KARBON HOLDING CORP.

COKE MINE NO. 1, P-3887, R-10

ALABAMA SURFACE MINING COMMISSION

SURFACE MINING PERMIT APPLICATION

P A R T I I I

Prepared by:

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PART III - OPERATION PLAN

A. General Operation Information

1. Describe the type and method of coal mining procedures and major equipment to be used. (780.11)

Backhoes	Service Trucks	Off Road Haulers
Bulk Anfo Trucks	Dozers	Track Backhoes
Loaders	Drills	Continuous Miners
Roof Bolting Machines	Coal Cutting Machines	Compactors
Coal Scoops	Radial Sacker(s)	Rotary Screen(s)
Wet Screens	Heavy Media	Separators
Cyclones	Centrifuges	Conveyors
Pumps	Fans	Scrapers
Highwall Miner		

2. Describe the sequence and timing of increments to be mined (as shown on permit map) over the total life of the permit. (780.11)

See attached Permit Map

The timing increments are as follows:

Increment No.	Acres	Dates	
		From	To
1	134.0	Currently Bonded	Life of Mine
2	35.0	Currently Bonded	Life of Mine
3	449.0	When Needed	12 Months After
4	28.0	When Needed	12 Months After
5	40.0	When Needed	12 Months After

* The Effective Date depends on the date of issuance of permit.

ADDENDUM TO THE OPERATION PLAN

The addendum to the operation plan addresses changing the sequence of mining. No new permit area is being added. See attached Operation Plan Map.

The surface mining method of area mining will be used at this mine site. Preparation will consist of removing timber, topsoil removal (if required), drilling and blasting of overburden, overburden removal, coal removal, re-grading, topsoil replacement, and revegetation.

INCREMENT NO. 1

Surface mining began in Increment No. 1 in Mining Block #1 on the Gholson seam in the NE/NE of Section 29, Township 21 South, Range 4 West. Spoil material was spoiled off coal to the west and hauled and stored temporarily within the bonded increment as needed. The remainder of Increment No. 1 will be mined as follows:

Mining will continue in Block #3 on the Clark seam. Material will be hauled from Block #3 to the north in the temporary stockpile area. Once the Clark coal seam has been removed, highwall mining will commence in the southeast corner of Block #3 on the Clark seam and will advance to the northeast. Once the highwall miner has advanced far enough to allow backfilling, spoil material from mining Block #3 will be placed in the pit behind the highwall miner bringing the pit up to the Gholson level.

Mining will continue in Block #2 on the Clark seam. Spoil material from Block #2 will be used to bring the remainder of Block #3 up to the Gholson level or hauled to the temporary spoil stockpile area. Highwall mining of the Clark seam in Block #2 will follow highwall mining of the Clark seam in Block #3. No highwall mining of the Gholson seam will be mined in Block #2.

Mining will continue in Block #1 on the Clark seam. Spoil material from Block #1 will be used to bring Block #2 up to the Gholson seam or hauled to the temporary spoil stockpile area. Highwall mining of the Clark seam in Block #1 will follow highwall mining of the Clark seam in Block #2. Once the Clark seam has been highwall mined in Block #1, material from the temporary spoil stockpile area will be hauled back to Block #1 bringing the pit up to the Gholson seam elevation.

Upon completion of highwall mining of the Clark seam in Block #1, highwall mining of the Gholson seam will begin in the southeast corner of Block #3. Highwall mining of the Gholson seam in Block #1 will follow the Gholson highwall mining in Block #3.

The temporary stockpile may also be used to backfill any remaining highwalls in Mining Block #1, #2 or #3.

Mining will advance to the northeast perpendicular to the Gholson and Clark outcrops. Pits will be aligned from southwest to northeast. See the attached **Operation Plan Map** for the proposed direction of mining advancement.

Great care will be taken when spoil material is placed in the area designated as Spoil Area to ensure that the drainage is allowed to flow unobstructed to the basin, positive drainage is maintained and no unapproved impoundments are formed.

HIGHWALL MINING

Highwall mining will be conducted with a highwall miner (Superior) or a continuous miner (Joy). Highwall mining will be conducted in sequence with the surface mining operations. The final highwalls from each block created by the surface mining cuts will be highwall mined. Preparation will consist of exposing the coal seam remaining in the existing highwall with a dozer and loader. No additional surface mining will occur beyond the location of the highwall miner area.

Once the preparation work has been completed and the highwall has been faced up, the highwall miner or continuous miner will be used to remove the remaining coal. The maximum depth into the wall that the highwall is capable is dependent on the hardness of the material, the consistency of the coal bed (Flat or rolling) and other site conditions. The highwall miner that is proposed to be used has enough sections to mine into the wall a maximum of 600 feet. If a continuous miner is used, it will progress a maximum of 600 feet. The width of the highwall miner and continuous miner is 10.0 feet. The Gholson and Clark coal seams are proposed to be mined. The Clark seam is below the Gholson seam. Both seams are proposed to be highwall mined if conditions permit. In areas where surface mining exposes abandoned underground mines no highwall mining is proposed.

Highwall mining will be performed in such a manner as to provide adequate support pillars between each hole. Spacing of the recovery holes will vary depending on the nature of the overburden, depth of the overburden and coal seam thickness. If both seams are highwall mined the support pillars will be “stacked”. This means the upper pillar will be directly above the lower pillar.

Each opening will be sealed within seventy-two (72) hours after completion by backfilling with impervious, noncombustible, clay material to a minimum height of five feet above the top of the opening and compacted to provide an impervious seal only if the holes are discharging water containing acid or toxic forming material. If the holes are not discharging water containing acid or toxic forming material, the holes will be sealed concurrently with reclamation of each mining block. Clay will be placed in one-foot lifts and compacted to 95% of Standard Proctor. This clay wedge will be sloped to a slope no steeper than 2 horizontal to 1 vertical. Once holes are sealed, reclamation/backfill of the final highwall will begin behind the miner as the miner progresses along the highwall in each mining block.

Drainage will be controlled from each miner hole by allowing each hole to drain during operations into the pit and pumped, if necessary, to an approved sediment basin. If necessary, drainage will be treated chemically in accordance with the surface water treatment plan of this permit.

3. Attach a narrative explaining the construction modification, use, maintenance, and removal of the following facilities: (780.11)

(a) Coal removal, handling, storage, cleaning and transportation structures and facilities;

See **Attachment III-A-3**, Part III-A-5, See original Part III-B-5

(b) Spoil, coal mine waste and non-coal mine waste removal, handling, storage, transportation and disposal structures and facilities;

See **Attachment III-A-3,** See original III-B-2-A & Part III-B-5

(c) Mine facilities; and

See **Attachment III-A-3**

(d) Water pollution control facilities.

See **Attachment III-A-3**, See original III-B-2-A

COAL REMOVAL, HANDLING, STORAGE, CLEANING AND TRANSPORTATION AND FACILITIES

Coal removal will occur as described in the Operations Plan (Part III-A-1). Once uncovered, the coal will be broken by loader and loaded on trucks for shipment to an offsite location. No coal processing or cleaning will be necessary. A mobile coal crusher may be used at the coal stockpile area. It is mobile and will be removed once no longer needed.

All coal not shipped will be stockpiled onsite for future shipment. Areas for coal stockpiles will be carefully selected as to minimize contamination of the surface and groundwater in the area. Coal stockpiles will be constructed on hilltops or ridgetops to prevent any unnecessary surface drainage from entering the stockpile area. When it is not possible to place the coal stockpiles on high ground, diversions will be constructed around the coal stockpile in manner as to divert all offsite drainage away from the coal stockpile. Diversions will be constructed as outlined in Part III-B-3 of the original application. Prior to the construction of the coal stockpile, the area will be cleared and grubbed of all organic material, removing and protecting all topsoil in accordance with Rules 880-X-10C-.07 thru 880-X-10C-.11, if necessary. The coal stockpile subgrade will be graded in such a manner as to shape the stockpile area to a slope (1% - 3%) to provide adequate drainage and minimize infiltration. Upon completion of the subgrade, a relatively impervious pad will be constructed using a clay material (with a permeability coefficient of 1 X 10-6 cm/sec or less) placed in six (6") inch lifts and compacted to ninety-five (95%) percent of the standard proctor density, a minimum of two (2') feet in thickness above the subgrade. Upon completion of the impervious clay pad, a pad will be constructed made of compacted coal of desired thickness to carry the weight of loading and transportation equipment. All surface runoff from the coal stockpile will routed through an approved sediment basin prior to leaving the permit area where chemical treatment may be added as necessary to meet all State and Federal water quality limits. Prior to entering the sediment basin the runoff from the coal stockpiles will be routed through BMP's such as silt fences, hay bales, rock dams, or sumps. The coal stockpiles and diversions needed for coal stockpiles will be maintained until removal. After all coal is removed and the coal stockpile is no longer needed the base material will be removed and placed in the final pit, a minimum of ten (10') feet away from the highwall, five (5') feet below the final graded surface, and a minimum of fifty (50') feet away from a major drain. This acid or toxic forming material will be covered with a minimum of four (4') feet of the best available non-acid, non-toxic and non-combustible forming material. The area will be graded to blend into the adjoining contours and will be revegetated in accordance with the approved Reclamation Plan (Part IV-C-5).

Any material such as oil, grease, rags etc. that may present a fire hazard will be properly disposed of in an approved landfill. Any non-coal waste will be disposed of at approved off-site landfills, which meet all applicable local, state and federal requirements.

All transportation facilities such as haul roads, access roads, etc. will be constructed to meet minimum design criteria including but not limited to the following: Existing roads in adequate condition will be used, if possible, to eliminate additional disturbance. New roads will be located on ridges or the most suitable slopes available for stability. The minimum width necessary for the proposed roads will be cleared, grubbed and all topsoil removed (if required) and stockpiled for protection. Roadbeds will be constructed by compacting desirable backfill material in lifts to form an adequate sub-grade. The road bed will then be capped with a minimum of four (4)

inches of compacted base material such as gravel, crushed stone, rock, chert or other suitable material (as approved by the Regulatory Authority) sufficient for its intended use. Routine maintenance such as resurfacing may be required in the course of mining to keep the roads in adequate condition. All roads, existing or created for use in this mining operation, will have adequate sediment control facilities, such as silt fences, hay bale berms, and/or excavated sediment trap sumps constructed where deemed necessary to effectively catch and control sediment from these disturbed areas. All materials used in the construction of the transportation facilities will be non-toxic and non-combustible. Where needed, drainage control structures will be placed below the sub-grade, using prudent engineering practices to design and construct said structures. Drainage control for the transportation facilities will be accomplished by the use of drainpipes, ditches, cross drains and ditch relief drains. No sustained grades of ten (10%) percent will be constructed unless unavoidable, at which time sediment control facilities such as silt fences, hay dams and/or rock check dams will be installed at strategic locations to prevent erosion and insure stability. Grades greater than fifteen (15%) percent will require ditch relief drains, cross over drains and road drainways at a minimum of three hundred fifty (350') feet apart. All disturbed areas adjacent to the newly constructed road will be revegetated in accordance with the approved Reclamation Plan (Part IV-C-5) immediately following construction. Routine vegetative maintenance will be administered when necessary to maintain a vegetative cover. Maintenance of drainage control facilities including cleaning of road ditches, removal of sediment from structures and minor repairs may be required periodically. When roads are not to be left permanently, at landowners' request, roads will be removed in the following manner: the base material will be hauled offsite and disposed of an appropriate manner, with the sub-grade and drainage control ditches being plowed up and regraded to the approximate original contour. The original drainage courses will be re-established by regrading and reshaping to blend with the surrounding area. To prevent erosion and provide long term stability, terraces, cross drains, berms, etc. will be constructed, where deemed necessary. Sediment control measures for all disturbed areas created or existing in the construction or use of proposed or existing haulroads will include but not be limited to the construction or installation of hay dams, silt fences, rock check dams, etc. and will be constructed or installed in strategic locations as deemed necessary on site. These sediment control facilities will be constructed or installed promptly following the construction of said haulroads, access roads, etc. All disturbed areas will be revegetated in accordance with the approved Reclamation Plan (IV-C-5).

Routine inspections and maintenance (such as regrading, resurfacing, maintenance of sediment control structures, spot replanting, and dust control) will be conducted regularly during the life of each road to ensure that each road continually meets design and performance standards. Dust control will be achieved by the periodic application of water, chemical binders and/or other dust suppressants on all road and routes of travel. Any road damaged by a catastrophic event, such as a flood, or earthquake, will be repaired as soon as is practicable after the damage has occurred.

See the original Part III-B-5 for the primary and ancillary road layout, design, construction, maintenance requirements and specifications.

SPOIL, COAL MINE WASTE AND NON-COAL MINE WASTE REMOVAL, HANDLING, STORAGE, TRANSPORTATION AND DISPOSAL STRUCTURES AND FACILITIES

No coal mine waste will be present at this mining facility. No excess spoil disposal areas will be necessary at this mining facility. All non-coal mine waste will be transported by truck to the nearest applicable landfill.

MINE FACILITIES

Mine facilities will consist of one trailer for parts, equipment, maintenance and supply storage and fuel tanks mounted on trucks, and two Type 2 portable magazines for storing explosives. An office trailer will be installed with a parking lot for supervisory personnel. The facilities addressed above are typically located on level ground for ease of setup. These areas will be maintained until they are no longer necessary. Changes and maintenance such as enlargement and additions to these facilities may occur from time to time as deemed necessary by mine superintendent. All these facilities are portable and will be transported onsite at the beginning of operations and transported offsite upon completion of operations. All areas disturbed by these facilities will be regraded to the approximate original contour and revegetated in accordance with the approved Reclamation Plan (IV-C-5).

Equipment storage areas are proposed within the permit area. The purpose for these areas is to store equipment not in service or waiting for maintenance or repair. The areas will be graded to a mild grade. Runoff from these areas will be controlled by sediment basins proposed under this permit. Modifications to these areas will consist of regarding as necessary to provide an adequate surface. Removal will be part of the reclamation process. The area will be scarified, fertilized, limed as necessary, seeded and mulched in accordance with the reclamation plan approved in the permit.