

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**APPLICATION FOR EXEMPTION**

(Exemption for Coal Extraction Incidental to  
the Extraction of Other Minerals)

**880-X-2E**

**UNDER THE  
ALABAMA SURFACE MINING CONTROL AND RECLAMATION ACT**

ASMC Exemption Application No.: **E-0056**

Section I Administrative Information  
Section II Exemption Basis  
Section III Maps and Drawings

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

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**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**APPLICATION FOR EXEMPTION  
(880-X-2E)  
ALABAMA SURFACE MINING COMMISSION  
SECTION I  
ADMINISTRATIVE INFORMATION**

**GENERAL INFORMATION**

**880-X-2E-.05(1)**

1. Applicant Name: Lost Creek Clay & Mineral, LLC  
Telephone: (205) 522-6823 Fax: NONE  
Business Street Address: 933 Mackey Boshell Road, Jasper, AL 35501  
Business Mailing Address: P. O. Box 43, Townley, AL 35587  
(The applicant assumes responsibility for mail delivered to the business street address and will notify ASMC of changes in this address.)  
As Applicable: Social Security Number: \_\_\_\_\_  
Employer Identification Number: 46-4025634

2. Identify the operator.

Name: Lost Creek Clay & Mineral, LLC Phone: (205) 522-6823  
Business Street Address: 933 Mackey Boshell Road, Jasper, AL 35501  
Business Mailing Address: P. O. Box 43, Townley, AL 35587  
As Applicable: Social Security Number: \_\_\_\_\_  
Employer Identification Number: 46-4025634

**880-X-2E-.05(8)**

3. Mine Name/Number: Rocky Branch Pit  
Location (County): Walker  
Acreage to be exempted: 8.1 Acres  
Estimated Disturbed Acreage: 15 Acres

**880-X-2E-.05(7)**

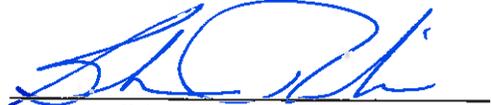
4. USGS Quadrangle (name and number): Jasper/N3345-W8715/7.5  
Latitude: 33°49'26.34" Longitude: 87°20'56.44"  
Designation of nearest intersection of two public roads:  
Alabama Highway 124 and Hillard Loop Rd  
Nearest Community: Townley Major Watershed: Rocky Branch & Sparks Branch
5. Consulting firm providing data:  
Firm: McGehee Engineering Corp. Address: P. O. Box 3431, Jasper, AL 35502-3431  
Person to Contact: Jordan McGehee  
Phone: (205) 221-0686 Fax: (205) 221-7721 Email: jordan@mcgehee.org

LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E- 0056

6. VERIFICATION OF EXEMPTION APPLICATION

I, the undersigned operator do hereby submit this as my application for exemption from coal mining regulations and certify that the information in the revision application is true and correct to the best of my information and belief. This exemption application is submitted in conformance with rules and regulations of the Commission and it is agreed that any operations pursuant to the permit will be conducted in accordance with those rules and regulations. I further certify that I will keep the Commission advised of any changes of facts as may pertain to this exemption application.

Date: August 11, 2016

  
Responsible Official

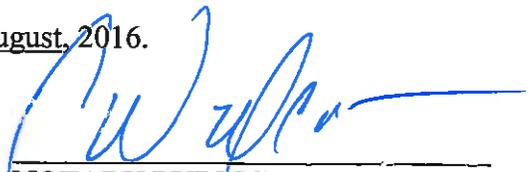
Shawn Robinson, President  
Name and Title

STATE OF ALABAMA >>>

COUNTY OF WALKER >>>

Before me, the undersigned authority, personally appeared Shawn Robinson who being duly sworn upon oath, deposed and said, that he has read the foregoing exemption application, that he is the responsible official of the applicant who executed the application, that the facts and matters contained therein are true and correct to the best of his information and belief, and that he executed the same for the purposes therein expressed.

Sworn to and subscribed before me, this the 11th day of August, 2016.

  
NOTARY PUBLIC

My Commission Expires: 08-09-20



{ S E A L }

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**880-X-2E-.05(15)**

7. A. Does the applicant have pending or active permits or exemptions for lands contiguous to this proposed exemption area?

(XX) Yes ( ) No If yes, provide the following information.

Application /Exemption or Permit No.	Applicant or Permittee	County	Type of Operation	Acreage
<a href="#"><u>N.P.D.E.S. ALG890341</u></a>	<a href="#"><u>Lost Creek Clay &amp; Mineral, LLC</u></a>	<a href="#"><u>Walker</u></a>	<a href="#"><u>Clay</u></a>	<a href="#"><u>4.9</u></a>

<a href="#"><u>DIR PERMIT NO. 14679</u></a>	<a href="#"><u>Lost Creek Clay &amp; Mineral, LLC</u></a>	<a href="#"><u>Walker</u></a>	<a href="#"><u>Clay</u></a>	<a href="#"><u>8.1</u></a>
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- B. Has the proposed exemption area, or portions of the proposed exemption area been previously permitted or exempted?

(XX ) Yes ( ) No

If yes, provide the following information.

Exemption or Permit No.	Permittee	County	Type of Operation	Acreage
<a href="#"><u>DIR PERMIT NO. 14679</u></a>	<a href="#"><u>Lost Creek Clay &amp; Mineral, LLC</u></a>	<a href="#"><u>Walker</u></a>	<a href="#"><u>Clay</u></a>	<a href="#"><u>8.1</u></a>

<a href="#"><u>N.P.D.E.S. ALG890341</u></a>	<a href="#"><u>Lost Creek Clay &amp; Mineral, LLC</u></a>	<a href="#"><u>Walker</u></a>	<a href="#"><u>Clay</u></a>	<a href="#"><u>4.9</u></a>
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<a href="#"><u>A.S.M.C. P-3907</u></a>	<a href="#"><u>Quality Coal Co., Inc.</u></a>	<a href="#"><u>Walker</u></a>	<a href="#"><u>Coal</u></a>	<a href="#"><u>108.0</u></a>
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Delineate the boundaries of the previously permitted or exemption areas on the [Mining Area Map \[2\]](#).

8. All operators who have extracted coal or other minerals prior to filing an application for exemption must also submit as attachments: See Attachment I-E-8

- A) Any relevant document(s) the operator has received from the Alabama Surface Mining Commission documenting its exemption from the requirements of the Act.
- B) The cumulative production of both the coal and other minerals from the area being mined; and
- C) Estimated tonnage of any stockpiled coal and other minerals.

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**ATTACHMENT I-E-8**

- A) Not Applicable – None
  - B) Approximately 31,000 tons of clay have been produced and sold from the proposed exemption area. Approximately 1,050 tons of coal have been extracted from the proposed exemption area and stockpiled onsite. No coal has been sold or removed from the project site.
  - C) The estimated amount of clay in stockpile inventory as of 08-08-16 was 8,000 tons. The estimated amount of coal in stockpile inventory as of 08-08-16 was 1,050 tons.
- 
- 9. Attach any other information pertinent to the qualification of the operation as exempt. 880-X-2E-.05(16) Not Applicable
  - 10. Give a general description of mining and mineral processing activities for the mining area in a brief narrative. Discuss coal and other mineral extraction, handling, and stockpiling. Discuss equipment to be used, method of overburden removal, whether blasting will be involved, and sequence of mining events. 880-X-2E-.05(9) **See Attachment I-10**

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

11. Public Notice Newspaper Notice

**880-X-2E-.05(9)**

- A. Complete the newspaper notice provided below, and place this notice in a newspaper of general circulation in the locality of the mining operations with exemption. **DO NOT run the notice prior to notification by ASMC that this application is administratively complete.** **This notice will appear in the Daily Mountain Eagle.**

\*\*\*\*\*

**PUBLIC NOTICE OF EXEMPTION FOR COAL EXTRACTION  
INCIDENTAL TO THE EXTRACTION OF OTHER MINERALS**

Lost Creek Clay & Minerals, LLC, of 933 Mackey Boshell Road Jasper, AL 35501 has submitted to the Alabama Surface Mining Commission (ASMC) an application for exemption for coal extraction incidental to the extraction of other minerals at the Rocky Branch Pit area in Walker County, Alabama.

The area of the proposed exemption is located in the NE $\frac{1}{4}$  of the SW $\frac{1}{4}$ , NW $\frac{1}{4}$  of the SW $\frac{1}{4}$ , SE $\frac{1}{4}$  of the SW $\frac{1}{4}$  and SW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 14, Township 14 South, Range 8 West, Walker County, Alabama as found on the Jasper U.S.G.S. Quadrangle.

Access to the site by road is as follows: from the intersection of Alabama Hwy 69 South and Hwy 124, travel West on Hwy 124 1.4 miles to Hillard Loop Rd. Travel North on Hillard Loop Rd 0.5 miles to site on right (East). This is exemption number E-0056.

A copy of the permit application is available for public inspection and review on the Alabama Surface Mining Commission website <http://surface-mining.alabama.gov>. A copy of the permit application is also available for public inspection and review at the office of the Alabama Surface Mining Commission located on the second floor of the Pinnacle Bank Building at 1811 2nd Avenue, Jasper, Alabama 35501. Written comments, objections, request for public hearing or request for informal conferences concerning this permit should be sent to the Alabama Surface Mining Commission, P.O. Box 2390, Jasper, Alabama 35502-2390, no later than 30 days from the last date of publication of this notice. For a period of 30 days following the date of publication, ASMC will accept written comments, objections, or requests for informal conferences relative to this application. Any person having an interest which is or may be adversely affected by the decision on the application may make such written comments during the public review period as specified in 880-X-2E-.04(4). Written comments are to be submitted to the Alabama Surface Mining Commission, 1811 Second Avenue, P. O. Box 2390, Jasper, Alabama 35501. In making comments, refer to the application number.

\*\*\*\*\*

- B. Included with this advertisement shall be a map or description that clearly shows or describes the precise location and boundaries of the proposed exemption area and is sufficient to enable local residents to readily identify the area. **This notice will appear in the Daily Mountain Eagle.**

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056  
ATTACHMENT I-10**

**GENERAL MINING DESCRIPTION**

The surface mining method of area mining will be used at the Rocky Branch Pit site. The sequence of mining will generally be to construct sediment control facilities, timber removal, clear and grub, remove overburden (no blasting proposed at this site), remove coal remnants, remove clay, regrade and revegetated. This sequence will be repeated until reaching the exemption boundary or reserve limits with the exception of the construction of sediment control facilities and regrading and revegetation. Sediment control facilities will be constructed for a watershed area initially and this phase will not be required to be repeated until just prior to entering a new watershed. Mobile equipment will be used to remove the unconsolidated overburden (spoiling the overburden material to the south either off coal and/or in the previous pit) overlying the target clay layer which lies immediately below the Mary Lee coal seam outcrop, pillars, or remnants. Upon removal of the unconsolidated overburden material the mobile equipment will remove, segregate, and stockpile the marketable coal where it will be stored until sold and trucked to the purchaser. Coal deemed to be unmarketable will be spoiled along with the overburden to the south either off coal and/or in the previous pit. Upon removal of the coal remnants above the target clay seam, the mobile equipment will remove the clay and place the clay in stockpiles until it is shipped offsite to the end user. Regrading will commence immediately upon adequate advancement of the active mine. Likewise, revegetation will be performed based on the progression of the regrading efforts and the timing of suggested planting seasons for the vegetation species being used. It may be necessary to stockpile both the coal and clay on site until it can be shipped to market. Stockpile locations are shown on the map accompanying this application. The clay and coal will be sold “mine run” and no processing activities are proposed for this operation.

General, major items of equipment to be used in the mining and reclamation process are comprised of mobile equipment including dozers, track hoes, rock trucks, rubber tire loaders, service trucks and various farm tractors and support equipment for reclamation. No blasting proposed at this site.

**SEQUENCE OF MINING OPERATIONS**

- 1) Construction of Sediment Control Structures
- 2) Timber Removal
- 3) Clearing and Grubbing
- 4) Overburden Removal (no blasting proposed at this site)
- 5) Coal Recovery
- 6) Clay Recovery
- 7) Grading
- 8) Revegetation

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

12. Proof of Publication

Submit to the ASMC, under separate cover, no later than 4 weeks after the date of publication, a copy of the newspaper advertisement of the application and a notarized affidavit of publication for the publication date.

[See Attached.](#)

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**SECTION II  
EXEMPTION BASIS**

**880-X-2E-.05(10)**

13. Geologic Information - The logs, cross sections, and maps, must be based on the geology of the proposed exempted area, down to and including the stratum immediately below the lowest coal seam or other mineral to be mined.

a. Provide stratigraphic cross section(s) based on test boring(s) or other information, showing for coal(s) and other minerals:

Relative position,  
Approximate thickness  
Density(ies) of coal(s)  
Density(ies) of other minerals

See Attached [Geologic Cross-section A-A'](#).

The density of clay used for evaluating this reserve is 3,914 pounds per bank cubic yard or 144.96 pounds per cubic foot. See Attached [Bulk Density/Unit Weight for Clay](#). The density of coal used for evaluating this reserve is 2,150 pounds per bank cubic yard or 79.63 pounds per cubic foot. This value was taken from [Mining Engineering Analysis](#) by Christopher J. Bise, page 136, for Bituminous Coal, raw.

b. On same cross section(s), provide the relative position and thickness of any material, not classified as other minerals (overburden or spoil), that will also be extracted during the conduct of mining activities.

See Attached [Geologic Cross-section A-A'](#).

c. Attach copies of test boring logs and other information.

See Attached [DAL-Tile Corporation Drill Logs](#).

d. Identify on the MINING AREA MAP the location of the test boring(s).

See [Mining Area Map](#) for location of test borings.

14. List the minerals sought to be extracted other than coal in the exempted mining area.

Clay \_\_\_\_\_

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056  
ATTACHMENT II-13**

**GEOLOGIC INFORMATION**

**a. COAL**

One coal seam (Mary Lee) is present at the Rocky Branch Pit site. The Mary Lee coal seam averages 24 inches or 2.0 feet in thickness over the entire proposed exemption area. Drill holes DH-1 thru DH-15 were used to evaluate the area. See Attached [DAL-Tile Corporation Drill Logs](#). See [Coal Reserve Estimate](#).

The density of coal used for evaluating this reserve is 2,150 pounds per bank cubic yard or 79.63 pounds per cubic foot. This value was taken from [Mining Engineering Analysis](#) by Christopher J. Bise, page 136, for Bituminous Coal, raw.

**a. CLAY**

Lost Creek Clay & Minerals, LLC. has been mining the Mary Lee fireclay for several years in this general area. The Mary Lee fireclay lies just beneath the Mary Lee coal seam. The density of clay used for evaluating this reserve is 144.96 pounds per cubic foot as shown on the attached [Bulk Density/Unit Weight for Clay](#).

The overburden material above the coal and clay consists of previously mined spoil material (broken shale material), and alternating sequences of unconsolidated sandy clay, sandstone, shale, etc. (See [DAL-Tile Corporation Drill Logs](#)).

- b. See Attached [Geologic Cross-section A-A'](#).
- c. See [Mining Area Map](#) for location of test borings.

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056  
ATTACHMENT II-13**

**Lost Creek Clay & Minerals, LLC  
Coal Exemption Estimate**

Date of Report: 08/08/16

Acres	Strata	Thick	Key C.Y.	In Place Tons	% Recovery	Recovered Tons
2.91	Mary Lee Coal Seam	2.00	9,390	10,094	90%	9,085
8.1	Mary Lee Fireclay	3.06	39,988	78,255	95%	74,342
<b>Total Clay Recovered</b>						<b>74,342</b>
<b>Clay tons % of Total Tons</b>						<b>89.11%</b>
<b>Coal tons % of Total Tons</b>						<b>10.89%</b>
<b>Total Coal Recovered</b>						<b>9,085</b>
<b>Total Tons</b>						<b>83,427</b>
<b>*Average Clay Price</b>					<b>\$ 13.00</b>	
<b>*Average Coal Price</b>					<b>\$ 50.00</b>	
<b>Total Clay Revenue</b>						<b>\$ 966,446.00</b>
<b>Total Coal Revenue</b>						<b>\$ 454,250.00</b>
<b>Total Revenue</b>						<b>\$ 1,420,696.00</b>
<b>Coal Revenue % of Total Revenue</b>						<b>32.0%</b>
<b>Clay Revenue % of Total Revenue</b>						<b>68.0%</b>

\* Average Minerals Price is less trucking to purchaser or end user.

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**880-X-2e-.05(3)**

15. Estimate the annual production (tonnage) of coal and other minerals within each mining area over the anticipated life of the mining operation. If additional space is required, list on separate sheet.

**First Year of Annual Production**

Clay – 57,000 Tons/Year (89.11 Percent of Total)

Coal – 6,966 Tons/Year (10.89 Percent of Total)

**Subsequent Years of Annual Production**

Clay – 17,342 Tons/Year (89.11 Percent of Total)

Coal – 2,119 Tons/Year (10.89 Percent of Total)

**880-X-2E-.05(4)**

16. Estimate the annual revenues to be derived from bona fide sales of coal and other minerals within the mining area. If additional space is required, list on separate sheet.

**2016 Production and Budget Estimate**

Clay- \$741,000/Year (68.0 Percent of Total)

Coal - \$348,300/Year (32.0 Percent of Total)

**2017 Production Estimate and Beyond**

Clay - \$225,446/Year (68.0 Percent of Total)

Coal - \$105,950/Year (32.0 Percent of Total)

**880-X-2E-.05(5)**

17. If coal and/or the other minerals are to be used rather than sold, estimate the annual fair-market value at the time of projected use of the coal and other minerals to be extracted from the mining area. If additional space is required, list on separate sheet.

None to be used

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

18. Attach the basis for all annual production, revenue, and fair market value estimates. Include all calculations and figures necessary to support your estimates

**Clay Production Estimates**

The annual clay production estimate for 2016 and beyond was determined by the 3,000 ton/week order currently held with Boral Bricks, Inc. See [Attached Boral Brick Purchase Commitment](#).

**Clay Revenue and Fair Market Value Estimates**

Currently Boral Bricks, Inc. pays \$21.00/ton of clay delivered to its facility. The current haulage rate of \$8.00/ton is paid to transport the clay from the Rocky Branch Pit to the Boral Brick, Inc. facility. See [Attached Clay Invoice to Boral Brick](#).

**Coal Production Estimates**

The annual coal production estimate for 2016 and beyond was based on recent encounters with coal crop, pillars, and remnant blocks of coal during the mining of clay. This estimate was projected out over the remainder of the clay reserve.

**Coal Revenue and Fair Market Value Estimates**

Because no coal has been sold from this site, a fair market value has not been determined by actual coal sales. One purchase order for coal has been obtained from Black Rock Energy, LLC. See attached [Coal Purchase Agreement](#). Said purchase order for coal is \$50/ton at the Rocky Branch Pit; therefore, all coal was valued at \$50.00 per ton (F.O.B. Rocky Branch Pit coal stockyard). See attached [Mary Lee Coal Analysis](#).

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

19. Attach on a separate sheet a summary of sales commitments and agreements for future delivery, if any, which the applicant has received for other minerals to be extracted from the mining area, or a description of potential markets for such minerals.

See Attachment II-19

**POTENTIAL MARKETS:**

Boral Brick, Inc.

20. If the other minerals are to be commercially used by the applicant, provide a description specifying the use below. If additional space is required, use a separate sheet.

None to be commercially used.

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

Attachment II-19      SUMMARY OF LETTERS OF INTENT

<b>Company</b>	<b>YTD 2016 Tons Sold</b>	<b>Projected 2016 Future Sales</b>	<b>Projected 2017 Future Sales</b>
Boral Brick, Inc.	31,000	57,000	17,342
<b>TOTAL REVENUE</b>	<b>\$403,000.00</b>	<b>\$741,000.00</b>	<b>\$225,446.00</b>

**LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056**

**SECTION III**

**MAPS AND DRAWINGS**

21. General Requirements **880-X-2E-.05(11)**
- A. No map or drawing should be smaller than 8.5" X 11".
  - B. [THE GENERAL LOCATION MAP \[1\]](#), and [MINING AREA MAP\(S\) \[1\]](#), scales are as specified below.
  - C. The Mining Area Map shall be a topographic map of a scale of 1" = 500' or less, which clearly identifies the mining area.
  - D. Maps may be combined at the discretion of the applicant, provided such combination is reflected in the title blocks and does not crowd the maps to the extent interpretation becomes difficult. Part of one map may not be combined with parts of another; combine only entire maps.
  - E. [THE GENERAL LOCATION MAP \[1\]](#) Indicate on a County Highway Map the location of the proposed exempt area, with respect to towns, roads, streams, and county lines.
  - F. [MINING AREA MAP\(S\) \[1\]](#) Indicate the following:
    - (i) Boundaries of the proposed exemption area.
    - (ii) The area for coal stockpiling.
    - (iii) The area for other mineral(s) stockpiling.
    - (iv) The area for overburden or spoil storage.
    - (v) Location of all test boring(s).

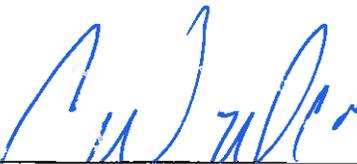
See [MINING AREA MAP](#).

LOST CREEK CLAY & MINERAL, LLC  
ROCKY BRANCH PIT, E-0056

**CERTIFICATION STATEMENT**

I, **C. W. McGehee**, a qualified Registered Professional Engineer, hereby certify, that all of the maps, geologic information and engineering information and calculations included with this Exemption Application were developed under my direct supervision and are true and correct to the best of my knowledge and belief.

**MCGEHEE ENGINEERING CORP.**

  
C. W. McGehee, P.E.  
Alabama Reg. No. 17067



8-11-16  
Date

