



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

August 13, 2020

Mr. James Smith
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. 2015-01
Phase 1 Bond Release Application ES 2020:**

Dear Mr. Smith:

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 34-42 totaling 458.07 acres, which equates to 7.2% of the 6378.68 disturbed acres or 2.77% 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 does include a request for a reduction in \$1,097,141.78 actual bond monies posted.

One hard copy and an electronic copy of this application and all exhibits and plates are enclosed with this cover letter. If you have any questions, please feel free to contact me at (505) 285-3002.

Sincerely,

A handwritten signature in black ink, appearing to read 'Seth Puls', is written over a light blue horizontal line.

Seth Puls
Engineering Manager
w/encl

**Peabody Natural Resources Company
El Segundo Mine
Application for Phase 1 Bond Release
August 13, 2020**

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 34-42 (458.07 acres) described in this application and shown on Exhibit 1. Areas 1-33 2430.31 acres have previously been submitted under a Phase 1 bond release application in 2016, 2017, 2018 and 2019. Backfilling and grading has been completed in these previously mined areas and the work has been documented and reported in annual reports 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 ordered 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. 2015-01

19.8.14.1412 A. (2) (b) Legal Description

The Phase 1 bond release is requested for lands within the El Segundo Mine permit (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 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 2020 release are within Sections 25, 26, 27, 35, 36 and 31 of T17N R10W in the Laguna Castillo, USGS Section 1 of T16 R10W in Orphan Annie Rock USGS Quad maps. USGS Sections 3 of T16, R9W in Orphan Annie Rock USGS Quad maps; Sections 31, 32, 33 and 34 of T17N, R9W in Orphan Annie Rock USGS Quad Maps. USGS Sections 1 of T16N, R10W in Orphan Annie Rock USGS Quad maps.

19.8.14.1412 A. (2) (c) Location

The El Segundo Mine permit area encompassing the lands requested for Phase 1 release are 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 southwestern regional customers. 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 is completed. Topsoil or approved soil substitutes is 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 post-mining 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 2015-01 is \$62,223,730.00 to ensure the successful reclamation of disturbance within the 16,559.02-permit area dated April 5, 2016.

The Phase I 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 34-42 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 analyzed for suitability and mitigated with suitable material in cases the soil is unsuitable for spoil material. The results are included in the Annual Report.

Area:	Acres:	Disturbance Years:	Final Grading Years:	Year Submitted:
34	47.81	2008-2019	2016-2020	2020
35	18.98	2012-2017	2014-2020	2020
36	52.67	2008-2019	2010-2020	2020
37	109.31	2008-2019	2014-2020	2020
38	63.31	2008-2016	2016-2020	2020
39	39.15	2009-2016	2017-2019	2020
40	22.97	2010-2015	2015-2019	2020
41	8.37	2014-2015	2017-2018	2020
42	72.62	2013-2017	2019-2020	2020

The release areas were bonded based on a worst-case five-year rolling calculation in permit No. 2015-01. Thus, the Phase I request constitutes simply a release of the activities included under Phase I. There is a request of \$1,097,141.78 as a reduction in the bond for the current operation as a result of the Phase 1 bond release application.

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

Total Acres permitted:	16,559.02 ac.
Total Acres disturbed (January 1, 2020):	6,378.68ac.
Acreage to be released (Area 34):	47.81
Acreage to be released (Area 35):	18.98
Acreage to be released (Area 36):	52.67
Acreage to be released (Area 37):	109.31
Acreage to be released (Area 38):	63.31
Acreage to be released (Area 39):	39.15
Acreage to be released (Area 40):	22.97
Acreage to be released (Area 41):	8.37
Acreage to be released (Area 42):	72.62
Total acreage requested for this Phase I release application:	432.76 ac.
Percentage of permitted acres requested for Phase 1 release:	2.77%
Percentage of disturbed acres requested for Phase 1 release:	7%

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 I bond release. The mineral ownership for the 458.07-acre bond release area is under Peabody Natural Resources Company and State of New Mexico. The surface ownership for the 487.07-acres bond release area is Peabody Natural Resources Company, Jerry and Luann Elkins and Fernandez Company. 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

19.8.14.1412 A. (2) (f) Notification Letters

Notification letters regarding the Phase 1 release application have been sent to adjoining land owners and 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:

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

**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**

**Norman Honie, Jr. (Hopi Tribe)
Director, Office of Mining & Mineral Resources
P.O. Box 123
Kykotsmovi, Arizona 86039**

**Akhtar Zaman (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

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

No other maps are included in this application, but you can find information for the El Segundo Mine Facilities, Disturbance, Final Grading, Noxious Weed Management, Top Dressed and Seeded, Topsoil Samples, and Spoil Sample Plates from the 2019 Annual Report which can be provided through the Mining and Minerals Division on 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 may be found in Appendix 3.

19.8.14.1412 A. (3) Public Advertisement

A draft public notice is contained in Appendix 4 that addresses the requirements for a public advertisement including the name and address of the director of MMD for written comments, objections, or requests for public hearings and informal conferences. The Public Notice shall be advertised in the Gallup Independent 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 McKinley County courthouse in Gallup, New Mexico and the Mother Whiteside Public Library in Grants, New Mexico prior to sending out 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
<u>T16N-R9W</u> <u>Sec. 3: Lots 1(36.04), 2(35.71), 3(35.39), 4(35.06), S½N½, S½</u> <u>622.20</u>	Fernandez Company, Ltd.	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	7.75
<u>T17N-R9W</u> <u>Sec. 34: All 640.00</u>	Jerry and Luann Elkins	Peabody Natural Resources Compnay EXHIBIT 703-15 section 34 lease of federal coal.pdf	64.87
<u>T17N-R9W</u> <u>Sec. 33: All 640.00</u>	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	8.37
<u>T17N-R9W</u> <u>Sec. 32: All 640.00</u>	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	22.97
<u>T17N-R9W</u> <u>Sec. 31: Lots 1 (40.21), 2(40.17), 3(40.10), 4(40.00), E½W½, E½</u> <u>640.48</u>	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	11.2
<u>T17N-R10W</u> <u>Sec. 36: All 640.00</u>	State of New Mexico	State of New Mexico	155.21
<u>T16N-R10W</u> <u>Sec. 1: Lots T16N-R10W</u> <u>Sec. 1: Lots 1(35.50), 2(35.61), 3(35.73), 4(35.84), S½N½, S½</u> <u>622.68</u>	Jerry and Luann Elkins	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	6.07
<u>T17N-R10W</u> <u>Sec. 35: All 640.00</u>	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	48.05
<u>T17N-R10W</u> <u>Sec. 25: All 640.00</u>	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	26.23
<u>T17N-R10W</u> <u>Sec. 26: All 640.00</u>	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	33.7
<u>T17N-R10W</u> <u>Sec. 27: All 640.00</u>	Peabody Natural Resources Company/Bk.6, pg.8486 EXHIBIT 701-3.pdf	Peabody Natural Resources Company/Bk.6, pg.8373 EXHIBIT 701-4.pdf	47.81

*Addresses listed in section 19.8.14.1412 A.(2)(e) Surface and Mineral Rights above.

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

August 13, 2020

El Segundo Bond Release Notification Letter 2020 Permit No 2015-01

To whom it may concern:

Peabody Natural Resources Company has filed for a Phase 1 bond release for completion of backfilling, and 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 2015-01, which was granted in 2015.

The land for which Phase 1 release is being requested includes 4 units totaling 458.07 acres located within the eastern and western portions of the El Segundo Mine as described below. The areas total 458.07 acres, which equates to 7% of the 6,378.68 disturbed acres or 2.77% of the 16,559 permitted acres within the permit portions of the El Segundo mine and described below.

The acres associated with the Phase 1 2020 release are within Sections 25, 26, 27, 35, 36 and 31 of T17N R10W in the Laguna Castillo, USGS Section 1 of T16 R10W in Orphan Annie Rock USGS Quad maps. USGS Sections 3 of T16, R9W in Orphan Annie Rock USGS Quad maps; Sections 31, 32, 33 and 34 of T17N, R9W in Orphan Annie Rock USGS Quad Maps. USGS Sections 1 of T16N, R10W in Orphan Annie Rock 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:	16,559.02
Total acres disturbed:	6,378.68
Total acreage to be released:	458.07
Percentage of permitted acres requested for Phase 1 release:	2.77%

All reclamation work was completed between the years of 2015 and 2020 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:

County Clerk, McKinley County Courthouse, 207 W Hill Ave, Gallup, New Mexico, 87301.

Mother Whiteside 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: James Smith, (505) 476-3416).

www.NMMines.com

Written comments, objections, or requests for an informal conference on this Phase 1 release application may be requested within 30 days of the final publication in the Gallup Independent newspaper. Please contact:

Director, Mining and Minerals Division
1220 South St. Francis Drive
Santa Fe, NM 87505
(505) 476-3435

Question regarding this application may also be directed to me at (505) 285-3002.

Sincerely,

Seth Puls
Engineering Manager
El Segundo Mine, Peabody Natural Resources Company

C: James Smith (MMD)

Appendix 3

Certification of Application

Certification of Application

I certify that all applicable Phase 1 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.

Mitch Knapton
Mitch Knapton – Operations Manager

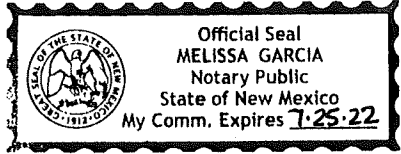
8/12/20
Date

State of New Mexico)
) SS
County of Cibola)

Subscribed and sworn to before me, in my presence, this 12 day of August, 2020, a Notary Public in and for the State of New Mexico.

Melissa Garcia
Notary Public

My Commission expires 7/25/2022



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.2015-01 pursuant to the regulations at 19.8. 14.1412(A) NMAC.

The El Segundo Mine, approved as a “5-year term” permit on September 15, 2015 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 2015-01 is \$62,223,730.00 to ensure the successful reclamation of disturbance within the 16,559.02-permit area dated April 5, 2016. PNRC is requesting a release of \$1,097,141.78 of the performance bond should this application be approved by the Director of MMD.

Phase 1 of the approved reclamation plan, backfilling, grading, and final surface configuration, was completed on areas included in the application between 2015 and 2020. Backfilling and grading have been conducted to create a stable landscape in conformance with the approved post-mining contours in the permit. Reclamation procedures support achievement of the post-mining land use of livestock grazing. Reclamation results are tracked in Annual Reclamation Reports submitted to MMD. The total area requested for Phase 1 2020 release are within Sections 25, 26, 27, 35, 36 and 31 of T17N R10W in the Laguna Castillo, USGS Section 1 of T16 R10W in Orphan Annie Rock USGS Quad maps. USGS Sections 3 of T16, R9W in Orphan Annie Rock USGS Quad maps; Sections 31, 32, 33 and 34 of T17N, R9W in Orphan Annie Rock USGS Quad Maps. USGS Sections 1 of T16N, R10W in Orphan Annie Rock USGS Quad maps;

A copy of the Phase 1 bond release application is available for public inspection at the McKinley County Courthouse, County Clerk’s Office, 201 W. Hill, Gallup, New Mexico; the Mother Whiteside Public Library, 1101 N First St., Grants, New Mexico; and Mining and Minerals Division in Santa Fe, New Mexico or on the New Mexico Mining Website at www.NMMines.com. Written comments, objections, or requests for informal conferences must be submitted to the Director of Mining and Minerals Division at Gerard.Schoeppner@state.nm.us or the Coal Mine Reclamation Program Manager of Mining and Minerals Division at Jamesr.Smith@state.nm.us, within 30 days after last publication of this notice.

Plates