

Colorado Coal Mines – Activity Status

Bowie No. 2 Mine (Producing) – C-1996-083

Delta County

Company Name: Bowie Resources, LLC
Mine Name: Bowie No. 2
Mine Type/Status: Underground/Federal/Active
2011 Production: 2,235,055 tons
No. Miners: 319
Permit Acres: 8,300.5 (3,998.0 BLM surface and 6343 Federal coal)
Affected Acres: 5,176
Disturbed Acres: 362.7
Bond Amount: Required \$9,510,518.03; Actual Held - \$9,510,519.03

The Bowie No. 2 mine is an underground mine that produces coal using a longwall machine. Coal is shipped to the Tennessee Valley Authority and others by train. The Division is reviewing a permit revision that modifies two federal coal leases and will expand the mine plan to the north. A revision was recently approved that allows Bowie Resources, to expand the existing coal mine waste pile. BRLLC would prefer to open a new area for refuse disposal, but they are waiting for permit approval from the Air Quality Control Commission.

Colowyo Mine (Producing) – C-1981-019

Moffat and Rio Blanco Counties

Company Name: Colowyo Coal Company, L.P.
Mine Name: Colowyo Coal Mine
Mine Type/Status: Surface/Federal/Active
2011 Production: 2,362,724 Tons
No. Miners: 223
Permit Acres: 12,250.95 (2,290.19 Federal surface)
Affected Acres: 3,786.78
Disturbed Acres: 3,786.78
Bond Amount: Required - \$79,501,343.05; Actual Held - \$69,517,829.00

Mining operations began in 1976 with the East Pit, a multi-seam coal operation with eight coal seams. Extraction of coal from the East Pit was terminated in 2006, and currently the only ongoing operation in the East Pit is reclamation of the final cut, including backfilling and grading of the pit and highwall reduction. Coal extraction from the still expanding, multi-seam West Pit is estimated to be until 2017, including potential highwall mining. In 2006, Colowyo expanded the permit boundary by approximately 6,000 acres to the west and south into the South Taylor/Lower Wilson area. Mining and reclamation in South Taylor Pit will continue into the near future. A Permit Revision, PR-03, is currently under review (it is undergoing Federal consultation) to greatly expand operations to the west in what is known as the Collom area.

Deserado Mine (Producing) – C-1981-018

Rio Blanco County

Company Name: Blue Mountain Energy, Inc.
Mine Name: Deserado Mine
Mine Type/Status: Underground/Federal/Active
2011 Production: 2,060,070 Tons
No. Miners: 159

Permit Acres: 11,988.71 (11,668.71 Federal)
 Affected Acres: 6,604.77
 Disturbed Acres: 457.20
 Bond Amount: Required - \$5,447,159.63; Actual Held - \$5,711,474.96

The Deserado Mine is an underground longwall mine that is currently mining in the B-Seam. All coal mined from Deserado Mine is shipped directly to Bonanza Power Plant located near Bonanza, Utah. Blue Mountain Energy, Inc. is in the process of applying for approximately 3,157 acres of federal coal reserves in Moffat and Rio Blanco Counties. Recently, they have built a dewatering system for the B-Seam workings that acts as an artificial wetlands for passive water treatment. The Deserado Mine continually drills down to their current longwall workings to allow nitrogen to be pumped into the mine as a fire preventative measure.

Elk Creek Mine (Producing) – C-1981-022

Gunnison County

Company Name: Oxbow Mining, LLC
 Mine Name: Elk Creek Mine
 Mine Type/Status: Underground/Federal/Active
 2011 Production: 3,007,055 Tons
 No. Miners: 325
 Permit Acres: 15,676.5 acres (10,339.9 Federal coal and 10,126 Federal surface (USFS and BLM))
 Affected Acres: 6659.2
 Disturbed Acres: 208.7
 Bond Amount: Required - \$4,327,545.36; Actual Held - \$4,871,606.00

The Elk Creek Mine produces coal using a long wall machine. Coal is shipped by train to multiple markets. Oxbow Mining, LLC recently installed a methane fueled electrical generator plant that will capture methane released from the mine and sell the electricity to Delta Montrose Electric Association. Oxbow Mining, LLC also recently won the bid for the Elk Creek East federal coal lease which will expand the mine by 726 acres to the East. That expansion was approved by the Division with PR7 in October 2012. Oxbow is waiting for Federal mine plan approval from OSM and the Secretary of Interior before they can enter the expansion area.

In December 2012 and January 2013, there were a couple of bounces in the Elk Creek Mine that interrupted mine ventilation. After the second bounce, elevated levels of carbon monoxide were detected. MSHA restricted activity in the northern mining area and asked Oxbow to seal that section of the mine to lower the oxygen to a level that will not support combustion. Around February 22, MSHA allowed Oxbow to start development in another part of the mine- the East Lease. The longwall remains behind the sealed off part of the mine and is not producing. Oxbow will attempt to recover the longwall when MSHA determines the sealed off section of the mine is safe to enter.

Foidel Creek Mine (Producing) – C-1982-056

Routt County

Company Name: Twentymile Coal, LLC
 Mine Name: Foidel Creek Mine
 Mine Type/Status: Underground/Federal/Active
 2011 Production: 7,748,909 Tons
 No. Miners: 446
 Permit Acres: 19,940 (6,069.60 Federal)
 Affected Acres: 19,473.85

Disturbed Acres: 636.87
Bond Amount: Required - \$9,829,302.92; Actual Held - \$10,056,089.00

The Foidel Creek Mine is an underground longwall mine located near Oak Creek, Colorado. The longwall is currently operating in the Wadge Seam in the Western Mining District. The Division is currently reviewing Permit Revision No. 9 that was found complete on August 17, 2012. Permit Revision No. 9 is proposing to add approximately 560 acres to the permit boundary and 500 acres of affected area, so as to add two new longwall panels and to extend the lengths of two currently-approved longwall panels. The proposed decision date for PR-9 is March 15, 2013. This mine expansion will extend the current life-of-mine date from 2015 to approximately 2016.

King Coal Mine (Producing) – C-1981-035

LaPlata County

Company Name: GCC Energy, LLC
Mine Name: King Coal Mine
Mine Type/Status: Underground/Federal/Active
2011 Production: 360,099
No. Miners: 99
Permit Acres: 2,812.01 (80 acres BLM surface and 1289 Federal coal)
Affected Acres: 2,408.32
Disturbed Acres: 31.82
Bond Amount: Required - \$ 855,161.05; Actual Held - \$ 855,161.05

The King Coal Mine is an underground mine located 13 miles west of Durango in La Plata County. Mining at the original mine (King I) was completed in 2009 and those portals have been sealed. The King II surface facilities were constructed in 2008. Coal is mined from the "A" seam of the Menefee Formation. The Coal is hauled from the site by truck, generally to a rail head located in Gallup, NM. Much of the King II coal is located on land where the surface owner is the Ute Mountain Ute tribe. All of the King II surface facilities fall under the jurisdiction of the Division, but OSM is the permitting agency for the Ute lands.

New Elk Mine (Temporary Cessation) – C-1981-012

Las Animas County

Company Name: New Elk Coal Company, LLC
Mine Name: New Elk Mine
Mine Type/Status: Underground/Private/TC
2011 Production: 113,825 Tons
No. Miners: 31
Permit Acres: 4,198.90 (0 Federal)
Affected Acres: 2,899.21
Disturbed Acres: 222.60
Bond Amount: Required - \$4,181,453.25; Actual Held - \$4,133,137.02*

*The disparity between the bond amount required and the amount held is due to the recent approval of Technical Revisions 65 and 66, which allow for the construction of a new development waste pile and a haul road, pending the posting of sufficient bond

The New Elk Coal Company (NECC) is a wholly owned US subsidiary of Cline Mining Corporation of Toronto, Ontario, Canada (Cline). The New Elk mine is an underground room and pillar mine, with workings in the Allen, Apache, Blue and Maxwell seams, producing both metallurgical grade and bituminous coal. Cline completed the acquisition of the mine in July, 2008, and has invested heavily since

then to rehabilitate it. Production was resumed in December, 2010, and was planned to reach the plant design capacity of 3 million tons per year by 2012/13.

During 2012 NECC has continued a high rate of permitting activity, and has acquired additional leases (14,387 acres from the Department of Wildlife, and 1,346 from the Secora Ranch) to extend its total lease area to 29,940 acres. In addition, NECC has used electric log data from the extensive natural gas development in the area to define four additional coal seams, to significantly increase its total coal resource. In July 2012, NECC announced that it would temporarily suspend production and the mine went into temporary cessation for a period of 60 days. This was extended indefinitely on September 17, 2012, "pending improved market conditions". The Division is presently reviewing Permit Revision PR 4 that proposes a 618.7 acre expansion of the mine's permit area, and Technical Revision TR 64 that proposes a new airshaft.

New Horizon Mine (Producing) – C-1981-008

Montrose County

Company Name:	Western Fuels-Colorado, LLC
Mine Name:	New Horizon Mine
Mine Type/Status:	Surface/Private/Active
2011 Production:	618,132 Tons
No. Miners:	23
Permit Acres:	926.06
Affected Acres:	866.66
Disturbed Acres:	866.66
Bond Amount:	Required - \$ 5,042,302.00; Actual Held - \$ 5,042,302.00

The New Horizon Mine is a surface mine located near the town of Nucla, in western Montrose County. Coal is mined from the Dakota formation using truck-and-shovel methods, and then transported by truck to Tri-State's nearby Nucla Generating Station. Much of the permit area was used for agricultural purposes prior to mining, and is being returned to a post-mining land use of Pastureland (Irrigated or Dryland) as mining is completed. Certain areas of the permit contain soils that are classified as prime farmland by the NRCS. Resolution of the prime farmlands issue is ongoing.

Extraction of the coal resource will be completed in 2013. Mining operations will then be shifted to Western Fuels' recently permitted New Horizon North Mine (C-2010-089).

Peabody Sage Creek Mine (Active; Presently Not Producing) – C-2009-087

Routt County

Company Name:	Peabody Sage Creek Mining, LLC
Mine Name:	Peabody Sage Creek Mine
Mine Type/Status:	Underground/Federal/Active
2011 Production:	0 Tons
No. Miners:	31
Permit Acres:	10,164 (80 Federal)
Affected Acres:	2638.30
Disturbed Acres:	1912.80
Bond Amount:	Required - \$6,036,855.37; Actual Held - \$6,160,431.65

The Peabody Sage Creek Mine is an underground room-and-pillar mine located near Hayden, Colorado. The mine was permitted in 2010 with coal being first extracted in May of 2012. As of September of 2012, coal is no longer being extracted at the site. According to PSCM personnel, the mining process will remain idle through the winter into 2013. The Division recently approved Technical Revision No. 4 (TR-4) to

update the drainage and sediment control plan, and construction activities are ongoing in accordance to the TR-4 approval.

Trapper Mine (Producing) – C-1981-010

Moffat County

Company Name: Trapper Mining, Inc.
Mine Name: Trapper Mine
Mine Type/Status: Surface/Federal/Active
2011 Production: 2,489,251 Tons
No. Miners: 154
Permit Acres: 10,382.30 (0.0 Federal surface acres, 4998 acres federal mineral ownership)
Affected Acres: 3,458.50
Disturbed Acres: 3,458.50
Bond Amount: Required - \$27,880,279.69; Actual Held - \$30,173,724.00

The Trapper Mine is a surface mining operation located just south of Craig. Coal is trucked directly from the mine to the Craig power plant. Three draglines are currently mining in the K-Pit and Z-Pit areas. In 2011, Trapper completed mining in the F-Pit and began final backfilling and grading this area. They are working on a permit revision to extend the permit area to the east.

West Elk Mine (Producing) – C-1980-007

Delta and Gunnison Counties

Company Name: Mountain Coal Company, LLC
Mine Name: West Elk Mine
Mine Type/Status: Underground/Federal/Active
2011 Production: 6,042,021 Tons
No. Miners: 322
Permit Acres: 17,154.90 (11,758.40 Federal)
Affected Acres: 15,257.6
Disturbed Acres: 600.25
Bond Amount: Required - \$14,140,134.30; Actual Held - \$15,000,000.00

The West Elk Mine is an underground longwall mine that is currently mining in the E-Seam. They have almost completed the third longwall in their new southern mining area. They are working on a permit revision that will add approximately 2,600 acres to the southern portion of the permit area. They recently built a coal wash plant and a new refuse pile (the Refuse Pile East Expansion, or RPEE) that should allow for enough capacity for the remaining life of mine. The West Elk Mine is continually drilling and reclaiming methane drainage wells and their associated drill pads and light-use roads.

New Horizon North Mine – C-2010-089

Montrose County

Company Name: Western Fuels Association, Inc.
Mine Name: New Horizon North
Mine Type/Status: Surface/Private/Active
2012 Production: 0 Tons
No. Miners:
Permit Acres: 322 acres

The New Horizon North Mine is a newly permitted operation, directly north of the New Horizon Mine in western Montrose County. Sediment pond construction and topsoil removal are the only activities to

date. Activities to date have been limited by the Construction Permit from the Air Pollution Control Division (APCD). The operator, Western Fuels Association, Inc. is waiting for further approvals from (APCD) to continue operations.

Bear Mine (Expired Permit) – C-1981-033

Gunnison County

Company Name:	Bear Coal Company, Inc.
Mine Name:	Bear Mine
Mine Type/Status:	Underground/Federal/Permanent Cessation
2011 Production:	0
No. Miners:	0
Permit Acres:	1,108.4 (1004.0 Federal)
Affected Acres:	584.5
Disturbed Acres:	9.0
Bond Amount:	Required - \$146,617.66; Actual Held - \$160,000.00

The Division initially issued the Bear Mine Permit in 1981 and issued the most-recent permit renewal on July 19, 2007. Though Bear ceased mining activities at the Mine in 1996, the Act and Rules required renewal of the Permit because reclamation activities were not complete. On October 24, 2011, the Division informed Bear that the Permit would expire on July 19, 2012. In order to secure the right of successive renewal, the Act required Bear to submit a complete Permit Renewal Application by January 21, 2012. On December 29, 2011, the Division received a letter from Bear stating that Bear did not intend to renew the Division's Permit.

The Division is pursuing revocation of the Bear Mine expired permit and bond forfeiture. Board proceedings are anticipated to take place in May 2013.