El Segundo Mine
PO BOX 757
22 Miles N. on HWY 509
Grants, NM 87020
505-285-3000
505-285-3084

October 20, 2026

Mr. Erik Munroe
Program Manager
Coal Mine Reclamation Program
New Mexico Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Permit No. 2020-01
Phase 1 Bond Release Application ES 2026:

Dear Mr. Munroe:

Pursuant to 19.8.14.1412 NMAC, enclosed for MMD review and approval is the application for a Phase 1 Bond Release for completion of final backfilling, grading, and approved final surface configuration within approved drainage control. El Segundo Mine permit areas are labeled 65-69, totaling 424 acres, which equates to 6.27% of the 6,759.4 disturbed acres as of 12/31/2025, or 2.56% of the 16,559 permitted acres as described in this application. Backfilling and grading have been completed in these areas, and no ungraded spoil or open pits remain. This bond release application includes a request for a reduction in $1,015,539.36 in actual bond monies posted.

One hard copy and one electronic copy of this application, including all exhibits and plates, are enclosed with this cover letter. If you have any questions, please feel free to contact me at (505) 285-2876.

Sincerely,

Chad Gaines
Manager Tech Services - El Segundo Mine

w/encl

Peabody Natural Resources Company
El Segundo Mine
Application for Phase 1 Bond Release
October 9, 2026

Introduction

This document constitutes Peabody Natural Resources Company's application for a Phase 1 Bond Release for backfilled and graded areas at the El Segundo Mine labeled as Areas 65-69 totaling 424 acres, as described in this application and shown on Exhibit 1. Areas 1-64 totaling 3,758 acres have previously been submitted under a Phase 1 Bond Release application. Backfilling and grading have been completed in these previously mined areas, and the work has been documented and reported in annual reports submitted to the Mining and Minerals Division (MMD). The postmine topography achieved through backfilling and grading has been documented and included in annual reports to MMD since 2009. This application has been organized and formatted to follow the requirements of 19.8.14.1412.A NMAC.

19.8.14.1412 A. (2) (a) Applicant and Permittee

Peabody Natural Resources Company
El Segundo Mine
P.O. Box 757
Grants, NM 87020
Tele: (505) 285-3000
Fax: (505) 285-3084

Permit No. 2020-01

19.8.14.1412 A. (2) (b) Legal Description

The Phase 1 Bond Release is requested for lands within the El Segundo Mine permit area in McKinley County, New Mexico. The general legal description of the requested release areas, based on Section, Township, and Range as specified in the Bond Release Guideline, is listed below, and the locations are shown on Plates 1-A (Flight Contour Map) and 1-B (USGS Topography Map) in this application.

The acres associated with the Phase 1 2026 release are within Sections 20, 21, 26, 27, 28, and 29 of T17N, R10W; Sections 33 and 34 of T17N, R10W in the Orphan Annie Rock USGS Quad Map; and Sections 3 and 4 of T17N, R9W in the Laguna Castillo USGS Quad Map.

19.8.14.1412 A. (2) (c) Location

The El Segundo Mine permit area encompassing the lands requested for Phase 1 Bond Release is in McKinley County, approximately 35 miles north of Grants, New Mexico. The centroid location of the release area parcels is approximately latitude 35°39'20" N and longitude 107°51'05" W. The areas requested for Phase 1 Release are outlined in Plates 1-A (Flight Contour Map) and 1-B (USGS Topography Map).

19.8.14.1412 A. (2) (d) History and Reclamation Summary

The El Segundo Mine began operations in 2006 under Peabody Natural Resources Company. The operation is an open-cut surface coal mine recovering several seams of coal. The overburden is removed using a combination of truck, shovel, and dragline stripping methods. Coal has been delivered to regional customers in the southwestern United States. Reclamation operations began in 2012. Upon removal of the coal, the open cut was backfilled primarily with truck-hauled spoil and, at times, assisted by the dragline. Once sufficient spoil had been backfilled or placed in approved locations, grading to the approved postmine topography was completed. Topsoil or approved soil substitutes were then spread on the regraded surface and seeded with the approved seed mix. Backfilling, grading, topsoiling, and reseeding have been conducted to create a stable landscape in conformance with the approved postmining contours in the permit. Reclamation procedures support achievement of the postmining land use of livestock grazing. The El Segundo Surface Coal Mine Performance Bond for Permit 2020-01 is $56,744,146.00 to ensure successful reclamation of disturbance within the 16,559.02-acre permit area dated July 20, 2020.

The Phase 1 Release in this application is being sought for the areas listed below and shown on Plates 1-A (Flight Contour Map) and 1-B (USGS Topography Map). Disturbance and reclamation history for Areas 65-69 are summarized below in Table 1 and have been reported to MMD in annual reclamation reports covering the activity years listed. Spoil material has been replaced and, in some areas, analyzed for suitability and mitigated with suitable material where the spoil material was unsuitable. The results are included in the Annual Report.

Table 1: Phase 1 Bond Release

Range - Section **e Years:** **ing Years:**

Area:	Acres:	Disturbance Years:	Final Grading Years:	Year Submitted:
65	189.00	2017-2022	2022-2025	2026
66	51.00	2008-2017	2022-2025	2026
67	10.00	2010-2011	2017	2026
68	69.00	2016-2021	2023-2025	2026
69	105.00	2016-2021	2023-2025	2026

The Phase 1 Release areas were bonded based on the worst-case year in a five-year period under Permit 2020-01. This Phase 1 Release application includes a requested bond reduction of $1,015,539.36 for the current operation.

The acreages to be released and the portion it represents of the total permit area is as follows:

Table 2: Phase 1 Bond Release

Total Acres Permitted (acres)	16,559.00
Total Acres Disturbed - December 31, 2025 (acres):	6,759.74
Acreage to be Released:	
65	189
66	51
67	10
68	69
69	105
Total Acreage Requested:	**424**
Percentage of Permitted Acres:	**2.56%**
Percentage of Disturbed Acres:	**6.27%**

19.8.14.1412 A. (2) (e) Surface and Mineral Rights

The table included in Appendix 1 contains information on surface and mineral owners in the areas proposed for Phase 1 Bond Release. The mineral ownership for the 424-acre bond release area is held by Peabody Natural Resources Company and the Bureau of Land Management (BLM). The surface ownership for the bond release area includes Peabody Natural Resources Company, Jerry and Luann Elkins, and Fernandez Company, as listed in Appendix 1.

Addresses are:

Peabody Natural Resources Company
P.O. Box 757
Grants, New Mexico 87020

Jerry and Luann Elkins
P.O. Box 2326
Milan, NM 87021

Fernandez Company, Ltd.
Attn: Iona Lee
5000 San Mateo Road
Grants, New Mexico 87020

Farmington Field Office
Attn: Bureau of Land Management
6251 College Blvd., Suite A
Farmington, New Mexico 87402

19.8.14.1412 A. (2) (f) Notification Letters

Notification letters regarding the Phase 1 Bond Release application have been sent to adjoining landowners, local government agencies, and utilities in the vicinity of the proposed release areas. These include Jerry and Luann Elkins, Gallo Finance Company, Penn Virginia Resources Partners, Fieldcrest Resources, Fernandez Company, Ltd., the State of New Mexico, New Mexico Gas Company, U.S. West Communications, Continental Divide Electric Cooperative, Public Service Company of New Mexico, City of Grants, Cibola County, McKinley County, Bureau of Land Management, Hopi Tribe, and Navajo Nation. Copies of the notification letters are provided in Appendix 2.

Addresses are:

Erik Munroe
Coal Program Manager, Mining and Minerals Division
1220 South St. Francis Drive
Santa Fe, NM 87505

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

New Mexico Gas Company
P.O. Box 97500
Albuquerque, New Mexico 87199

Penn Virginia Resources Partners
7 Sheridan Square, Suite 400
Kingsport, TN 37660

Fieldcrest Resources
5 Radnor Corporate Center, Suite 500
Radnor, PA 19087

U.S. West Communications
400 Tijeras Ave. NW
Albuquerque, NM 87102-3234

Continental Divide Electric Cooperative
P.O. Box 1087
Gallup, New Mexico 87301

Public Service Company of New Mexico
Main Offices
Albuquerque, New Mexico 87020

City of Grants
P.O. Box 879
Grants, New Mexico 87020

Cibola County
700 E Roosevelt
Grants, New Mexico 87020

McKinley County
207 West Hill Street
Gallup, New Mexico 87301

Farmington Field Office
Attn: Bureau of Land Management
6251 College Blvd., Suite A
Farmington, New Mexico 87402

Ralph Lamson. (Hopi Tribe)
Director, Office of Mining & Mineral Resources
P.O. Box 123
Kykotsmovi, Arizona 86039

Rowena Cheromiah (Navajo Nation)
Manager Minerals Department
P.O. Box 3900
Window Rock, Arizona 86515

Gallo Finance Company
701 Market Street Ste. 713
St. Louis, MI 63101

Fernandez Company, Ltd.
Attn: Iona Lee
5000 San Mateo Road
Grants, New Mexico 87020

Jerry and Luann Elkins
P.O. Box 2326
Milan, NM 87021

19.8.14.1412 A. (2) (g) Other Maps and Information

No other maps are included in this application; however, information for the El Segundo Mine facilities, disturbance, final grading, noxious weed management, top-dressed and seeded areas, topsoil samples, and spoil sample plates from the 2025 Annual Report can be provided through the Mining and Minerals Division upon request.

19.8.14.1412 A. (2) (h) Certification

A notarized certification is enclosed stating that all applicable reclamation activities have been accomplished on the lands contained in this Phase 1 Bond Release application in accordance with the requirements of the New Mexico Surface Mining Act; Title 19, Chapter 8 of the New Mexico Administrative Code; and the reclamation plan of the approved permit. The certification is provided in Appendix 3.

19.8.14.1412 A. (3) Public Advertisement

A draft of public notice is contained in Appendix 4 that addresses the requirements for public advertisement, including the name and address of the MMD director for written comments, objections, or requests for public hearings and informal conferences. The public notice shall be advertised in the Gallup Sun Times at least once a week for four successive weeks once MMD has advised Peabody Natural Resources Company, El Segundo Mine, that the application is administratively complete. A copy of the full Phase 1 application will be placed in the Larry Brian Mitchell Rec Center, 400 Marguerite Franco Dr., Gallup, New Mexico, 87301 and the Grants Public Library in Grants, New Mexico, prior to sending notification letters and publication of the advertisement.

Appendix 1

Surface and Mineral Rights

El Segundo MINE *SURFACE AND COAL OWNERSHIP*			
LEGAL DESCRIPTION	**SURFACE OWNER**	**COAL OWNER**	**ACRES REQUESTED FOR PHASE I RELEASE**
T17N-R10W Sec. 20: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	5
T17N-R10W Sec. 21: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	41
T17N-R10W Sec. 28: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	142
T17N-R10W Sec. 29: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	2
T17N-R10W Sec. 26: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	34
T17N-R10W Sec. 27: All 640.00	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	17
T16N-R9W Sec. 4: Lots 1(34.92), 2(34.97), 3(35.01), 4(35.06), S½N½, S½ 459.96	Fernandez Company, Ltd.	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	9
T16N-R9W Sec. 3: Lots 1(36.04), 2(35.71), 3(35.39), 4(35.06), S½N½,	Fernandez Company, Ltd	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	43

S½ 622.20			
T T17N-R9W Sec. 33: All 640.00	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	68
T17N-R9W Sec. 34: All 640.00	Jerry and Luann Elkins	U.S.A.	64

Appendix 2

Notification Letters

El Segundo Mine
PO BOX 757
22 Miles N. on HWY 509
Grants, NM 87020
505-285-3000
505-285-3084

October 26,2026

El Segundo Bond Release Notification Letter 2026 — Permit No. 2020-01

To whom it may concern:

Peabody Natural Resources Company has filed an application for Phase 1 Bond Release for completion of backfilling, grading, and approved final surface configuration of land at the El Segundo Mine lands pursuant to Section 19.8.14.1412(A) of the New Mexico Administrative Code (NMAC). The application has been filed with the New Mexico Mining and Minerals Division (MMD) of the Energy, Minerals & Resources Department in Santa Fe, New Mexico. All reclamation activities for Phase 1 Bond Release were completed in accordance with the New Mexico Surface Mining Act (NMSA) and pursuant to Title 19, Chapter 8 of the NMAC.

El Segundo Mine's headquarters is located 35 miles north of Milan, NM on both sides of State Road 509 with a mailing address at P.O. BOX 757, Grants, NM, 87020. The current permit number for the El Segundo Mine regulated by the State of New Mexico Mining and Minerals Division is 2020-01, which was granted in 2021.

The land for which Phase 1 Release is being requested includes five parts totaling 424 acres located within the eastern and western portions of the El Segundo Mine, as described below. The areas total 424 acres, which equates to 6.27% of the 6,759.74 disturbed acres or 2.56% of the 16,559 permitted acres within the permitted portions of the El Segundo Mine.

The acres associated with the Phase 1 2026 release are within Sections 20, 21, 28, 29, 26, and 27 of T17N R10W; Sections 33 and 34 of T17N R10W in the Orphan Annie Rock USGS Quad maps; and Sections 4 and 3 of T17N R9W in the Laguna Castillo USGS Quad maps.

The centroid location of the release area parcels is approximately latitude 35°39'20" N and longitude 107°51'05" W.
Additional details are provided below concerning this application:

Acreage to be released	
Total acres permitted:	16,559
Total acres disturbed:	6,759
Total acreage to be released:	424
Percentage of permitted acres requested for Phase 1 release	2.56%

All reclamation work was completed between 2008 and 2023. Reclamation activities were conducted to create a stable landscape in conformance with the approved post-mine topography in the permit and to support the post-mining land use of grazing and wildlife habitat.

A copy of the bond release application is available for public inspection at the following locations:

Larry Brian Mitchell Rec Center, 400 Marguerite Franco Dr., Gallup, New Mexico, 87301.
Grants Public Library, 1101 N First St., Grants, New Mexico, 87020.
Mining and Minerals Division; 1220 South St. Francis Drive, Santa Fe, NM 87505; Contact Name: Erik Munroe, PH (505) 670-9997 | erik.munroe@emnrd.nm.gov https://www.emnrd.nm.gov/mmd/public-notices/

Questions regarding this application may be directed to me at (505) 285-2876.

Sincerely,

Chad Gaines
Manager, Technical Services
El Segundo Mine, Peabody Natural Resources Company

C: Erik Munroe (MMD)

Appendix 3

Certification of Application

Certification of Application

I certify that all applicable Phase I reclamation activities have been accomplished on the lands contained in this Phase I bond release application in accordance with the requirements of the New Mexico Surface Mining Act, Title 19, Chapter 8 of the New Mexico Administrative Code, and the reclamation plan of the approved permit.

Seth Puls – Operations Manager

9/10/2026
Date

State of New Mexico)
) SS
County of McKinley)

Subscribed and sworn to before me, in my presence, this 10 day of September, 2026, a Notary Public in and for the State of New Mexico.

Notary Public

MELISSA GARCIA
Notary Public
State of New Mexico
Comm. # 1062299
My Comm. Exp. Jul 25, 2030

My Commission expires July 25, 2030

Appendix 4

Public Notice

Public Notice

Peabody Natural Resources Company ("PNRC"), PO Box 757, Grants, NM 87020, has filed an application for Phase 1 bond release, completion of final backfilling, grading, and approved final surface configuration, lands within the El Segundo Mine, Permit No. 2020-01 pursuant to the regulations at 19.8. 14.1412(A) NMAC.

The El Segundo Mine, approved as a "5-year term" permit on July 20, 2020 by the Energy and Natural Resources Department, Mining and Minerals Division (MMD), is located in McKinley County approximately 35 miles north of Milan, New Mexico on both sides of State Road 509. The El Segundo Surface Coal Mine Performance Bond for permit 2020-01 is $56,744,146.00 to ensure the successful reclamation of disturbance within the 16,559-permit area dated April 5, 2016. PNRC is requesting a release of $1,015,539.36 of the performance bond should this application be approved by the Director of MMD.

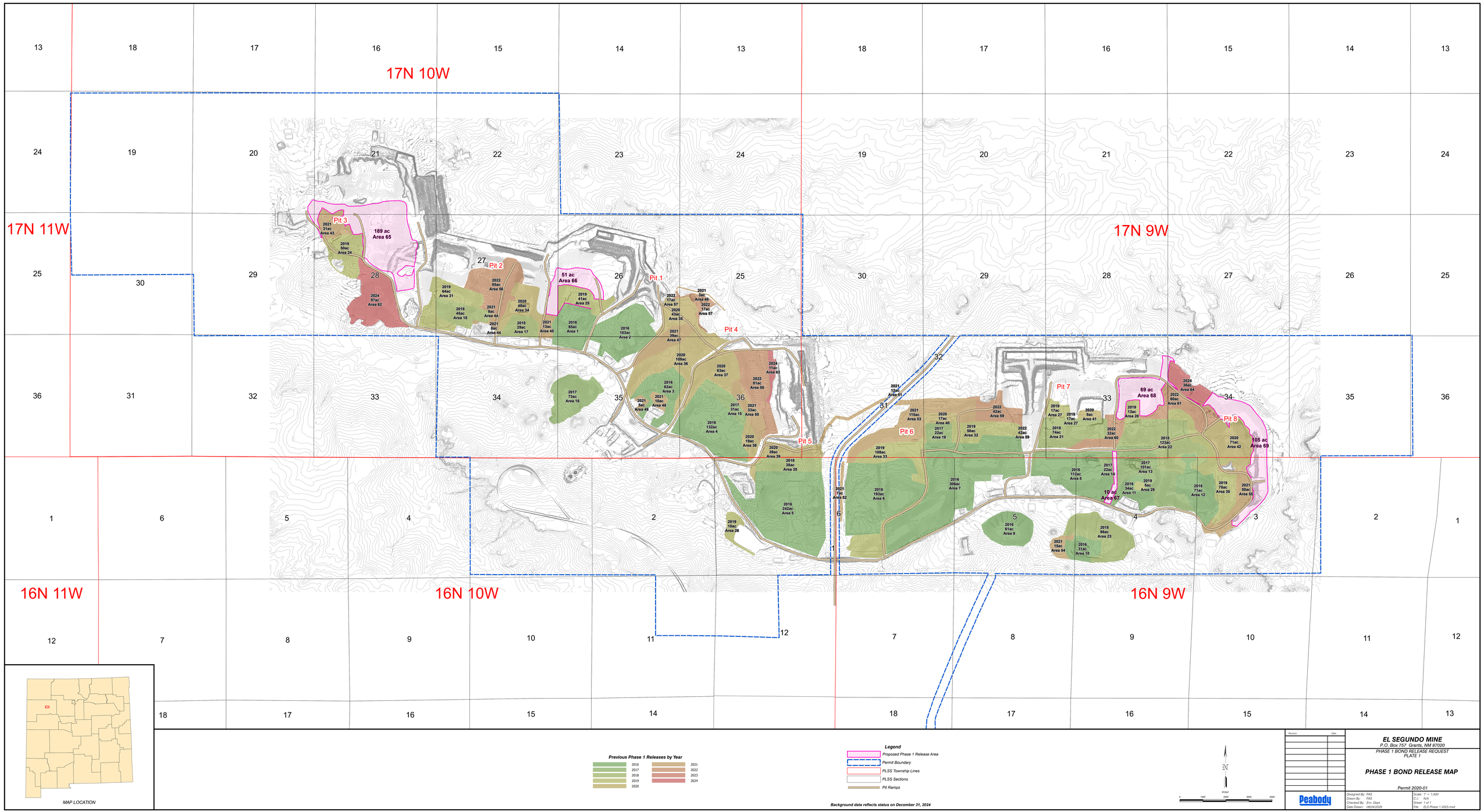
The land for which Phase 1 Release is being requested includes five parts totaling 424 acres located within the eastern and western portions of the El Segundo Mine, as described below. The areas total 424 acres, which equates to 6.27% of the 6,759.74 disturbed acres or 2.56% of the 16,559 permitted acres within the permitted portions of the El Segundo Mine.

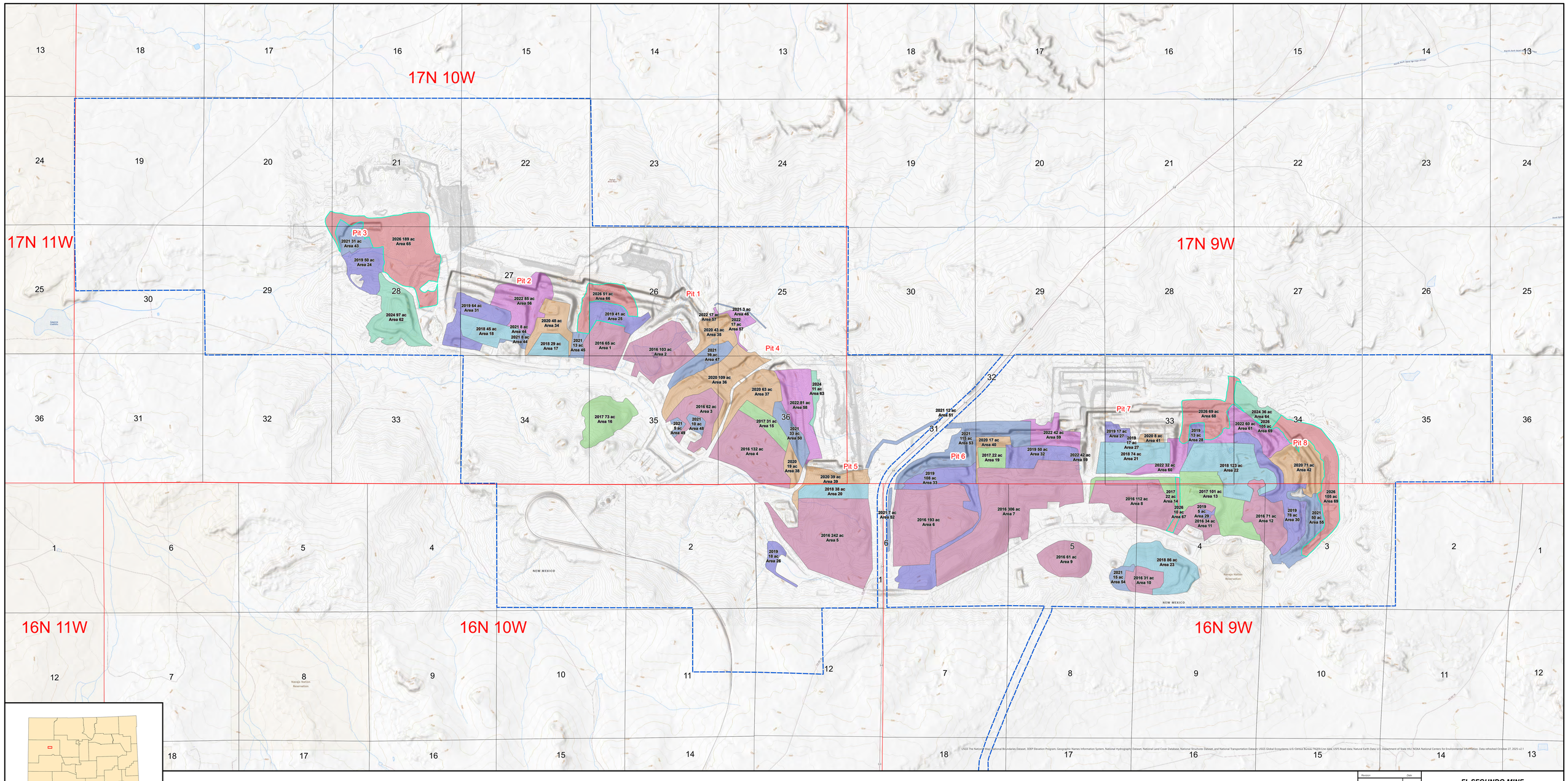
The acres associated with the Phase 1 2026 release are within Sections 20, 21, 28, 29, 26, and 27 of T17N R10W; Sections 33 and 34 of T17N R10W in the Orphan Annie Rock USGS Quad maps; and Sections 4 and 3 of T17N R9W in the Laguna Castillo USGS Quad maps.

Acreage to be released	
Total acres permitted:	16,559
Total acres disturbed:	6,759
Total acreage to be released:	424
Percentage of permitted acres requested for Phase 1 release	2.56%
El Segundo Reclamation Bond	$56,744,146.00
Phase 1 Reduction ask	$1,015,539.36

A copy of the Phase 1 bond release application is available for public inspection at the McKinley Larry Brian Mitchell Rec Center, 400 Marguerite Franco Dr., Gallup, New Mexico, 87301,; the Grants Public Library, 1101 N First St., Grants, New Mexico; and on the New Mexico Mining Website at https://www.emnrd.nm.gov/mmd/public-notices/ or at the Mining and Minerals Division; 1220 South St. Francis Drive, Santa Fe, NM 87505. Written comments, objections, or requests for informal conferences must be submitted to the Coal Mine Reclamation Program Manager of Mining and Minerals Division at Erik Munroe erik.munroe@emnrd.nm.gov, within 30 days after last publication of this notice.

Plates


17N 10W
17N 11W
17N 9W
16N 11W
16N 10W
16N 9W
Pit 1
Pit 2
Pit 3
Pit 4
Pit 5
Pit 6
Pit 7
Pit 8
189 ac
Area 65
51 ac
Area 66
69 ac
Area 68
105 ac
Area 69
10 ac
Area 67
MAP LOCATION
Previous Phase 1 Releases by Year
2016
2017
2018
2019
2020
2021
2022
2023
2024
Legend
Proposed Phase 1 Release Area
Permit Boundary
PLSS Township Lines
PLSS Sections
Pit Ramps
Background data reflects status on December 31, 2024
N
SCALE
0
1000
2000
3000
4000'
Revision
Date
EL SEGUNDO MINE
P.O. Box 757 Grants, NM 87020
PHASE 1 BOND RELEASE REQUEST
PLATE 1
PHASE 1 BOND RELEASE MAP
Permit 2020-01
Peabody
Designed By: PAS
Drawn By: PAS
Checked By: Env. Dept.
Date Drawn: 08/04/2026
Scale: 1" = 1,000'
C.I.: N/A
Sheet: 1 of 1
File: ELS Phase 1 2025.mxd



MAP LOCATION

Phase 1 Releases by Year

2016	2021
2017	2022
2018	2024
2019	2026
2020	

Legend

- Permit Boundary
- PLSS Township Lines
- PLSS Sections

Background data reflects status on December 31, 2025

SCALE 0 1000 2000 4000'

USGS The National Map: National Boundaries Dataset, 3DEP Elevation Program, Geographic Names Information System, National Hydrography Dataset, National Land Cover Database, National Structures Dataset, and National Transportation Dataset; USGS Global Ecosystems; U.S. Census Bureau TIGER/Line data; USFS Road data; Natural Earth Data; U.S. Department of State Hill; NOAA National Centers for Environmental Information. Data refreshed October 27, 2025-v2.1

Revision	Date

EL SEGUNDO MINE
P.O. Box 757 Grants, NM 87020

PERMIT 2020-1
PLATE 1-B

PHASE 1 BOND RELEASE MAP 2026

Permit 2020-01

Peabody

Designed By: PAS
Drawn By: PAS
Checked By: Env. Dept.
Date Drawn: 06/05/2026

Scale: 1" = 1,000'
C.I. = N/A
Sheet: 1 of 1
File: ELS Phase 1 2025.mxd