



Jim Walter Resources, Inc.
16243 Highway 216
Post Office Box 133
Brookwood, Alabama 35444
www.walterenergy.com

EXHIBIT 1

October 5, 2011

Dr. Randall C. Johnson
Alabama Surface Mining Commission
P. O. Box 2390
Jasper, Alabama, 35502-2390

RE: Jim Walter Resources, Inc. Mine No. 5 – ASMC Permit P-3256, Revision No. 19
Slurry Pipeline 5714

Dear Dr. Johnson:

Jim Walter Resources, Inc., proposes to construct an overland coal slurry pipeline (Slurry Pipeline 5714) from Mine No. 5 preparation plant to Mine No. 7 Slurry Impoundment 14. Most of this pipeline will be constructed on areas permitted by Mine No. 7, P-3247 and Mine No. 4, P-3260. The Mine No. 5 Revision No. 19 Permit map shows the location.

Pipeline Construction

The pipeline will consist of High Density Polyethylene Pipe (HDPE) with welded and mechanical joints. This is standard pipe used in the industry for this purpose. The pipe will be laid on the surface.

One (1) booster pump will be installed along the route to provide sufficient power to the system due to the length of the line.

Electronic Monitoring Plan

Injection fluid along the pipe line will be monitored by installing a flow meter at the preparation plant and one at the discharge end. These flow meters will be monitored using radio units or hard wiring them into a system to report changes in flow to the operator of the preparation plant. Any major variations of flow will indicate a leak in the line. (Variations of flow will be determined based on testing performed once slurry has been transported in the line.) At this point the pumps will be shut down and the lines will be inspected for leaks. If a leak is detected it will be repaired before the system is re-started.

Inspections

A visual inspection will be made by trained mine personnel of the slurry pipeline at the beginning of each day that the coal preparation plant is operational to insure that all couplings are watertight with no seeps, leaks or ruptures in the slurry pipeline.

Said inspections will be documented in a daily inspection log maintained at the preparation plant, available for inspection by ASMC personnel at all times. Said daily inspection log will include the following:

- Inspectors Name
- Date of daily inspection
- Time of inspection along slurry pipeline
- Detailed description of findings along slurry pipeline. Immediate report on daily inspection log, to appropriate Jim Walter officials of any findings of faulty couplings, seeps, leaks or ruptures in the slurry pipelines.

Inspection Personnel Training and Education

All inspection personnel will be trained, educated and have a clear understanding of the slurry disposal operations, proper functioning of the system, daily inspection logs, and this plan prior to performing any inspections.

Performance Testing

Prior to transporting slurry in this line the electronic monitoring devices will be inspected by a qualified person designated by the mine operator on a quarterly basis. Said inspection will include the satisfactory performance of the electronic monitoring devices (i.e., including but not limited to: the proper installation and functioning of the flow meters, the proper installation and functioning of the communication system, and most importantly, actual testing that causes the prep plant to shut down due to the flow meters). During the performance testing, the operator will establish a flow differential as measured simultaneously at the discharge flow meter and the prep plant flow meter using clear water. After conducting the initial performance test using clear water, an inspection of the slurry pipelines will be conducted to assure that there are no leaks. Following a pipeline inspection, a second performance test will be conducted using slurry material. The flow differential rates determined using slurry material will be used to set the system automation shut downs. Note: To perform a true and accurate flow differential test, the performance testing of the pipeline must be performed using slurry material. The second performance testing using slurry material will only be performed after the testing with clear water proves that there are no slurry pipeline leaks. If over time during the daily inspections, difficulty is experienced sustaining continuous prep plant operations due to the differential flow rate automatic shut off being too restrictive, the operator will perform additional testing prior to adjustments being made in the automatic shut down values.

Maintenance

Testing of all electronic components such as flow meters, radio and/or communication lines between flow meters and the preparation plant will be performed quarterly under the direction of a professional engineer. Testing of automatic shut down will also be tested.

Certification

Following said inspection described above and prior to the commencement of the pipeline being used, the professional engineer will submit a report to the ASMC certifying that all steps described above have been successfully and satisfactorily completed.

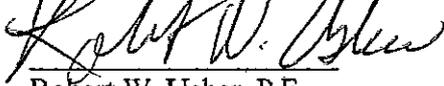
System Component Problems

In the event of power failure, battery failure, sensor malfunction, system malfunction or any other component deficiency that automatically cause the system to be down for an extended period of time, an individual will inspect the pipeline once every hour as long as slurry is being pumped. If a leak is found the individual will immediately contact the preparation plant by radio and pumps will be shut down until the problem is corrected.

Thank you for your consideration and if you should have any questions or need additional information, please do not hesitate to call.

Sincerely,

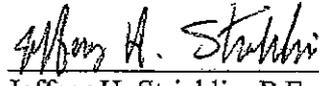
McGehee Engineering Corp.



Robert W. Usher, P.E.

Alabama Reg. No. 15917

Jim Walter Resources, Inc.



Jeffery H. Stricklin, P.E.

Sr. Environmental Engineer

Alabama Reg. No. 16480