

# Volume 1

ARMs 17.24.302-  
17.24.327



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July 25, 2012

Mr. Chris Yde  
Coal Program Supervisor  
Industrial and Energy Minerals Bureau  
Montana Department of Environmental Quality  
P. O. Box 200901  
Helena, MT 59620-0901

Re: Application for Permit, Otter Creek Mine

Dear Chris:

On behalf of Otter Creek Coal, LLC Hydrometrics, Inc is pleased to submit herewith an Application for a Strip Mining Permit pursuant to the requirements of 82-4-222 MCA and pursuant rules. Included are a completed Coal SMP Application form and supporting information addressing the application requirements of ARM Title 17, Chapter 24, Sub-chapter 3 and the applicable related performance standards of Sub-chapters 5, 6 and 7.

The Permit Application Package (PAP) is in Adobe pdf format on four DVD's. There are four types of documents included: Permit Narrative, Baseline Reports, Maps and Exhibits; numbers for Baseline Reports, Maps and Exhibits are keyed to the Rule number. The Permit Narrative is arranged by Subchapter 3 Rules, with the application requirements and related performance standards addressed together. Environmental Baseline Reports required by Rules 17.24.304, 306 and 325 are on two disks. These reports describe environmental conditions in the Permit Area and provide the baseline record and will not be revised going forward, although they may be amended as future amendment applications to expand the permit area are submitted, or as new supplemental information becomes available. Baseline Reports include supporting maps, figures, tables and appendices as appropriate. Maps required under Rule 17.24.305 are grouped together and are referenced in other sections where applicable; it is anticipated that maps will be routinely revised going forward. Exhibits describe the mining and reclamation plan addressing the specific requirements of Sub-chapter 3 and related performance standards. Exhibits are in narrative form with supporting tables, figures, plates and appendices as appropriate, and will be revised routinely going forward. The modular structure of the PAP will facilitate future revisions, and eventual adaptation to a digital permitting system.

The PAP contains sufficient information to begin review and initiate the MEPA process, but some items are not included and will be submitted at a later date. Environmental baseline studies were planned and conducted using Tract 2 as the primary study area. However, the permit area has been expanded to include a portion of Tract 3 and adjacent portions of Sections 4, 9 and 10 (T.4S, R.45E) to accommodate mine facilities and hydrologic protection considerations. It is necessary to complete supplementary investigations of cultural resources, soils and vegetation on these additional areas; the field work is being conducted during the 2012 field season and supplements to corresponding Baseline Reports 304A – Cultural Resources, 304J – Vegetation, 304L – Soils and 304M – Land Use will be submitted later this year.

In addition, the following items are not included for various reasons and will be submitted at a later date:

Exhibit 303I – Insurance Certificate. The liability insurance certificate will be submitted at or before the time of permit issuance.

Baseline Report 304B – Cultural Site Testing. Testing of sites is in progress, and it is anticipated that eligibility recommendations will be made later this year, with mitigation plans to be submitted prior to disturbance.

Baseline Report 304K – Wildlife. The field work is complete, but the principal investigator has experienced a family medical emergency over the past several months and was not able to complete the report as scheduled. It is anticipated the Wildlife report will be completed and submitted in August.

Baseline Report 325B – Agricultural Production. This report will address hay production in potential alluvial valley floor areas of Otter Creek and its tributaries in and adjacent to the Otter Creek Coal Tracts. The field work is being conducted during the 2012 field season and will be submitted when complete later this year.

Map 6 – Cultural Sites. This map must show all identified cultural sites with NRHP eligibility. As noted above, site testing is in progress, and the map will be submitted when eligibility recommendations are complete and approved by the SHPO.

Map 13 – Revegetation Map. This map is deferred pending review and approval of the post-mining topography (PMT) and revegetation procedures described in Exhibit 313G – Revegetation Plan.

Map 14 – Post-Mining Drainage Plan. This map is deferred pending review and approval of the PMT.

Exhibit 313B – Bond Calculation. Calculation of the cost to reclaim is deferred pending review and approval or reclamation plans.

Exhibit 318A –Cultural Resources Mitigation. As noted above, cultural site mitigation plans will be submitted when eligibility recommendations are submitted and approved by the SHPO.

Reclamation plans for Prime Farmlands (ARM 17.24.318) and Alluvial Valley Floors (ARM 17.24.325) are not included because there have been no formal designations of either. The need to address these rules, if any, will be guided by the review process.

On behalf of Otter creek Coal LLC, I respectfully request that Industrial and Energy Minerals Bureau (IEMB) initiate the completeness review recognizing that the above items have been deferred.

On behalf of Otter Creek Coal, LLC and the entire project team, I would like to thank you and your IEMB staff for all of your assistance in planning baseline studies and developing mining and reclamation plans that comprise this PAP. This submittal marks the first major milestone in the permitting process, and we look forward to working with you during the course of your review. Please contact me if there are any questions or concerns regarding the contents of this PAP.

Sincerely,  
Hydrometrics, Inc.

A handwritten signature in black ink that reads "Heidi Kaiser". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Heidi Kaiser  
Project Manager

C: M. Rowlands, Otter Creek Coal, LLC  
D. Simpson, Simpson and Associates, Inc  
WESTECH  
Bison Engineering, Inc.