



Lee Ranch  
2022 Phase 1 Bond Release

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**Lee Ranch Coal Company**  
**A Division of Peabody Natural Resources**  
**Company**  
**P. O. Box 757**  
**Grants, New Mexico 87020**  
**Phone: 505-285-4651 Fax: 505-285-4650**

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August 10, 2022

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

**Permit No. 19-2P**  
**Application for Phase 1 Bond Release 2022:**

Dear Mr. Smith:

Pursuant to 19.8.14.1412 NMAC, enclosed for MMD review and approval is an application for Phase 1 bond release for backfilled and graded areas within the Lee Ranch Mine permit area labeled as area 25, as further described in this application. The bond release area totals 328 acres, which equates to 4.06% of the 8,075.78 disturbed acres or 2.04% of the 16,038 permitted. Backfilling and grading is complete, and no ungraded spoil or open pits remain. This bond release application does include a request for a reduction of \$785,126.89 in actual bond monies posted. Please note that the State of New Mexico will be notified and invited to participate in the inspection of 328 acres within Sections 23, 25-28, 35, and 36 in Township 15N and Range 8W, Sections 30 and 31 in Township 15N and Range 7W, and Section 1 in Township 14N and Range 8W for the Phase 1 Bond Release.

One hard copy and a flash drive with 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) 285-3076.

Sincerely,

Naudiea C. Yon  
Environmental Engineer

w/encl

**Peabody Natural Resources Company  
Lee Ranch Mine  
Application for Phase 1 Bond Release**

**August 10, 2022**

**Introduction**

This document constitutes Peabody Natural Resources Company's application for a Phase 1 bond release for backfilled and graded areas at the Lee Ranch Mine labeled as Area 25 totaling 328 acres described in this application and shown on Exhibit 1-A. Previously, areas 23-24, totaling 513.10 acres or 6.19% of the permitted acres have been approved through MMD under a 2019 Phase 1 bond release and are shown on Exhibit 1-A, grading and topsoil replacement 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) for the years 1991 through 2022. The postmine topography achieved through backfilling, grading, and top soiling has been documented and included in annual reporting to MMD. 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  
Lee Ranch Mine  
P.O. Box 757  
Grants, NM 87020  
Tele: (505) 285-4651  
Fax: (505) 285-4650

**Permit No. 19-2P**

**19.8.14.1412 A. (2) (b) Legal Description**

The Phase 1 bond release is requested for lands within the Lee Ranch Mine permit area located in McKinley County approximately 35 miles north of Milan, New Mexico. The general legal description of the requested release areas (based on Section, Township and Range as specified in the Bond Release Guidelines) is listed below and locations are shown on Exhibits 1-A (Flight Contour Map) and 1-B (USGS Topography Map) in this application.

The acres associated with the Phase 1 2022 release are within Sections 23, 25-28, 35, and 36 in Township 15N and Range 8W, Sections 30 and 31 in Township 15N and Range 7W, and Section 1 in Township 14N and Range 8W. The USGS 7.5 minute topographic quadrangle sheets covering the area include "Tinaja", "Mulatto", and "Piedra"

#### **19.8.14.1412 A. (2) (c) Location**

The Lee Ranch Mine permit area encompassing the lands requested for Phase 1 release is in McKinley County approximately 35 miles North of Milan, New Mexico. The centroid location of the release area parcels is approximately latitude 35°30'57" N and longitude 107°36'42" W. The areas requested for Phase 1 release are outlined in Exhibits 1-A (Flight Contour Map) and 1-B (USGS Topography Map).

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

The Lee Ranch Mine began operations in 1984 under Santa Fe Minerals. In 1993 the Lee Ranch Coal Mine was traded to Hanson Natural Resources and is now under control of Peabody Natural Resources. 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 1984. 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 post mine topography was completed. Backfilling, grading, and top soiling 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 Lee Ranch Surface Coal Mine performance bond for permit 19-2P is \$78,000,000, to ensure the successful reclamation of disturbance within the 16,038-permit area dated April 5, 2016.

The Phase 1 release in this application is being sought for the areas listed below and shown on Exhibit 1-A (Flight Contour Map) and 1-B (USGS Topography Map). Disturbance and final grading history for Area 25 are summarized below and have been reported to MMD in Annual reports covering the activity years listed.

**Table 1: Phase 1 Bond Release**

<b>Area</b>	<b>Acres</b>	<b>Disturbance Years</b>	<b>Final Grading Years</b>	<b>Year Submitted</b>
25	7	1986; 1992	1987	2022
26	16	1991; 2002; 2011; 2012; 2018	2018	2022
27	12	1985	1987	2022
28	10	1985; 1987	1987	2022
29	7	1985	1986; 1987	2022
30	16	1984; 1986; 1987; 1999; 2000; 2013;	1986; 1987; 2002	2022
31	260	1991-1995; 1998- 2001; 2003; 2004; 2006; 2012; 2013; 2019	1993; 1996; 1998; 2001; 2015; 2019- 2021	2022

The release areas were bonded based on a worst-case five-year rolling calculation in permit No. 19-2P. Thus, the Phase 1 request simply constitutes a release of the activities included under Phase 1. There is a request of \$785,126.89 as a reduction in the bond for the current operation because 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:

**Table 2: Lee Ranch 2022 Phase 1 Bond Release**

<b>Total Acres Permitted (acres)</b>	16,038
<b>Total Acres Disturbed – June 24, 2022 (acres):</b>	8,075.78
<b>Acreage to be Released:</b>	
25	7
26	16
27	12
28	10
29	7
30	16
31	260
<b>Total Acreage Requested:</b>	<b>328</b>
<b>Percentage of Permitted Acres:</b>	<b>2.04%</b>
<b>Percentage of Disturbed Acres:</b>	<b>4.06%</b>

**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 328-acre bond release area is under Peabody Natural Resources Companies listed in Appendix 1. The surface ownership for the 328-acre bond release area is Fernandez Company Ltd and the state of New Mexico as listed in Appendix 1.

Addresses are:

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

**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 landowners and local government agencies and utilities in the vicinity of the proposed release areas. These include 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:

**Continental Divide Electric Cooperative  
PO BOX 1087  
Grants, NM 87020**

**Cibola County  
700 E Roosevelt  
Grants, New Mexico 87020**

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

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

**Public Service Company of New Mexico  
Main Offices  
Albuquerque, New Mexico 87158**

**New Mexico Gas Company  
P.O. Box 97500  
Albuquerque, New Mexico 87199-7500**

**Akhtar Zaman (Navajo Nation)  
Manager Minerals Department  
P.O. Box 3900  
Window Rock, Arizona 86515**

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

**McKinley County  
207 West Hill Street  
Gallup, New Mexico 87301**

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

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

No other maps or information were required under this section. However, updated facilities, disturbance, final grading, and top dressed and seeded maps from the 2021 Annual Report are provided as Plates 1-4 through MMD.

**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, Lee Ranch 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 or on [www.emnrd.nm.gov](http://www.emnrd.nm.gov) prior to sending out notification letters and publication of the advertisement.

## **Appendix 1**

### **Surface and Coal Ownership**

LEE RANCH MINE <i><b>SURFACE AND COAL OWNERSHIP</b></i>			
<b>LEGAL DESCRIPTION</b>	<b>SURFACE OWNER</b>	<b>COAL OWNER</b>	<b>ACRES REQUESTED FOR PHASE 1 RELEASE</b>
T14N-R8W Sec 1 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	1 ac
T15N-R8W Sec 23 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	218 ac
T15N-R8W Sec 26 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	44 ac
T15N-R8W Sec 27 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	24 ac
T15N-R8W Sec 28 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	10 ac
T15N-R8W Sec 30 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	4 ac
T15N-R8W Sec 31 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	13 ac
T15N-R8W Sec 35 All:	Fernandez Company, Ltd Bk. 76 Misc., Pg. 938	Peabody Natural Resources Company Bk. 6, Pg 8452 and Penn Virginia Resources Partners and Fieldcrest Resources LLC (see EXHIBIT II-17)	5 ac
T15N-R8W Sec 36 All:	State of New Mexico	State of New Mexico	9 ac

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

## **Appendix 2**

### **Notification Letters**





Lee Ranch Coal Company  
A Division of Peabody Natural Resources  
Company  
P. O. Box 757  
Grants, New Mexico 87020  
Phone: 505-285-4651 Fax: 505-285-4650

August 10, 2022

[XXX]  
[XXX]  
[XXX] [XXX]

**Lee Ranch Mine Bond Release Notification Letter 2022 Permit No. 19-2P**

To whom it may concern:

Peabody Natural Resources Company has filed for a Phase 1 bond release for completion of backfilling and grading on portions of reclaimed lands at the Lee Ranch 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.

Lee Ranch Mine's headquarters is located 35 miles north of Milan, NM with mailing address at P.O. BOX 757, Grants, NM, 87020. The current permit number for the Lee Ranch Mine regulated by the State of New Mexico Mining and Minerals Division is 19-2P, which was granted in 1981.

The land for which Phase 1 release is being requested includes 1 unit totaling 328 acres located within the southern portion of the Lee Ranch Mine permit area. The areas total 328 acres which equates to 2.04% of the 8,075.78 disturbed acres and 4.06% of the 16,038 permitted acres.

The acres associated with the Phase 1 2022 release are within Sections 23, 25-28, 35, and 36 in Township 15N and Range 8W, Sections 30 and 31 in Township 15N and Range 7W, and Section 1 in Township 14N and Range 8W. The USGS 7.5 minute topographic quadrangle sheets covering the area include "Tinaja", "Mulatto", and "Piedra"

The centroid location of the release area parcels is approximately latitude 35° 30' 57" N and Longitude 107° 36' 42" W.

Additional details are provided below concerning this application:

Acres to be released

Total acres permitted:	16,038
Total acres disturbed	8,075.78
Total acreage to be released 2022:	328
Percentage of permitted acres requested for Phase 1 release:	2.04%

Backfilling and grading were completed between the years of 1986 and 2022. Backfilling and grading 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) or at [www.emnrd.nm.gov](http://www.emnrd.nm.gov).

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. Please contact:

James Smith  
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) 285-3076.

Sincerely,



Naudiea C. Yon  
Environmental Engineer  
Lee Ranch 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.

  
Seth Puls – Operations Manager

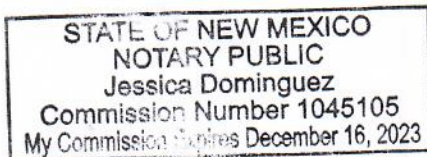
8-17-2022  
Date

State of New Mexico                    )  
County of Cibola                    ) SS  
County of ~~McKinley~~

Subscribed and sworn to before me, in my presence, this 17<sup>th</sup> day of August, 2022, a Notary Public in and for the State of New Mexico.

  
Notary Public

My Commission expires 12/16/2023



## **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 and grading on lands within the Lee Ranch Mine, Permit No. 19-2P pursuant to the regulations at 19.8. 14.1412(A) NMAC.

The Lee Ranch Mine, approved as a “Life of Mine” permit on May 18, 1981 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. The Lee Ranch Surface Coal Mine performance bond for permit 19-2P is \$78,000,000 to ensure the successful reclamation of disturbance within the 16,038-acre permit area dated April 5, 2016. PNRC is requesting release of \$785,126.89 of the performance bond should this application be approved by the Director of MMD.

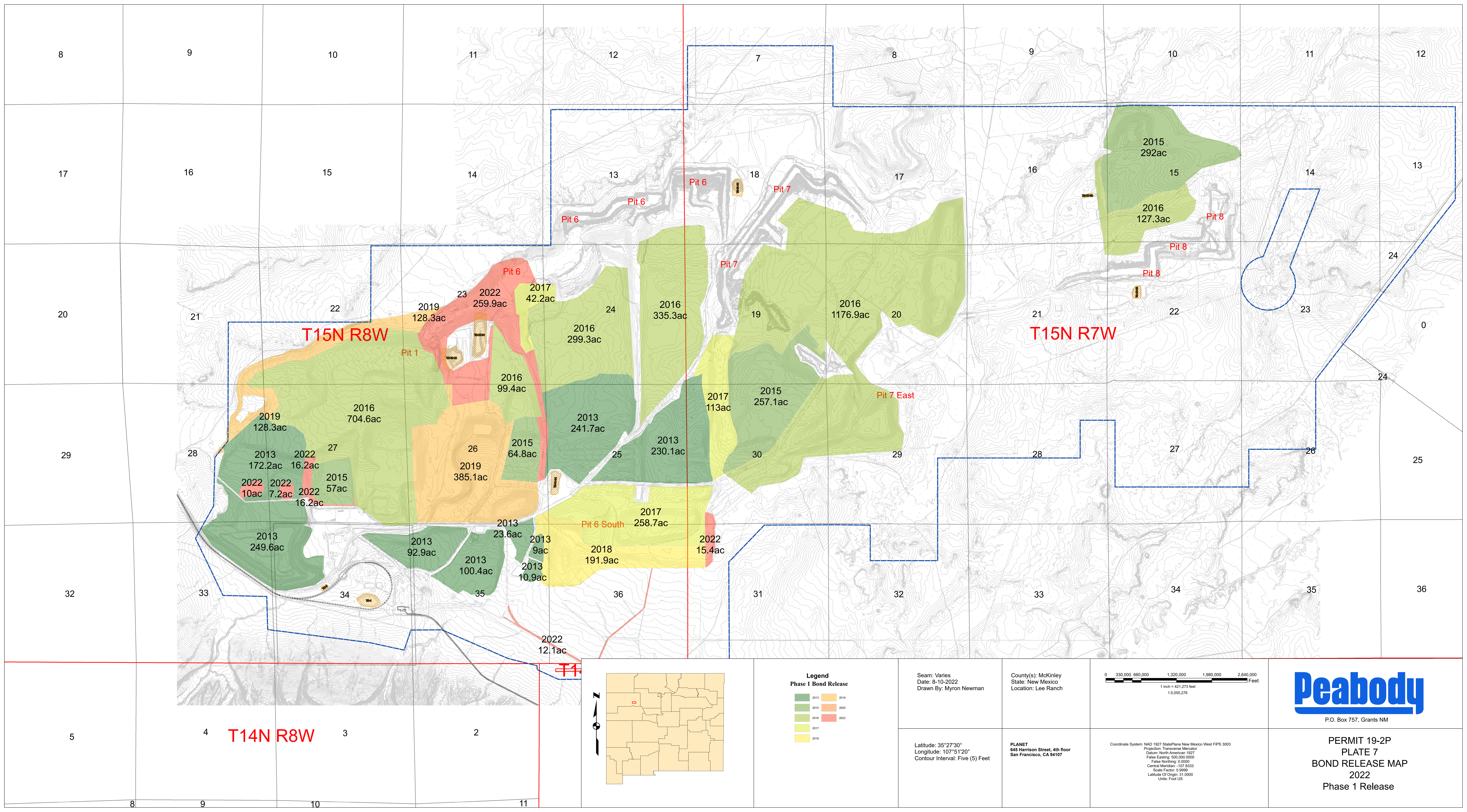
Phase 1 of the approved reclamation plan; backfilling and grading was completed on areas included in the application between 2016 and 2022. Backfilling and grading have been conducted to create a stable landscape in conformance with the approved post-mining contours in the permit. Reclamation procedures 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 2022 release are within Sections 23, 25-28, 35, and 36 in Township 15N and Range 8W, Sections 30 and 31 in Township 15N and Range 7W, and Section 1 in Township 14N and Range 8W. The USGS 7.5 minute topographic quadrangle sheets covering the area include “Tinaja”, “Mulatto”, and “Piedra”.

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 [www.emnrd.nm.gov](http://www.emnrd.nm.gov) Coal Mine Reclamation Program page. Written comments, objections, or requests for informal conferences must be submitted to the Director of Mining and Minerals Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 30 days after last publication of this notice.

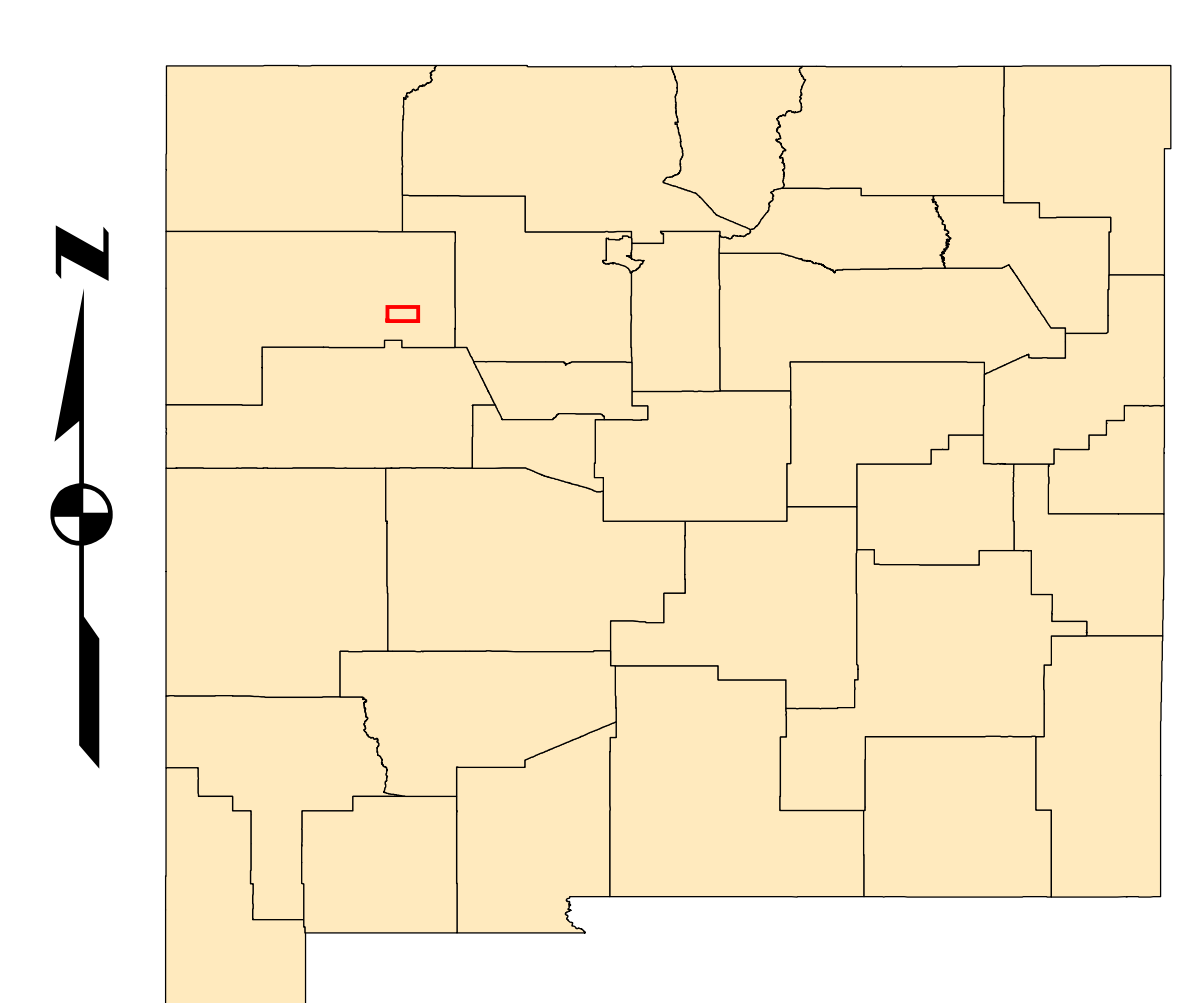
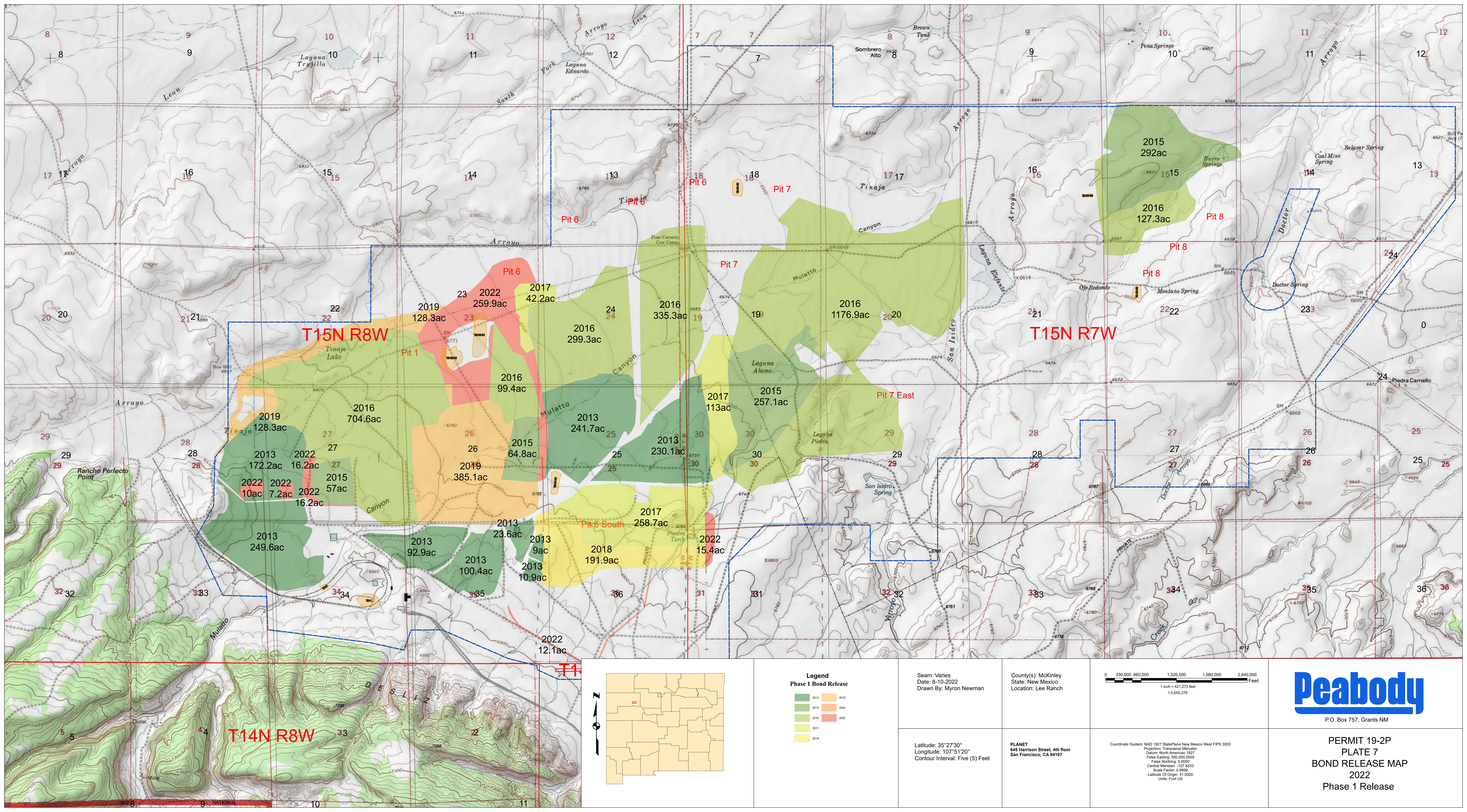


## Plates





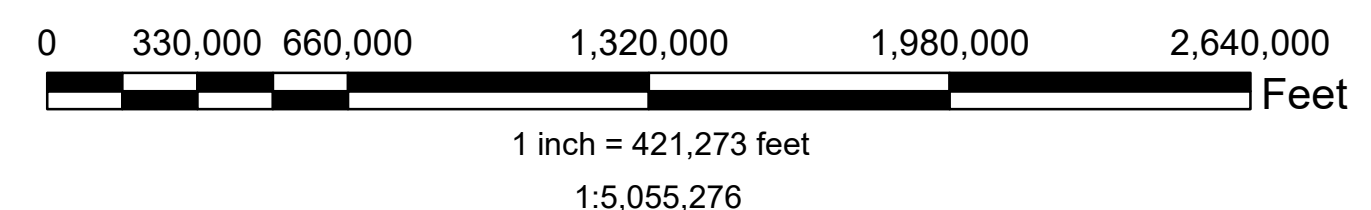




- Legend**  
Phase 1 Bond Release
- 2013
  - 2015
  - 2016
  - 2017
  - 2018
  - 2019
  - 2020
  - 2022

Seam: Varies  
Date: 8-10-2022  
Drawn By: Myron Newman

County(s): McKinley  
State: New Mexico  
Location: Lee Ranch



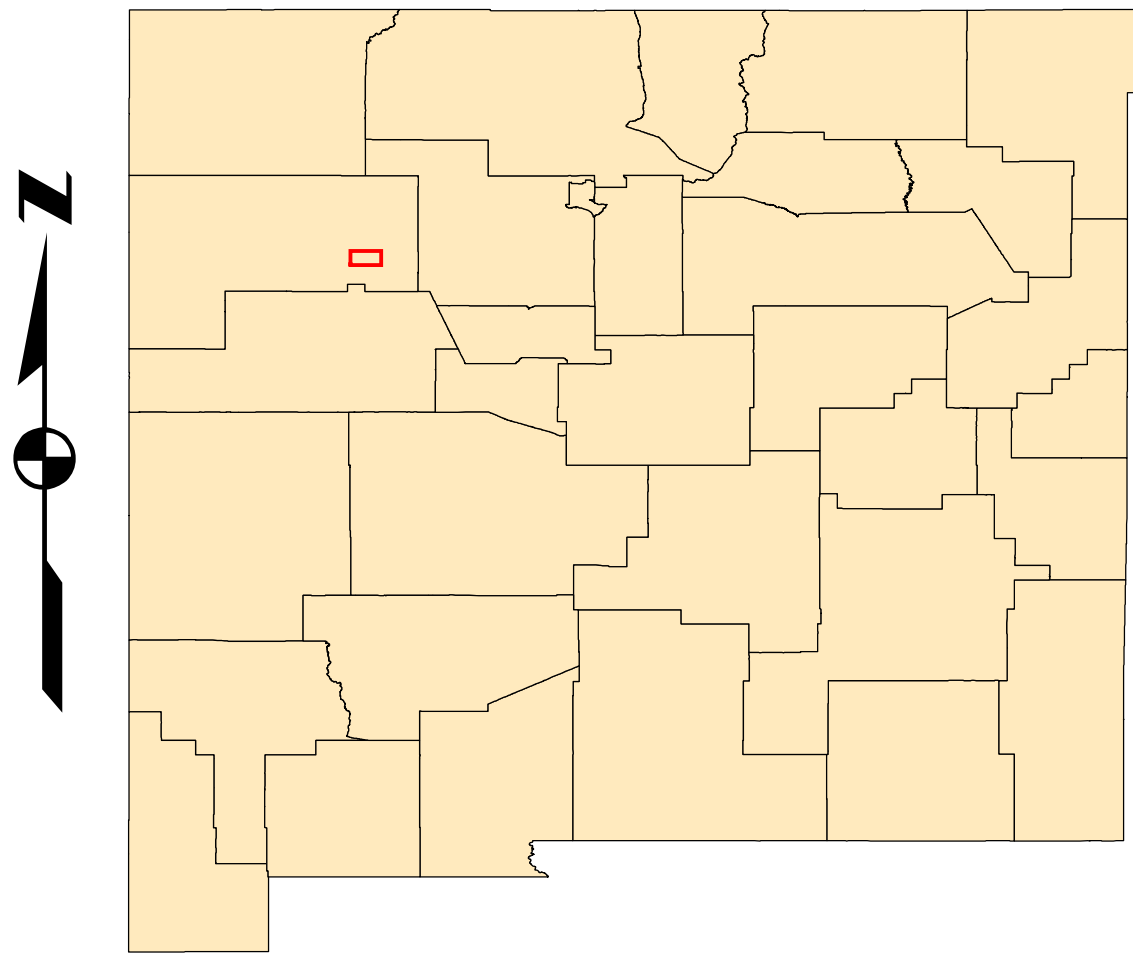
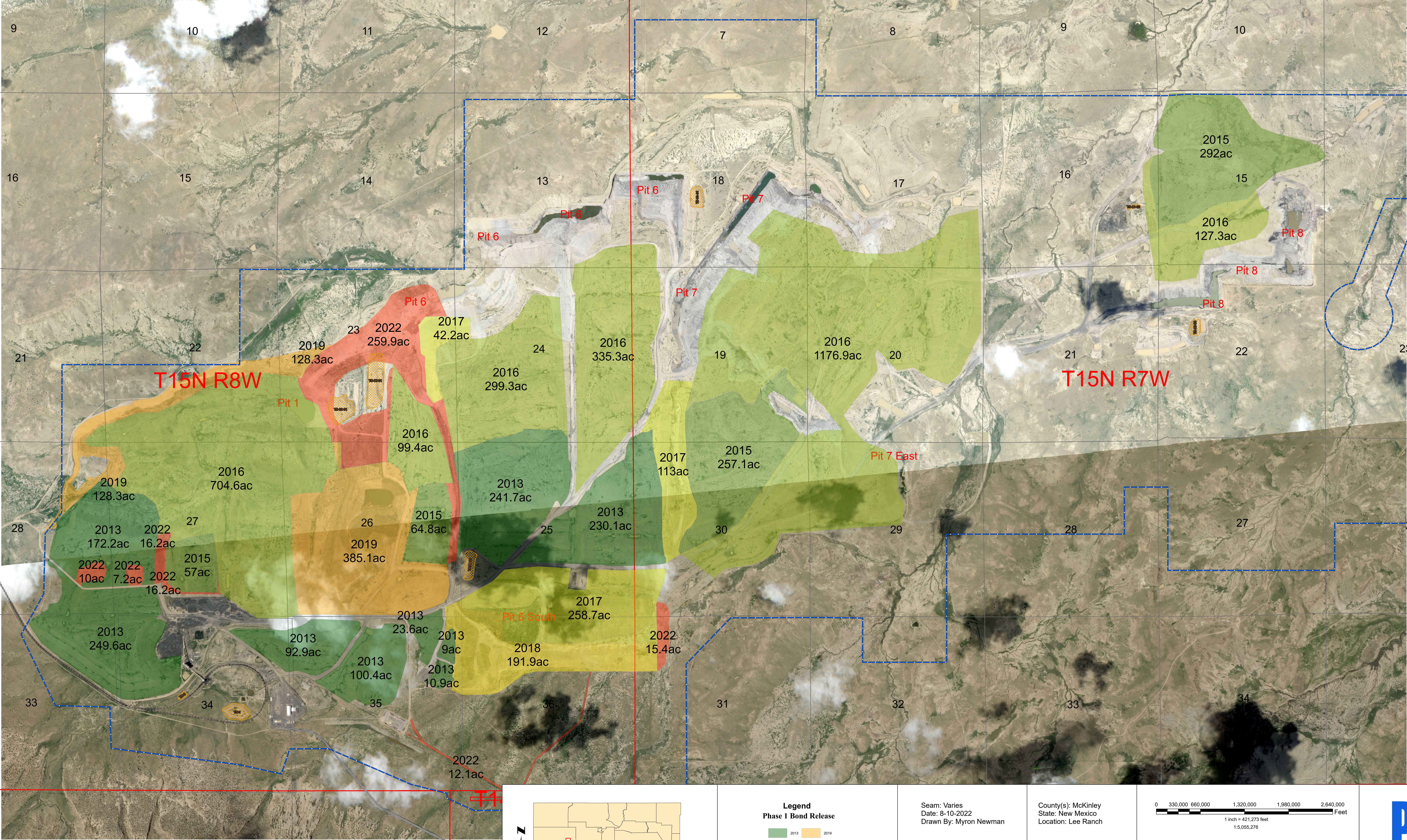
Latitude: 35°27'30"  
Longitude: 107°51'20"  
Contour Interval: Five (5) Feet

PLANET  
645 Harrison Street, 4th floor  
San Francisco, CA 94107

Coordinate System: NAD 1927 StatePlane New Mexico West FIPS 3003  
Projection: Transverse Mercator  
Datum: North American 1927  
False Easting: 500,000.0000  
False Northing: 0.0000  
Central Meridian: -107.8333  
Scale Factor: 0.9999  
Latitude of Origin: 31.0000  
Units: Foot US

PERMIT 19-2P  
PLATE 7  
BOND RELEASE MAP  
2022  
Phase 1 Release





**Legend**  
Phase 1 Bond Release

2013	2019
2015	2020
2016	2022
2017	
2018	

Seam: Varies  
Date: 8-10-2022  
Drawn By: Myron Newman

County(s): McKinley  
State: New Mexico  
Location: Lee Ranch

0 330,000 660,000 1,320,000 1,980,000 2,640,000 Feet  
1 inch = 212,273 feet  
1:5,055,276

**Peabody**  
P.O. Box 757, Grants NM

Latitude: 35°27'30"  
Longitude: 107°51'20"  
Contour Interval: Five (5) Feet

PLANET  
645 Harrison Street, 4th floor  
San Francisco, CA 94107

Coordinate System: NAD 1927 StatePlane New Mexico West FIPS 3003  
Projection: Transverse Mercator  
Datum: North American 1927  
False Easting: 500,000.0000  
False Northing: 0.0000  
Central Meridian: -107.8333  
Latitude Of Origin: 31.0000  
Units: Foot US

PERMIT 19-2P  
PLATE 7  
BOND RELEASE MAP  
2022  
Phase 1 Release