents, contractors, and subcontractors, and the officers, directors, and employees of its agents, contractors, and subcontractors.

4. INITIATION OF OPERATIONS - This permit will terminate if the permittee has not begun the surface coal mining operations covered by this permit within 3 years of its effective date. OSM may grant a reasonable extension of time for the commencement of operations in accordance with 30 CFR § 773.19(e).
5. RENEWAL - This permit may be renewed in accordance with 30 CFR § 774.15. An application for renewal shall be filed with OSM at least 120 days before the expiration date of this permit.
6. REVISION - (a) OSM may order reasonable revision of this permit at any time in accordance with 30 CFR § 774.11(b).

(b) OSM may revise this permit upon application from the permittee in accordance with 30 CFR §§ 774.13 and 750.12(c)(3)(ii).
7. TRANSFER, ASSIGNMENT, OR SALE - This permit may be transferred or assigned, or the rights granted herein may be sold, in accordance with 30 CFR §§ 774.17 and 750.12(c)(3)(i).
8. SUSPENSION, RESCISSION, OR REVOCATION - This permit may be suspended, rescinded, or revoked by OSM in accordance with 30 CFR § 773.21 or 30 CFR Chapter VII, Subchapter L.
9. HISTORIC AND PREHISTORIC RESOURCES PROTECTION - If a previously-identified historic or prehistoric resource is discovered during the course of surface coal mining and reclamation operations under this permit, the permittee shall ensure that the resource is not disturbed until authorization to do so is provided by OSM. Upon discovery of any such resource, the permittee shall immediately notify OSM of its nature and location. The permittee shall take the action specified by OSM, as developed after appropriate consultation.
10. APPEALS - The permittee may appeal any decision or action of any official of OSM under this permit in accordance with the applicable provisions of 30 CFR §§ 773.24(d)(2)(ii), 842.15(d), 843.16, 845.19, and 846.17(b), 30 CFR Part 775, and 43 CFR Part 4.

Issued by: *Rick Williamson*
Rick Williamson, Manager
Indian Programs Branch
Program Support Division
Western Region-OSM

Date: *Jan. 6, 2012*

ATTACHMENT A
SPECIAL CONDITION
Permit No. AZ-0001E

Special Condition No. 1. Prior to any disturbance within the N-11 Extension (N-99) area, as shown on the Jurisdictional Permit and Affected Lands Map Drawing 85360 (NW Sheet), Peabody Western Coal Company (PWCC) must reinitiate the Mexican spotted owl (*Strix occidentalis lucida*) monitoring plan within a two mile buffer of the N-99 area. The monitoring plan shall contain all of the elements and protocols of the original monitoring plan suspended in 2001.