

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT,
DIVISION OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LIS 20-130

SEBASTIAN MINING, LLC
FKA SHRIRAM SEBASTIAN, LLC
P.O. BOX 339
HARTFORD, AR 72938

AFIN: 66-00662
PERMIT NO. 0422-MC-A2

DEFAULT ADMINISTRATIVE ORDER

This Default Administrative Order (DAO) is issued by the Director of the Arkansas Department of Energy and Environment, Division of Environmental Quality (DEQ) to Sebastian Mining, LLC (Respondent) pursuant to the Arkansas Surface Coal Mining and Reclamation Act of 1979 codified at Ark. Code Ann. § 15-58-101 *et seq.* (Reclamation Act), and the Arkansas Pollution Control and Ecology Commission's (APC&EC) Regulation 20: The Arkansas Surface Coal Mining Reclamation Code, and in accordance with the provisions of the APC&EC Regulation 8: Administrative Procedures.

FINDINGS OF FACT

1. The Director issued Notice of Default and Bond Forfeiture and Order to Show Cause, LIS 20-130 (LIS 20-130) to Respondent on March 2, 2020. LIS 20-130 is attached as DAO Exhibit A.
2. LIS 20-130 states that any response objecting to the Notice of Default and Bond Forfeiture must be filed in the form of a written request for hearing and within twenty (20) calendar days of service of LIS 20-130.
3. LIS 20-130 states that any response to the order to show cause as to why Permit No. 0422-MC-A2 and Respondent's right to mine under the Act should not be revoked must be filed in the form of a written request for hearing and within thirty (30) calendar days of service of LIS 20-130.
4. LIS 20-130 was served on Respondent and all applicable sureties, including Regions Bank and Rockwood Casualty Insurance Company, by certified mail, return receipt requested, as required by APC&EC Rule 20, Section 800.50, and by email on March 4, 2020. Respondent received LIS 20-130 on March 5, 2020. The return receipt for Respondent is attached as Exhibit B. Regions Bank received LIS

20-130 on March 6, 2020. The return receipt for Regions Bank is attached as Exhibit C. Rockwood Casualty Insurance Company received LIS 20-130 on March 9, 2020. The return receipt for Rockwood Casualty Insurance Company is attached as Exhibit D.

5. LIS 20-130 was public noticed on March 8, 2020 and March 15, 2020 in the Arkansas Democrat Gazette.

6. Respondent did not submit a timely objection and request for hearing in response to LIS 20-130, and no other interested party, including Regions Bank and Rockwood Casualty Insurance Company, submitted an objection and request for hearing in response to LIS 20-130.

ORDER

1. Pursuant to APC&EC Regulation 8.402, the allegations contained in LIS 20-130 are deemed proven.

2. By this DAO, the Collateral Bond Number 0118991882, Collateral Bond Number 0129469759, Surety Bond Number ISM-3036 are forfeited to DEQ.

3. By this DAO, DEQ is authorized to proceed to collect the forfeited amounts and, use the funds collected from the forfeiture to fund reclamation activities.

4. By this DAO, Permit No. 0422-MC-A2 and Respondent's right to mine is revoked

SO ORDERED THIS 15th DAY OF April, 2020.



**BECKY W. KEOGH, DIRECTOR
DIVISION OF ENVIRONMENTAL QUALITY**

**ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT,
DIVISION OF ENVIRONMENTAL QUALITY**

IN THE MATTER OF:

**SEBASTIAN MINING, LLC
FKA SHRIRAM SEBASTIAN, LLC
P.O. BOX 339
HARTFORD, AR 72938**

LIS 20- 130

AFIN: 66-00662

PERMIT NO. 0422-MC-A2

NOTICE OF DEFAULT AND BOND FORFEITURE AND ORDER TO SHOW CAUSE

This Notice of Default and Bond Forfeiture and Order to Show Cause (NBF) is issued by the Director of the Division of Environmental Quality (DEQ) pursuant to the authority of the Arkansas Surface Coal Mining and Reclamation Act of 1979 codified at Ark. Code Ann. § 15-58-101 *et seq.* (Reclamation Act), the Arkansas Pollution Control and Ecology Commission's (APC&EC) Regulation 20: The Arkansas Surface Coal Mining and Reclamation Code, and APC&EC Regulation 8: Administrative Procedures.

I. NOTICE OF BOND FORFEITURE

The Director of DEQ hereby gives notice of default and bond forfeiture against Sebastian Mining, LLC (Respondent) for the mine site located at P.O. Box 339, Hartford, Sebastian County, Arkansas (Site). Arkansas Surface Coal Mining and Reclamation Permit, Permit No. 0422-MC (Permit), was issued by DEQ on September 9, 2010, which allowed Respondent to engage in surface coal mining in the State of Arkansas. The Permit was renewed on July 13, 2018. Respondent previously filed bankruptcy, but that action has now been dismissed. Bond Forfeiture has been deemed necessary because the Respondent is unable to conduct reclamation pursuant to APC&EC Regulation 20 Section 800.50.



ALLEGATIONS AND PROPOSED FINDINGS OF FACT

1. On September 9, 2010, DEQ issued a Permit transfer from Heidtman Mining, LLC to Shriram Sebastian, LLC.
2. On August 24, 2010, Regions Bank issued Collateral Bond Number 0118991882 in the amount of FIVE HUNDRED SEVENTY-ONE THOUSAND ONE HUNDRED AND ONE DOLLARS (\$571,101.00) as financial assurance to ensure that reclamation would be completed by Respondent or, in the event of Respondent's default and forfeiture of the bond, by DEQ.
3. On May 19, 2011, Regions Bank issued another Collateral Bond Number 0129469759 in the amount of THREE HUNDRED THIRTY-FIVE THOUSAND FIVE HUNDRED TWENTY-FOUR DOLLARS (\$335,524.00) as financial assurance to ensure that reclamation would be completed by Respondent or, in the event of Respondent's default and forfeiture of the bond, by DEQ.
4. On August 13, 2012, Rockwood Casualty Insurance Company issued Surety Bond Number ISM-3036 in the amount of ONE HUNDRED FORTY-EIGHT THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$148,349.00) as financial assurance to ensure that reclamation would be completed by Respondent or, in the event of Respondent's default and forfeiture of the bond, by DEQ.
5. On July 9, 2013, Respondent renewed the Permit and DEQ approved the renewal. Respondent also changed the name on the Permit from Shriram Sebastian, LLC to Sebastian Mining, LLC.
6. Respondent filed for Chapter 11 Bankruptcy on November 15, 2017. Respondent's represented to DEQ that its plan for the Site was to sell the coal mine through the bankruptcy process.

7. On July 13, 2018, the Permit was renewed by DEQ. DEQ renewed the Permit in part to allow Respondent to sell the coal mine with an active permit.

8. On October 30, 2018, the United States Trustee filed a Motion to Dismiss or Convert to Chapter 7 in Respondent's Chapter 11 Bankruptcy Case.

9. On January 14, 2019, DEQ filed its Motion for Order Confirming Exception from Stay Pursuant To 11 U.S.C. § 362(B)(4) or in the Alternative Motion to Dismiss in Respondent's Chapter 11 Bankruptcy Case.

10. To resolve these motions, the United States Trustee, DEQ, and Respondent entered into a Consent Order in Respondent's Chapter 11 Bankruptcy Case. That Order included the following:

a. Debtor will comply with the terms and conditions of the mining permit, as Permit No. 0422-MC-A2; and,

b. In the event the Debtor fails to comply with any of the above conditions, then the Court may upon ex parte motion filed by the United States Trustee or the Arkansas Department of Environmental Quality dismiss the case without further hearing.

11. The Consent Order was docketed on May 16, 2019 (Doc. # 102). A copy of the Order is attached hereto as Exhibit 1 and incorporated herein by reference.

12. The United States Trustee, DEQ, and Respondent agreed to amend the order to give Respondent additional time to sell the coal mine. That amended order stated that Respondent will file a Chapter 11 Plan of Reorganization or a liquidating plan for Sebastian Mining LLC by January 31, 2020.

13. The Amended Consent Order was docketed on September 30, 2019. (Doc. # 123).

14. DEQ conducted an inspection of the Site on January 7, 2020. The inspection report is

attached as Exhibit 2.

15. Based on the inspection, DEQ issued four (4) Notices of Violation (NOVs) to Respondent for violations of its Permit. DEQ provided these NOVs to Respondent's counsel on February 12, 2020. These NOVs indicate that Respondent has not complied with the Permit. DEQ provided previous NOVs to Respondent's counsel on November 20, 2019. Both the January 2020 and November 2019 inspection reports indicated that Respondent's liability insurance for the Site would expire on February 21, 2020. In addition, DEQ has been informed that Debtor no longer has an onsite representative to maintain compliance with the Permit.

16. On February 7, 2020 and February 18, 2020, DEQ issued Cessation Orders (COs) to the Permittee for failure to abate the violations. DEQ first observed the violations at the mine Site on or about March 27, 2019. DEQ provided multiple extensions to Respondent; however, Respondent failed to abate these violations. The COs are attached as Exhibit 3.

17. On January 29, 2020, Respondent filed a motion to convert its Chapter 11 case to a Chapter 7 Bankruptcy case. The result of this motion will be that Respondent will permanently cease mining operations under the Permit.

18. Respondent's Permit, Part K, Section 816.131 and 816.132 states, "No permanent cessation of operations will commence until all affected areas have been reclaimed in accordance with the approved permit." Respondent's Permit, Part K, Section 816.131 and 816.132 is attached as Exhibit 4.

19. On February 19, 2020, DEQ filed an *Ex Parte* Motion to Dismiss in Respondent's bankruptcy case for failure to comply with the Consent Order as amended.

20. On February 24, 2020, the court granted DEQ's *Ex Parte* Motion to Dismiss and entered an order dismissing Respondent's bankruptcy case.

21. On this date, all affected areas have not been reclaimed in accordance with the approved permit, and the outstanding NOVs and COs have not been abated. Respondent, through its counsel, has communicated that Respondent will not resume operations or complete reclamation of all affected areas in accordance with the approved permit prior to permanently ceasing operations.

22. Respondent has failed to meet the terms of the permit by failing to reclaim all affected areas in accordance with the approved permit prior to permanently ceasing operations and by failing to abate all outstanding NOVs and COs.

23. Pursuant to APC&EC Regulation 20 Section 800.50, the Director of DEQ shall forfeit all or part of a bond or bonds for any permit area or increment of a permit area if an operator fails to meet the terms of the permit, refuses or is unable to conduct reclamation of an unabated violation, or defaults on the conditions under which the bond was accepted.

24. Respondent's actions and omissions, as stated above, demonstrate a failure to comply with the terms of the permit, an inability or refusal to conduct reclamation of an unabated violation, and a default on the conditions under which the bond was accepted.

25. In compliance with APC&EC Reg. 20 Section 800.50(a)(2), DEQ hereby notifies the Respondent and all applicable sureties of the conditions under which forfeiture may be avoided.

a. An agreement by the Respondent or another party to perform reclamation operations in accordance with a compliance schedule which meets the conditions of the permit, the reclamation plan, and the regulatory program and a demonstration that such party has the ability to satisfy the conditions; or

b. A surety may complete the reclamation plan if the surety

can demonstrate an ability to complete the reclamation in accordance with the approved reclamation plan. No surety liability shall be released until successful completion of all reclamation under the terms of the permit, including the applicable liability periods of Section 800.13.

THEREFORE TAKE NOTICE THAT:

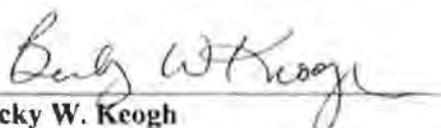
If the Respondent wishes to dispute the Allegations and Proposed Findings of Fact contained in the NBF, the Permittee must file a written Request for Hearing that is compliant with APC&EC Regulation 8 with the Commission Secretary, Arkansas Pollution Control and Ecology Commission, 101 East Capitol, Suite 205, Little Rock, Arkansas 72201, within twenty (20) calendar days of service of this NBF or the allegations herein will be deemed proven and the corrective action order, including forfeiture of identified bonds. Upon timely filing a written Response and Request for Hearing that is compliant with APC&EC Regulation 8, Permittee shall be entitled to an adjudicatory hearing upon the allegations and other matters stated in the NBF.

If no timely Response and Request for Hearing is filed with the Secretary of APC&EC, the Director may issue a Default Administrative Order confirming the allegations as findings of fact and ordering Collateral Bond Number 0118991882, Collateral Bond Number 0129469759, and Surety Bond Number ISM-3036 to be forfeited, proceed to collect the forfeited amount, and use funds collected from bond forfeiture to complete the reclamation plan.

The collateral bonds and the surety bond will remain in effect during any appeals process until a final Order has been issued.

Date

3/2/2020


Becky W. Keogh
Director, Division of
Environmental Quality

II. ORDER TO SHOW CAUSE

26. Respondent is the permittee of the Site. The Respondent holds a permit for coal mining, Permit No. 0422-MC-A2, pursuant to the Reclamation Act. Permit No. 0422-MC-A2 was approved by DEQ on July 13, 2018 and expires on July 13, 2023.

27. Pursuant to APC&EC Reg.20 § 843.13, the Director of DEQ shall issue an order to a permittee requiring him or her to show cause why the Permit and right to mine under the Reclamation Act should not be suspended or revoked. APC&EC Reg.20 § 843.13 states the following in part:

[I]f the Director determines that a pattern of violations of any requirements of the Act, this Chapter, the State program or any permit condition required by the Act exists or has existed, and that the violations were caused by the permittee willfully or through unwarranted failure to comply with those requirements or conditions. ...Unwarranted failure to comply means the failure of the permittee to prevent the occurrence of any violation of the permit or any requirement of the Act, due to indifference, lack of diligence, or lack of reasonable care, or the failure to abate any violation of such permit or the Act, due to indifference, lack of diligence, or lack of reasonable care...

28. APC&EC Reg.20 § 843.13(a)(2)-(4) states the following regarding how the Director may make this determination:

(2) The Director may determine that a pattern of violations exists or has existed, based on two or more inspections of the permit area within any 12-month period, after considering the circumstances, including:

(i) The number of violations, cited on more than one occasion, of the same or related requirements of the Act, this Chapter, the State program or the permit;

(ii) The number of violations, cited on more than one occasion, or different requirements of the Act, this Chapter, the State program, or the permit; and

(iii) The extent to which the violations were isolated departures from lawful conduct.

(3) The Director shall determine that a pattern of violations exists, if [she] finds that there were violations of the same or related requirements of the Act, this Chapter, the State program, or the permit during three or more inspections of the permit area within any 12-month period.

(4)

(i) In determining the number of violations within any 12-month period, the Director shall consider only violations issued as a result of an inspection carried out during the enforcement of the State program.

(ii) The Director may consider violations issued as a result of inspections other than those mentioned in clause (i) in determining whether to exercise [her] discretion under paragraph (2).

A. Inability to comply with permit conditions

29. DEQ incorporates by reference and re-alleges paragraphs 1 through 24 of the Allegations and Proposed Findings of Fact above.

30. Respondent, through its counsel, has communicated that Respondent will not resume operations or complete reclamation of all affected areas in accordance with the approved permit prior to permanently ceasing operations.

31. The permanent ceasing of operations and the failure to reclaim all affected areas are continuing violations of the Act and Permit No. 0422-MC-A2.

32. To date, Respondent has failed to abate this violation of its permit and the Act.

B. Notices of Violation and Cessation Orders

WGT-003-19, 1 of 2:

33. On March 27, 2019, after inspecting the Site, DEQ issued NOV WGT-003-19, 1 of 2 to Respondent for Respondent's failure to stabilize the surface area of Refuse Pile CDWA 3, where rills and gullies had formed in the topsoil applied to the reclaimed slopes, disrupting the

reestablishment of vegetative cover. DEQ granted several abatement extensions, and Respondent failed to abate the violation. Respondent's failure to abate this violation demonstrates Respondent's indifference, lack of diligence, lack of reasonable care, and its failure to abate a violation of its permit.

34. On February 18, 2020, DEQ issued a Cessation Order for NOV WGT-003-19, 1 of 2, compelling the Respondent to cease surface coal mining operations until all violations had been abated. To date, Respondent has not complied with this Cessation Order and has failed to abate this violation of its permit. A copy of this Cessation Order that was submitted to Respondent's counsel is attached and marked as Exhibit 3.

WGT-001-20, 1-4:

35. On January 7, 2020, after inspecting the Site, DEQ issued four (4) Notices of Violation, WGT-001-20, 1-4, to Respondent for violations of its Permit and the Act.

- a. NOV WGT-001-20, 1 of 4 was issued because Respondent failed to maintain Sediment Trap ST-1 to permit specifications. Respondent was notified on November 18, 2019 that Sediment Trap ST-1 required maintenance. No maintenance of Sediment Trap ST-1 had occurred and an NOV was issued.
- b. NOV WGT-001-20, 2 of 4 was issued because Respondent failed to maintain Temporary Diversion Ditch TD-7 to permit specifications. This violation resulted from Respondent's failure to conduct maintenance of Sediment Trap ST-1 and Respondent's failure to correct instances of permit violations when those violations occur. Respondent had been informed on November 18, 2019 about the required maintenance that could have prevented or lessened this violation, and the NOV was issued.

- e. NOV WGT-001-20, 3 of 4 was issued because Respondent failed to have Refuse Pile CWDA 3 inspected by a registered professional engineer for the fourth quarter of 2019 and failed to submit this certified report to the DEQ in a timely manner. Previously, Respondent failed to have Refuse Pile CWDA 3 inspected by a registered professional engineer for the second quarter of 2019. The failure to have Refuse Pile CWDA 3 inspected by a registered professional engineer for two quarters indicates a pattern of noncompliance, and an NOV was issued.
- d. NOV WGT-001-20, 4 of 4 was issued because Respondent failed to provide an impoundment inspection report for the fourth quarter of 2019 in a timely manner. Previously, Respondent failed to provide an impoundment inspection report for the second quarter of 2019. The failure to provide an impoundment inspection report for two quarters indicates a pattern of noncompliance, and an NOV was issued.

36. On February 7, 2020, DEQ issued four (4) Cessation Orders to the Permittee for failure to abate the WGT-001-20, 1-4 violations, compelling the Respondent to cease surface coal mining operations until all violations have been abated. To date, Respondent has not complied with these Cessation Orders and has failed to abate the violations of its permit. NOV WGT-001-20, 1 of 4 and 2 of 4 are for violations that could have been prevented if Respondent had exercised diligence in complying with the Permit. NOV WGT-001-20, 3 of 4 and 4 of 4 are for repeat violations for which DEQ had previously issued NOVs. Respondent could have prevented those violations if Respondent had exercised diligence in complying with the Permit. A copy of these Cessation Orders that were submitted to Respondent's counsel are attached and marked as Exhibit 3.

C. Liability Insurance

37. Respondent's liability insurance for the Site expired on February 21, 2020. (See Exhibit 2) APC&EC Rule 20, Section 800.60 requires Respondent to maintain liability insurance until reclamation is complete. Both the January 2020 and November 2019 inspection reports indicated that Respondent's liability insurance for the Site would expire on February 21, 2020. DEQ has not received proof of renewal of Respondent's liability insurance, which is a separate and ongoing violation of the Permit and the Act.

D. Pattern of Violations

38. A pattern of violations exists, pursuant to APC&EC Reg.20 § 843.13(a)(2), as a result of the established violations described above. Respondent failed to prevent violations from occurring and failed to abate all outstanding NOV's and CO's based on those violations. Each unabated violation described above is a repeat violation or an ongoing violation. The enumerated violations demonstrate Respondent's indifference, lack of diligence, and lack of reasonable care.

39. Respondent is hereby ordered to appear before the Commission and show cause as to why Permit No. 0422-MC-A2 and its right to mine under the Act should not be revoked.

THEREFORE TAKE NOTICE THAT:

If Respondent wishes to dispute the Allegations and Proposed Findings of Fact contained in the Order to Show Cause, Respondent must file a written answer to the show cause order and file a written Request for Hearing that is compliant with APC&EC Regulations 8 and 20 with the Commission Secretary, Arkansas Pollution Control and Ecology Commission, 101 East Capitol, Suite 205, Little Rock, Arkansas 72201, within thirty (30) calendar days of service of this Order to Show Cause, and a public hearing shall then be provided. If no hearing is requested on this Order to Show Cause, the allegations herein will be deemed proven. If the Permit and the right to

mine under the Act are revoked, complete reclamation within the time specified in the Permit's reclamation plan shall begin immediately.

3/2/2020

Date



Becky W. Keogh
Director, Division of Environmental Quality



IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF ARKANSAS
FORT SMITH DIVISION

IN RE: MISSISSIPPI MINERALS, INC., et al.,¹
Debtor-in-Possession

NO. 2:17-bk-72861-B
Chapter 11

CONSENT ORDER

On this day came before the Court the Motion of the United States Trustee to Dismiss or Convert to Chapter 7 (Doc. #75), and the Motion of the Arkansas Department of Environmental Quality to confirm exception from automatic stay or dismiss (Doc. # 89). The United States Trustee appeared by his Trial Attorney, Patricia J. Stanley; the Debtor appeared by its attorney, Geoffrey B. Treece; and the Arkansas Department of Environmental Quality appeared by its attorney, Basil V. Hicks III. The matter was set for hearing on May 9, 2019 in the Little Rock, Arkansas division, but prior to the hearing the parties settled the matter. Therefore, it is hereby

ORDERED, that the motions of the United States Trustee and Arkansas Department of Environmental Quality are deemed withdrawn conditioned upon the Debtor's strict compliance with the following terms:

1. By May 24, 2019, Debtor will file an application seeking authority to hire counsel.
2. By September 30, 2019, Debtor will file a Chapter 11 Plan of Reorganization or a liquidating plan for each of the entities being jointly administered under the above-listed case.
3. Debtor will comply with the terms and conditions of the mining permit, as Permit No. 0422-MC-A2, and with any Notice of Violation, Cessation Order, or other order issued to

¹ The Debtors, along with the last four digits of each Debtor's tax identification number, are: Mississippi Minerals, Inc. (7124); Sebastian Leasing, LLC (2809); Sebastian Management, LLC (8162); and Sebastian Mining, LLC (2436). The Debtors' business address is Sebastian County Mine, 1100 South Pine Street, Hartford, Arkansas 72938.

Debtor by the Arkansas Department of Environmental Quality that instructs the Debtor to comply with Permit No. 0422-MC-A2.²

4. Debtor will timely file all subsequent monthly operating reports, as well as simultaneously submitting all supporting documentation for same to the United States Trustee.

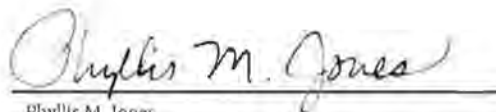
5. Debtor will timely pay all subsequent quarterly fees due the United States Trustee.

6. Debtor will provide ADEQ proof of timely compliance with any Notice of Violation, Cessation Order, or other order issued to Debtor by the Arkansas Department of Environmental Quality that instructs the Debtor to comply with Permit No. 0422-MC-A2.

7. Debtor will timely submit certificates of insurance evidencing renewal coverage of commercial general liability coverage.

In the event the Debtor fails to comply with any of the above conditions, then the Court may upon *ex parte* motion filed by the United States Trustee or the Arkansas Department of Environmental Quality dismiss the case without further hearing.

IT IS SO ORDERED.



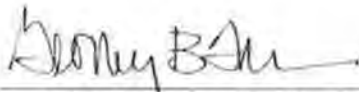
Phyllis M. Jones
United States Bankruptcy Judge
Dated: May 16, 2019

² Notice of Violations and Cessation Orders provide thirty (30) days for the violations to be abated by the permittee; however, that time may be extended pursuant to Arkansas Pollution Control and Ecology Commission Regulation 20.

PREPARED BY:

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United States Trustee

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United States Trustee

ARKANSAS ENERGY & ENVIRONMENT



Mining Program
1220 WEST 2ND STREET
RUSSELLVILLE, ARKANSAS 72801
FAX: (479) 968-7321 - PHONE: (479) 968-7339

EXHIBIT
2

0000012412

Permittee:	Sebastian Mining LLC				
Operator:	Krishna Santhanam	Title:	Vice President		
Permit #:	0422-MC-A1	MSHA #:	03-01736		
County:	Sebastian	Mine Name:	Sebastian Mine		
NOV	<input checked="" type="checkbox"/> CO <input type="checkbox"/>	WGT-003-19, 1 of 2 WGT-001-20, 1-4 of 4			
Date:	1-7-20	Inspector:	Wallace Thacker		
Inspection Checklist		Y	N	NA	Comments
771.11	Does the operator have a permit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
761.11(d)	AREAS UNSUITABLE FOR MINING Are mining operations within 100 feet of the outside right of way of any public road?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
761.11(f)	Are mining operations within 300 feet of occupied dwelling, public building, school, church, community or institutional building or public park?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
761.11(g)	Are mining operations within 100 feet of a cemetery?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
800.60	LIABILITY INSURANCE Does operator have adequate liability insurance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Expires 2-21-20
816.11 816.11(c)	SIGNS AND MARKERS POSTED - Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.11(d)	-Perimeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.11(e)	-Buffer	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.11(f)	-Blasting	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	underground mine
816.11(g)	-Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obscured by vegetation
816.22 816.22(a)	TOPSOIL HANDLING Topsoil removal prior to drilling for blasting, mining, or other surface disturbance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CWDA 3
816.22(a)(2)	Proper removal of topsoil or underlying layers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.22(b)	Use of overburden materials as topsoil supplement?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
816.22(d)	Proper topsoil redistribution on graded areas?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-003-19, 1 of 2, issued.
816.22(c)	Proper topsoil storage?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.22(c)(2)	Seeding of topsoil storage?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.22(d)(4)	Have nutrients and soil amendment been added?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Inspection Checklist		Page 2	Y	N	NA	Comments
816.42	WATER QUALITY STANDARDS AND EFFLUENT LIMITATIONS		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-001-20, 2 of 4
816.42(a)	Does all surface drainage pass through a sediment pond?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.42(a)	Does quality of water leaving permit area meet the effluent limitations?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.42(c)	Have adequate treatment facilities been installed, operated, and maintained?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.42(a)(1)	Has all discharged water been adequately monitored?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 rd quarter '19 report received
816.43(c)	Has diversion been properly maintained, constructed, and designed?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-001-20, 2 of 4
816.44(b)	Have stream channel diversions been properly constructed, maintained and approved by Regulatory Authority?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.57(a)	Are buffer zones being properly recognized?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.47	Are discharge structures required and in place?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.48(a-c)	Is drainage from acid or toxic forming materials being properly controlled?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-001-20, 2 of 4
816.51-S	Has the recharge capacity of the reclaimed land been properly restored?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.52(a)(1)	Is the quantity and quality of water in groundwater systems being properly monitored?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 rd quarter '19 report received
816.49(b)	Are permanent impoundments properly installed and maintained?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.150(b)	Are accesses and haul roads properly maintained?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See narrative
816.180	Do water runoff from railroads and other transport facilities meet the effluent standards?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.61	USE OF EXPLOSIVES		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Continuous miner
816.61(b)	Does operation use more than 5lb TNT equivalent?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.64(b)	Has public notice of blasting schedule been properly published and distributed?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.64(d)	Has public notice of changes been properly published and distributed?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.65	Have blasting standards been met?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.68	Are records of blasting operations properly recorded?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.61(d)(1)	Is blasting being done within 1,000 feet of occupied dwelling?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71	DISPOSAL OF SPOIL & WASTE		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	underground mine
816.72	Disposal of spoil in other than valley of head of hollow fills:		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(a)	Using approved disposal areas?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(b)	Certification of fill design by registered professional engineer?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(g)	Use of stabilizing measures on steep slopes?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(a)(1)	Prevention of water infiltration into the spoil?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(e)(1)	Proper organic materials removed?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(e)(2)	Proper transport and placement of spoil with concurrent compaction?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.71(h)(2)	Certified report of stability inspection?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-001-20, 3 of 4
816.71(e)(1)	Topsoil removed and segregated?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Inspection Checklist		Page 3	Y	N	NA	Comments
780.23	POSTMINING LAND USE Is approved plan being complied with?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.101 816.101(b)(1)	BACKFILLING AND GRADING Slopes graded to approximate pre-mining slopes?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.101(b)(1)	Elimination of highwall?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.102(g)	Proper terrace construction?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.101(b)(1)	Have depressions been eliminated?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.102(f)	Has coal seam and toxic material been adequately covered with non-toxic non-combustible material?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.81	Are coal mine waste properly disposed of in an approved disposal area?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
816.84	Are coal mine waste properly disposed of in an impounding structure?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.102(i)	Grading along contour to minimize erosion and topsoil slippage?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
816.111 816.113	REVEGETATION Is revegetation being carried out in a timely manner?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOV WGT-003-19, 1 of 2, issued
816.114	Is mulch being used on all regraded and top soiled areas?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CWDA 3
816.113(b)	Are approved varieties or species being used in accordance to the post mining land use?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CWDA 3
816.22(c)(2)	Has stockpiled topsoil been seeded?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

NARRATIVE

PERMITTEE: Sebastian Mining LLC

PERMIT NUMBER: 0422-MC-A1

The operator "idled" the mine with MSHA on August 21, 2017 and filed for Chapter 11 Bankruptcy in November, 2017. A previously issued bankruptcy court Consent Order has been amended with a time extension to January 31, 2020. The Consent Order states that by that date "the Debtor will file a Chapter 11 Plan of Reorganization or a liquidating plan for each of the entities being jointly administered under the above case".

Conditions during the inspection were sunny and dry at 51°F. Both the Haul Road R-1 and Pine Street access road gates were locked. There were no Sebastian Mining LLC personnel present during the inspection.

There has been no disturbance "on the ground" since the mine was idled. Other than the timely submission of water monitoring reports, the only action taken by the operator has been remediation work for the abatement of violations. There is only one employee on site on a part-time basis. As such, the mine has the appearance of abandonment. All haul roads continue to erode but remain passable. The ditches and most fringe areas are covered in head high vegetation, composed mostly of noxious weeds. Dilapidated equipment remains scattered around the Raw Coal Handling and Coal Processing Areas.

The ditch along Temporary Diversion Dike TDK-1 was inspected. Mr. Danny Bell Sr. continues to keep the ditch cleaned to the best of his ability with a Terex GTH-842 Telehandler (rough terrain forklift) and although not cleaned completely to the embankments, the ditch appeared to be functioning adequately.

Sediment Trap ST-1 is near sediment capacity with little freeboard remaining and is no longer functioning as designed. According to the permit "the purpose of the sediment trap is to reduce the volume of sediment flowing down the Roadway Ditch (RD-14) and the potential of clogging the ditch". The operator was advised of the need for maintenance in the 11-18-19 complete inspection report. As no action has been taken, NOV WGT-001-20, 1 of 4, was issued for failure to abide by the terms and conditions of the permit (ASCMRC Section 771.19) by failing to maintain the sediment trap to permit specifications (ASCMRC Section 816.46). Pictures and a copy of the notice of violation are attached for reference.

As Sediment Trap ST-1 is not functioning as designed, sediment laden water is being diverted toward Sediment Pond WS-1 through Culvert No. 11 and Temporary Diversion Ditch TD-7. This inspection found TD-7 clogged with coal fines with no freeboard remaining. With no freeboard, drainage into WS-1 is being diverted into the WS-1 service road, bypassing the sediment pond and leaving the permit. There was no flow in TD-7 at the time of inspection, so no violation was written for an off-site discharge. As such, NOV WGT-001-20, 2 of 4, was issued for the operator's failure to abide by the terms and conditions of the permit (ASCMRC Section 771.19) by failing to maintain TD-7 to permit specifications (ASCMRC Section 816.43). Pictures and a copy of the NOV are attached for reference.

Sediment Pond WS-1 was found to be in adequate condition with an approximate 2 gpm discharge across the spillway with the primary discharge valve closed. The clear discharge sampled 6.7 pH. The spillway is covered with rock dust "hand" applied by Mr. Bell, who is also using the Terex Telehandler to apply rock dust to the impounded water. The impounded water was clear and sampled 6.4 pH in an area not influenced by the spillway treatment.

The "active", un-reclaimed advancing face of Coal Waste Disposal Area CWDA 3 continues to erode. Water sampled from the remnant of Sediment Pond SP-4 at the toe of the advancing face ("decommissioned" and replaced by SP-1) was clear and sampled 8.2 pH. The high pH reading is the result of fly ash applied to the advancing face of CWDA 3 to help prevent AMD before the mine was idled. There has been no action taken by the operator to repair the rills on the south and west slopes of the refuse pile for the abatement of NOV WGT-003-19, 1 of 2.

Sediment Pond SP-1 was inspected and found to be in adequate condition. SP-1 had an approximate 5 gpm discharge through the primary discharge pipe sampled at 7.6 pH.

Sediment Pond SP-2 was found to be in adequate condition. There was no discharge from SP-2 with the impounded water sampled at 7.4 pH.

Sediment Trap ST-3 is near 90% sediment capacity with vegetation growing in the accumulating black coal fines, but continues to function as designed. The operator should consider cleaning out ST-3 to avoid sediment loading SP-2.

Roadway Ditch RD-4A and RD-4B continue to accumulate coal fines from the Coal Processing Area, but are currently functioning as designed. Freeboard is limited but there is no sign of overtopping Service Road R-6. The operator should consider clean-out in the near future to avoid a violation under ASCMRC Section 816.46.

Service Road R-6 remains in adequate condition.

The underground mine portal area was inspected. "Steel "stock panels" remain in place over the portal entrances to restrict access. The pit sump, located at the base of the highwall and east of the main portal entrance, continues to overflow and discharge low pH water back into to the underground workings.

To date, no refuse pile inspection report has been received for CWDA 3 for the fourth quarter of 2019. NOV WGT-001-20, 3 of 4, was issued for the permittee's failure to abide by the terms and conditions of the permit by failing to have Refuse Pile CWDA 3 inspected by a registered, professional engineer during the fourth quarter of 2019 and submitting a certified report to the Department in a timely manner (ASCMRC Section 816.83). A pattern of violation has developed as NOV WGT-007-19, 1 of 2, was issued 9-5-19 for failure to submit said report for the second quarter of 2019. (Note: The inspection conducted 9-26-19 for the abatement of WGT-007-19, 1 of 2, served for both the second and third quarter).

To date, no impoundment inspection report has been received by the Department for the fourth quarter of 2019. NOV WGT-001-20, 4 of 4 was issued for the permittee's failure to abide by the terms and conditions of the permit by failing to have the permitted impoundments inspected and providing the inspection report in a timely manner. As above, a pattern of violation has developed as NOV WGT-007-19, 2 of 2, was issued 9-5-19 for failure to submit said report for the second quarter of 2019. (Note: As above, the inspection conducted 9-26-19 for the abatement of part 2 of the violation served for both the second and third quarter.)

INSPECTOR'S SIGNATURE



DATE 1-10-20



Sebastian Mining LLC; Sebastian Mine (0422-MC-A1); Sediment Trap ST-1 During January, 2020 inspection. NOV WGT-001-20, 1 of 4, issued for failure to maintain sediment trap to permit specifications (ASCRC Section 816.46). Permit describes ST-1 as "approximately 650 feet long, 30 feet wide and 6 foot deep". Looking east.



Designed flow to SP-1

Backflow to WS-1

Convent No. 111

1/19/2020

Sebastian Mining LLC; Sebastian Mine (0422-MC-A1); Sediment Trap ST-1 during January, 2020 inspection. Designed as "approximately 650 feet long, 30 feet wide and 6 foot deep. NOV WGT-001-20, 1 of 4, issued for failure to maintain to permit specifications (ASC/MRC Section 816.46) Looking east.



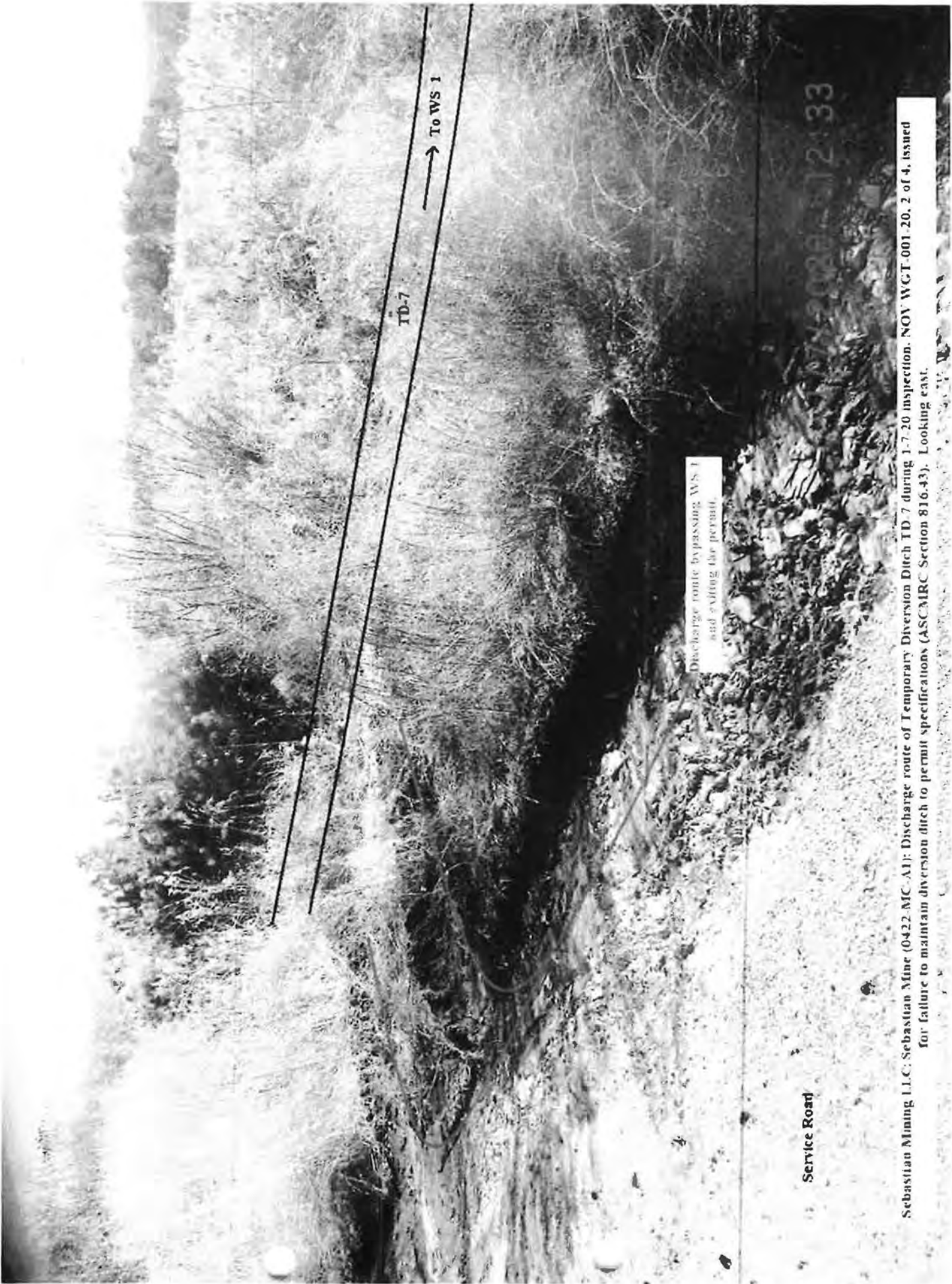
WS-1 service road

Designed flow to WS-1

Discharge route during 1-7-20 inspection

1/7/2020

Sebastian Mining LLC; Sebastian Mine (0422-MC-A1); Temporary Diversion Ditch ID-7 during 1-7-20 inspection. NOV WGT-001-20. 2 of 4. Issued for failure to maintain diversion ditch (ASC/MRC Section 816.43). Looking southwest.



TD-7

→ To WS 1

Discharge route bypassing WS 1 and exiting the permit.

Service Road

12:33

Sebastian Mining LLC; Sebastian Mine (0422-MC-A1); Discharge route of Temporary Diversion Ditch TD 7 during 1-7-20 inspection. NOV WGT-001-20, 2 of 4, issued for failure to maintain diversion ditch to permit specifications (ASC/MRC Section 816-43). Looking east.



BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

Permit No: 0422-MC-A1
N.O.V. #: WGT-001-20, 1 of 4

NOTICE OF VIOLATION

TO: Sebastian Mining LLC.

The Department has inspected the Permit Area set forth in Surface Coal Mining and Reclamation Permit No. 0422-MC-A1, and has found that there is a condition or practice, or a violation of the Arkansas Surface Coal Mining and Reclamation Act of 1979, the Regulations promulgated thereunder, the State program thereunder, or the Permit, which should be abated.

1. Nature of Violation: Failure to abide by the terms and conditions of the permit (ASCMRC Section 771.19). Failing to maintain Sediment Trap ST-1 to permit specifications (ASCMRC Section 816.46 (b) (5) which states: "Siltation structures shall be maintained until removal is authorized by the Department..."
2. Remedial action required (may include interim steps):

Clean Sediment Trap ST-1 to permit specifications as stated Page 10 of Part I of the approved permit: "approximately 650 feet long, 30 feet wide and 6 foot deep, with side slopes no steeper than 3:1.
3. Abatement shall be completed on or before the 7th day of February, 2020.
4. Description of portion of the coal exploration or surface coal mining and reclamation operation to which it applies: Sediment Trap ST-1.

You are hereby notified if the above conditions and violations are not abated in the time and manner set forth above, an order to cease mining operations shall issue. You may request an informal hearing on this matter.

Notice issued this 7th day of January, 2020

Receipt Acknowledged:

NA -Certified Mail,
Name

Title

Office of Chief Technical Officer


Authorized Representative

Business Office: (479) 646-6611
Field Office: (479) 968-7339

BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

Permit No: 0422-MC-A1
N.O.V. #: WGT-001-20, 2 of 4.

NOTICE OF VIOLATION

TO: Sebastian Mining LLC.

The Department has inspected the Permit Area set forth in Surface Coal Mining and Reclamation Permit No. 0422-MC-A1, and has found that there is a condition or practice, or a violation of the Arkansas Surface Coal Mining and Reclamation Act of 1979, the Regulations promulgated thereunder, the State program thereunder, or the Permit, which should be abated.

1. Nature of Violation: Failure to abide by the terms and conditions of the permit (ASCMRC Section 771.19). Failing to maintain Temporary Diversion Ditch TD-7 to permit specifications (ASCMRC Section 816.43 (c) which states: " Diversions shall be designed, constructed and MAINTAINED in a manner which prevents additional contribution of suspended solids to streamflow and to runoff outside the permit area...")
2. Remedial action required (may include interim steps):
Clean Temporary Diversion Ditch TD-7 to permit specifications.
3. Abatement shall be completed on or before the 7th day of February, 2020.
4. Description of portion of the coal exploration or surface coal mining and reclamation operation to which it applies: Temporary Diversion Ditch TD-7.

You are hereby notified if the above conditions and violations are not abated in the time and manner set forth above, an order to cease mining operations shall issue. You may request an Informal hearing on this matter.

Notice issued this 7th day of January, 2020.

Receipt Acknowledged:

NA -Certified Mail _____
Name

Title

Office of Chief Technical Officer



Authorized Representative

Business Office: (479) 646-6611
Field Office: (479) 968-7339

BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

Permit No. 0422-MC-A1
N.O.V. #: WGT-001-20, 3 of 4

NOTICE OF VIOLATION

TO: Sebastian Mining LLC.

The Department has inspected the Permit Area set forth in Surface Coal Mining and Reclamation Permit No. 0422-MC-A1, and has found that there is a condition or practice, or a violation of the Arkansas Surface Coal Mining and Reclamation Act of 1979, the Regulations promulgated thereunder, the State program thereunder, or the Permit, which should be abated.

1. Nature of Violation: Failure to abide by the terms and conditions of the permit (ASCMRC Section 771.19). Failure to have Refuse Pile CWDA 3 inspected by a registered professional engineer for the fourth quarter of 2019 and submit a certified report to the Department in a timely manner [ASCMRC Section 816.83 (d) (1) and (2)].

Section 816.83 (d) (1) and (2) states: "A qualified registered professional engineer, or other qualified professional specialist under the direction of the professional engineer, shall inspect the refuse pile during construction." "Such inspection shall be made at least quarterly throughout construction" "The qualified registered professional engineer shall provide a certified report to the Department promptly after each inspection"

2. Remedial action required (may include interim steps):

Have Refuse Pile CWDA 3 inspected by a registered, professional engineer and submit a certified inspection report to the Department.

3. Abatement shall be completed on or before the 7th day of February, 2020.
4. Description of portion of the coal exploration or surface coal mining and reclamation operation to which it applies. Refuse Pile CWDA 3

You are hereby notified if the above conditions and violations are not abated in the time and manner set forth above, an order to cease mining operations shall issue. You may request an informal hearing on this matter.

Notice issued this 7th day of January, 2020.

Receipt Acknowledged

NA -Certified Mail.

Name

Title

Office of Chief Technical Officer

Authorized Representative

Business Office: (479) 646-6611

Field Office: (479) 968-7339



BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

Permit No: 0422-MC-A1
N.O.V. #: WGIT-001-20, 4 of 4.

NOTICE OF VIOLATION

TO: Sebastian Mining LLC.

The Department has inspected the Permit Area set forth in Surface Coal Mining and Reclamation Permit No. 0422-MC-A1, and has found that there is a condition or practice, or a violation of the Arkansas Surface Coal Mining and Reclamation Act of 1979, the Regulations promulgated thereunder, the State program thereunder, or the Permit, which should be abated.

1. Nature of Violation: Failure to abide by the terms and conditions of the permit [ASCMRC Section 771.19]. Failure to provide an impoundment inspection report for the fourth quarter of 2019 in a timely manner [ASCMRC Section 816.49 (a) (12)].

Section 816.49 (a) (12) states: "Impoundments not meeting the NRCS Class B or C criteria for dams in TR-60*, or subject to Sec. 77.216, shall be examined at least quarterly. A qualified person designated by the operator shall examine impoundments for the appearance of structural weakness and other hazardous conditions."

2. Remedial action required (may include interim steps):

Submit an impoundment inspection report for all of the impoundments in the approved permit

3. Abatement shall be completed on or before the 7th day of February, 2020

4. Description of portion of the coal exploration or surface coal mining and reclamation operation to which it applies: Sediment Ponds WS-1, SP-1, SP-2 and Waste Ponds WP-1 through WP-4.

You are hereby notified if the above conditions and violations are not abated in the time and manner set forth above, an order to cease mining operations shall issue. You may request an informal hearing on this matter.

Notice issued this 7th day of January, 2020.

Receipt Acknowledged:

Office of Chief Technical Officer

NA -Certified Mail

Name

Authorized Representative

Business Office: (479) 646-6611

Field Office: (479) 968-7339

Title

CERTIFIED MAIL
RRR No. 7004 1350 0005 5766 6401

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT
MINING PROGRAM

Pursuant of Section 842.15 of the Arkansas Surface Coal Mining and Reclamation Code, you are entitled to an Informal Public Hearing to be held within 30 days of service of notice of violation/cessation order no. NOV WGT-001-20, 1-4 of 4 served on 1-07-20. This informal public hearing is in addition to your right to a formal public hearing before the Commission under Section 29 of the Arkansas Surface Coal Mining and Reclamation Act of 1979.

You will be deemed to have waived your right to this hearing unless a request is received within 30 days after service of this notice or order at:

Arkansas Department of Energy and Environment
Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903

Waiver of this hearing does not constitute a waiver of your right to review of the notice, order or any proposed assessment pursuant of Section 845.19 of the Code.

Pursuant of Section 843.15 (d) of the Code, notice of the time and place of the informal hearing must be posted at the Russellville Field Office and must be published, where practicable, in a newspaper of general circulation. Any person has a right to participate in the hearing.

If your request is received within 30 days of your being served with the above notice of violation or cessation order as provided in Section 843.15 of the Code, you will be contacted by this office to arrange for an informal hearing. If your request is received on or after the 21st day after you were served with the above notice, you will be deemed to have consented to an extension of time for holding the informal hearing. The extension of time shall be equal to the number of days elapsed after the 21st day.



Authorized Representative

NA Certified Mail
Person served with Notice

1-07-20
Date of Service

ARKANSAS

ENERGY & ENVIRONMENT



00000124

Mining Program
 1220 West 2nd Street
 Russellville, AR 72801
 Phone (479) 968-7339 Fax (479) 968-7321

<input type="checkbox"/> Time Modification	<input type="checkbox"/> Aerial Inspection	<input type="checkbox"/> Citizen's Complaint
<input type="checkbox"/> Violation Abatement	<input type="checkbox"/> Partial Inspection	<input checked="" type="checkbox"/> In Office Enforcement
<input type="checkbox"/> Other :		
Company: Sebastian Mining LLC		
Address: P.O. Box 339, Hartford, AR 72938		County: Sebastian
Mine: Sebastian Mine		Permit: 0422-MC-A1
NOV <input type="checkbox"/> CO <input checked="" type="checkbox"/>	CO WGT-003-19, 1 of 2 CO WGT-001-20, 1 of 4	MSHA#: 03-01726
Time of Inspection NA (IOE)		Date: 2-18-20
NARRATIVE		
<p>Notice of Violation WGT-003-19, 1 of 2, was issued March 27, 2019 under ASCMRC Sections 771.19 and 816.95 for the permittee's failure to stabilize the surface area of Refuse Pile CWDA 3. At the permittee's request and with the Department's approval, the abatement date of the violation was modified five times to a final date of 2-15-20.</p> <p>As of January 13, 2020, there are no employees of Sebastian Mining LLC residing in Arkansas. The permittee filed for Chapter 7 bankruptcy on January 29, 2020. As such, the permit is considered abandoned.</p> <p>As the violation was not abated before the permit was abandoned, Cessation Order WGT-003-19, 1 of 2, was issued under ASCMRC Section 843.11. A copy of the CO is attached for reference.</p>		
Inspector's Signature <u><i>[Signature]</i></u>		Date <u>2-18-20</u>



Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903
(479) 646-6611

BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT | Permit No. 0422-MC-A1
| N.O.V. No. WGT-003-19, 1 of 2

CESSATION ORDER

TO: Sebastian Mining LLC
P.O. Box 339
Hartford, AR 72938

The Arkansas Department of Environmental Quality (Department) has determined through inspection that the Notice of Violation dated the 27th day of March, 2019 has not been complied with, and the violations set forth therein have not been abated within the abatement period fixed or subsequently extended by the Department. The Department has therefore determined that it is necessary to cause you to cease operations.

Wherefore, you are hereby ordered to immediately cease surface coal mining operations, until the violations and conditions set forth therein have been abated in conformance therewith.

Dated this 18th day of February, 2020.

Office of Chief Technical Officer


Authorized Representative

Fort Smith Office: (479) 646- 6611
Field Office: (479) 968-7339

Receipt acknowledged:
NA-Certified Mail # 7018 0680 0001 5974 8622
Name _____
Title _____

CERTIFIED MAIL
RRR No. 7018 0680 0001 5974 8622

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT
MINING PROGRAM

Pursuant of Section 842.15 of the Arkansas Surface Coal Mining and Reclamation Code, you are entitled to an Informal Public Hearing to be held within 30 days of service of cessation order WGT-003-19, 1 of 2, served on 2-18-20. This informal public hearing is in addition to your right to a formal public hearing before the Commission under Section 29 of the Arkansas Surface Coal Mining and Reclamation Act of 1979.

You will be deemed to have waived your right to this hearing unless a request is received within 30 days after service of this notice or order at:

Arkansas Department of Energy and Environment
Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903

Waiver of this hearing does not constitute a waiver of your right to review of the notice, order or any proposed assessment pursuant of Section 845.19 of the Code.

Pursuant of Section 843.15 (d) of the Code, notice of the time and place of the informal hearing must be posted at the Russellville Field Office and must be published, where practicable, in a newspaper of general circulation. Any person has a right to participate in the hearing.

If your request is received within 30 days of your being served with the above notice of violation or cessation order as provided in Section 843.15 of the Code, you will be contacted by this office to arrange for an informal hearing. If your request is received on or after the 21st day after you were served with the above notice, you will be deemed to have consented to an extension of time for holding the informal hearing. The extension of time shall be equal to the number of days elapsed after the 21st day.

NA (Certified Mail)
Person served with Notice


Authorized Representative
2-18-20
Date of Service

ARKANSAS DEQ

ENERGY & ENVIRONMENT

Mining Program
 1220 West 2nd Street
 Russellville, AR 72801
 Phone (479) 968-7339 Fax (479) 968-7321

<input type="checkbox"/> Time Modification	<input type="checkbox"/> Aerial Inspection	<input type="checkbox"/> Citizen's Complaint
<input type="checkbox"/> Violation Abatement	<input checked="" type="checkbox"/> Partial Inspection	<input type="checkbox"/> In Office Enforcement
<input type="checkbox"/> Other :		

Company: Sebastian Mining LLC		
Address: P.O. Box 339, Hartford, AR 72938	County: Sebastian	
Mine: Sebastian Mine	Permit: 0422-MC-A1	
NOV <input checked="" type="checkbox"/> CO <input checked="" type="checkbox"/> WGT-003-19, 1 of 2	MSHA#: 03-01726	
Time of Inspection From: 10:38 am To: 12:50 pm		Date: 2-4-20

NARRATIVE

NOTE: The operator filed for Chapter 11 Bankruptcy in November, 2017. On January 29, 2020, the Operator filed a Motion to Convert Cases to Chapter 7 and Notice of Opportunity to Respond/Object. A bankruptcy court hearing is scheduled for February 25, 2020 at the Sebastian County Courthouse.

Conditions during the inspection were cloudy with occasional light rain at 52nd F. Former employee Danny Bell Sr.'s employment was terminated mid-January. As such, there is no employee of Sebastian Mining LLC residing in Arkansas to represent the operator during inspection. Both the haul road and South Pine Street access road gates were locked.

The purpose of this inspection was to give newly assigned E&E Mining Program Engineer, Mo Shafii a tour of the permit with emphasis on areas of "short term" environmental concern, as this inspector will retire at the end of the month.

Addressing "short term" concerns, Sediment Pond WS-1 was inspected. This inspection found the pond discharging at approximately 15 gpm through the emergency spillway with the primary discharge pipe valve closed. The discharge sampled 6.3 pH. Although currently in adequate condition, Mr. Shafii was informed that the pond has required treatment with powdered limestone (rock dust) since November, 2019 in order to maintain ASCMRC pH effluent standards. With Mr. Bell no longer employed, there is no one on the site to monitor discharges and/or treat sub-standard water before being discharged off permit.

Coal Waste Refuse Pile CWDA 3 was also inspected to address "short term" concerns. The operator has taken no action to repair the rills and gullies on the south and west slopes of the refuse pile cited in NOV WGT-003-19, 1 of 2. The violation was issued 3-27-19 and has been time modified 5 times to an abatement date of 2-15-20.

Of greater concern is the possibility of AMD formation from the un-reclaimed "advancing face" of the refuse pile. The approved operation plan allowed approximately 6 acres on the advancing (south) face to remain uncovered as the refuse pile was being constructed to the permitted dimensions. According to the coal production tonnage projected in the permit's operation plan, such acreage was to be contemporaneously reclaimed in an approximate 12 month "cycle". Due to bankruptcy, the "advancing face" has now been exposed to the elements with no cover material for 28 months, allowing rain water and surface runoff to penetrate the coarse refuse, increasing the possibility of AMD. The Department should consider reclaiming the exposed refuse on the south face of the refuse pile as soon as forfeited bond funds become available.

No action has been taken by the operator to abate NOV WGT-001-20, 1-4 of 4, in a timely manner. As such, Cessation Order WGT-001-20, 1 through 4 of 4, was issued 2-7-20 and is attached to this inspection report in four parts.

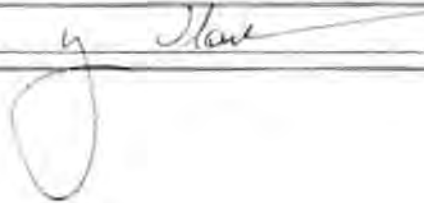
Part 1 of the violation was written under ASCMRC Sections 771.19 and 816.46 for the operator's failure to maintain Sediment Trap ST-1 to permit specifications.

Part 2 of the violation was written under ASCMRC Sections 771.19 and 816.42 for the operator's failure to maintain Temporary Diversion Ditch TD-7. Failure to maintain ST-1 and TD-7 is allowing coal contaminated water to bypass Sediment Pond WS-1 and leave the permit without treatment.

Part 3 of the violation was written under ASCMRC Sections 771.19 and 816.83 for the operator's failure to have Refuse Pile CWDA 3 inspected by a qualified, registered engineer during the fourth quarter of 2019 and submitting the inspection report in a timely manner.

Part 4 of the violation was written under ASCMRC Sections 771.19 and 816.49 for the operator's failure to have the impoundments of the permit inspected during the fourth quarter of 2019 and submitting the inspection report in a timely manner.

Inspector's Signature



Date 2-10-20

ARKANSAS **E&E**
ENERGY & ENVIRONMENT

Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903
(479) 646-6611

BEFORE THE ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT | Permit No. 0422-MC-A1
| N.O.V. No. WGT-001-20. 1 of 4

CESSATION ORDER

TO: Sebastian Mining LLC
P.O. Box 339
Hartford, AR 72938

The Arkansas Department of Environmental Quality (Department) has determined through inspection that the Notice of Violation dated the 7th day of January, 2020 has not been complied with, and the violations set forth therein have not been abated within the abatement period fixed or subsequently extended by the Department. The Department has therefore determined that it is necessary to cause you to cease operations.

Wherefore, you are hereby ordered to immediately cease surface coal mining operations, until the violations and conditions set forth therein have been abated in conformance therewith.

Dated this 7th day of February, 2020.

Office of Chief Technical Officer


Authorized Representative

Fort Smith Office: (479) 646-6611
Field Office: (479) 968-7339

Receipt acknowledged:
NA-Certified Mail # 7018 0680 0001 5973 2256
Name

Title

ARKANSAS **E&E**
ENERGY & ENVIRONMENT

Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903
(479) 646-6611

BEFORE THE ARKANSAS DEPARTMENT | Permit No. 0422-MC-A1
OF ENERGY AND ENVIRONMENT | N.O.V. No. WGT-001-20, 2 of 4

CESSATION ORDER

TO: Sebastian Mining LLC
P.O. Box 339
Hartford, AR 72938

The Arkansas Department of Environmental Quality (Department) has determined through inspection that the Notice of Violation dated the 7th day of January, 2020 has not been complied with, and the violations set forth therein have not been abated within the abatement period fixed or subsequently extended by the Department. The Department has therefore determined that it is necessary to cause you to cease operations.

Wherefore, you are hereby ordered to immediately cease surface coal mining operations, until the violations and conditions set forth therein have been abated in conformance therewith.

Dated this 7th day of February, 2020.

Office of Chief Technical Officer



Authorized Representative

Fort Smith Office: (479) 646-6611
Field Office: (479) 968-7339

Receipt acknowledged:
NA-Certified Mail # 7018 0680 0001 5973 2256

Name _____
Title _____

ARKANSAS **E&E**
ENERGY & ENVIRONMENT

Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903
(479) 646-6611

BEFORE THE ARKANSAS DEPARTMENT } Permit No. 0422-MC-A1
OF ENERGY AND ENVIRONMENT } N.O.V. No. WGT-001-20, 3 of 4

CESSATION ORDER

TO: Sebastian Mining LLC
P.O. Box 339
Hartford, AR 72938

The Arkansas Department of Environmental Quality (Department) has determined through inspection that the Notice of Violation dated the 7th day of January, 2020 has not been complied with, and the violations set forth therein have not been abated within the abatement period fixed or subsequently extended by the Department. The Department has therefore determined that it is necessary to cause you to cease operations.

Wherefore, you are hereby ordered to immediately cease surface coal mining operations, until the violations and conditions set forth therein have been abated in conformance therewith.

Dated this 7th day of February, 2020.

Office of Chief Technical Officer


Authorized Representative

Fort Smith Office: (479) 646-6611
Field Office: (479) 968-7339

Receipt acknowledged:
NA-Certified Mail # 7018 0680 0001 5973 2256
Name _____

Title _____

ARKANSAS **E&E**
ENERGY & ENVIRONMENT

Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903
(479) 646-6611

BEFORE THE ARKANSAS DEPARTMENT | Permit No. 0422-MC-A1
OF ENERGY AND ENVIRONMENT | N.O.V. No. WGT-001-20, 4 of 4

CESSATION ORDER

TO: Sebastian Mining LLC
P.O. Box 339
Hartford, AR 72938

The Arkansas Department of Environmental Quality (Department) has determined through inspection that the Notice of Violation dated the 7th day of January, 2020 has not been complied with, and the violations set forth therein have not been abated within the abatement period fixed or subsequently extended by the Department. The Department has therefore determined that it is necessary to cause you to cease operations.

Wherefore, you are hereby ordered to immediately cease surface coal mining operations, until the violations and conditions set forth therein have been abated in conformance therewith.

Dated this 7th day of February, 2020.

Office of Chief Technical Officer



Authorized Representative

Fort Smith Office: (479) 646-6611
Field Office: (479) 968-7339

Receipt acknowledged:
NA-Certified Mail # 7018 0680 0001 5973 2256
Name

Title

CERTIFIED MAIL
RRR No. 7018 0680 0001 5973 2256

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT
MINING PROGRAM

Pursuant of Section 842.15 of the Arkansas Surface Coal Mining and Reclamation Code, you are entitled to an Informal Public Hearing to be held within 30 days of service of notice of cessation order WGT-001-20, 1 -4 of 4, served on 2-07-20. This informal public hearing is in addition to your right to a formal public hearing before the Commission under Section 29 of the Arkansas Surface Coal Mining and Reclamation Act of 1979.

You will be deemed to have waived your right to this hearing unless a request is received within 30 days after service of this notice or order at:

Arkansas Department of Energy and Environment
Mining Program
3309 Phoenix Avenue
Fort Smith, AR 72903

Waiver of this hearing does not constitute a waiver of your right to review of the notice, order or any proposed assessment pursuant of Section 845.19 of the Code.

Pursuant of Section 843.15 (d) of the Code, notice of the time and place of the informal hearing must be posted at the Russellville Field Office and must be published, where practicable, in a newspaper of general circulation. Any person has a right to participate in the hearing.

If you request is received within 30 days of your being served with the above notice of violation or cessation order as provided in Section 843.15 of the Code, you will be contacted by this office to arrange for an informal hearing. If your request is received on or after the 21st day after you were served with the above notice, you will be deemed to have consented to an extension of time for holding the informal hearing. The extension of time shall be equal to the number of days elapsed after the 21st day.

NA (Certified Mail)
Person served with Notice



Authorized Representative
2-7-20

Date of Service



**Part K
Reclamation Plan**

Sections 784.13{780.18}, 784.15{780.23}, 784.20, 784.26{780.15}, 816.13 through 816.22, 816.56, 816.59, 816.71 through 816.74, 816.89, 816.95, 816.100 through 816.116, 816.121-U, 816.131 through 816.133 and 823

**784.13{780.18(a)}
Reclamation Plan**

This Part K – Reclamation Plan – contains the plan for reclamation of the lands within the permit area. The Reclamation Plan applies to all disturbed lands within the permit boundary.

**784.13{780.18(b)(1)}
Reclamation Timetable**

All surface mining is complete, and only underground mining will occur during the term of this permit. Backfilling of all surface pits is complete except for the final pit, which is being used to access the underground mine. The following is an approximate timetable of remaining reclamation activities:

Phase I:

Description: Mine coal from underground mine. Construction of Coal Waste Disposal CWDA3 will be an ongoing process. Reclamation of CWDA3 including cover material placement, topsoil placement, and vegetation establishment will be an ongoing process behind active disposal operations.

Start: In Progress
Duration: 20 years or more

Phase II:

Description: Seal underground mine, including removing fan and conveyor
Start: After Phase I
Duration: 2 - 4 months

Phase III:

Description: Move all material from temporary coal waste area and contaminated material from Coal Handling and Storage Area to final pit. Re-grade coal waste storage areas, conduct earth work associated with slurry ponds (WP1 through 4), and re-grade all roads not necessary to support topsoil replacement and re-vegetation activities.

Start: After Phase II
Duration: 1 - 4 months

Phase IV:

Description: Backfill, grade, replace topsoil, and re-vegetate all areas re-graded in Phase III.
Start: After Phase III
End: 2 - 6 months

- 9) All buildings, conveyors, fan and tanks will require removal
- 10) The entire surface disturbed area will require topsoil replacement and revegetation.

Reclamation cost calculations for the project at the point of maximum exposure and a detailed Explanation of Worst Case Bonding are included in this Part.

784.13{780.18(b)(3)}, 816.100 through 816.107

Backfilling and Grading

As surface mining progressed through the pits as outlined in Part I of the original application and first renewal, the overburden from the active pit was placed directly into the previous pit or into a spoil stockpile. A dragline, dozers, and front-end loaders were used in this operation.

Previously mined pits were backfilled within a period generally not exceeding 60 days from the date of coal removal. Backfilled areas were leveled, but not to final contours, and are now the Coal Storage and Handling Area. The final pit remains open as access for the underground mine, and will be reclaimed at the end of the underground mine life.

Neither thin nor thick overburden was encountered during surface mining. When underground mining is complete, the base material from the Coal Handling and Storage Area and any temporary waste material stored there will be graded to the bottom of the pit. The area will then be graded to the approximate contour shown on Mine Map 3. No permanent highwalls, spoil piles, or depressions will be left. Final grading will be conducted along the contour. No steep slopes were mined. No re-mining of previously mined areas with pre-existing highwalls occurred or is planned.

Acid or toxic forming materials including coal stockpile base material, toxic spoils, and sediment removed from the ponds will be disposed of by burying in Coal Waste Disposal Area No. 3. Coal Waste Disposal Area No. 3 will be covered with a minimum of 4 feet of the most impermeable soil available. The cover material for CWDA1 will come from the spoil under the base of the Coal Handling and Storage Area. The cover material for CWDA3 will come from the cover material stockpiles which are to be constructed as described in Part I. Additional cover material will be obtained by excavating the subsoil ahead of the CWDA3 extension to the maximum practical depth. The additional material will be used to make up any shortages for covering CWDA3 due to thin areas to be excavated and as cover material for the Coal Waste Ponds. The cover material will be placed in horizontal layers not to exceed 12 inches in thickness and will be compacted layer by layer with heavy mining equipment.

784.13{780.18(b)(4)} AND 816.22

Topsoil Handling

Prior to disturbance of an area, the vegetative cover will be cleared and all available topsoil removed. Where the removal of vegetative material or topsoil may result in erosion which may have caused air or water pollution, the size of the area from which topsoil is removed will be limited to the minimum necessary to allow working room for mining activities. The surface soil

mulched at the rate of 1-1/2 tons per acre. Mulch will be spread by hand or by using a blower (if available) at a rate of between 1000 and 1500 lbs per acre wood fiber hydromulch or 1.5 tons per acre straw or hay for conventional blower application.

2. PERMANENT REVEGETATION

Areas which are ready for permanent re-vegetation will be seeded during the first suitable planting season as follows:

The site will be re-vegetated using Common Bermuda grass, Sericea Lespedeza, Tall Fescue and Weeping Lovegrass. Seed will be distributed by broadcasting using the amounts of seed, and planting seasons recommended by the U.S. Soil Conservation Service (Now NRCS). Areas which have been seeded for permanent vegetation will be fertilized and limed using the types of fertilizer and the rates of application recommended from the soil analysis for the area. Mulch will be spread by hand or by using a blower (if available) at a rate of between 1000 and 1500 lbs per acre wood fiber hydromulch or 1.5 tons per acre straw or hay for conventional blower application. Poultry litter may be used as explained in the section on "Mulching" which follows.

Copies of soil analyses and fertilization recommendations are included in Part F of this application. A copy of the SCS seeding recommendation is included in Part G of the application. Additional soil analyses will be run after topsoil has been redistributed to verify fertilizer and lime requirements. Samples for these tests will be collected at a spacing to represent not more than 20 acres each. Re-vegetation operations will proceed concurrently with backfilling, grading and topsoil replacement in the continuous process of reclamation behind active mining as shown by the reclamation schedule. No irrigation or use of pest or disease control chemicals is proposed.

3) MULCHING

Mulch will be used on seeded and fertilized areas that are steeper than 3H to 1V, and on certain other slopes subject to erosion. When used, mulch will consist of the following: (1) straw or hay at a rate of 1.5 tons per acre, (2) wood fiber hydromulch at 1000 to 1500 lbs/acre, or (3) poultry litter at a rate of 2 to 4 tons per acre. Mulch application will be by hand, straw blower, manure spreader, or hydroseeder, as appropriate.

4) STANDARDS OF SUCCESS

The success of re-vegetation of previously undisturbed areas will be measured in accordance with the stipulations of section 816.116(b)(1) of the ASCMRC regulations. A Natural Resources Conservation Service standard for ground cover and productivity representative of unmined soils in the area will be used as a base for determination of ground cover and productivity success.

784.13(780.18(b)(6)) and 816.59
Use and Conservation of Coal

No significant excess spoil is expected to result from mining operations. The increase in spoil volume resulting from swell and any nominal excess spoil will be utilized in the back filling operation.

784.20(a)

Pre-Subsidence Survey

A survey of the permit and adjacent areas has been conducted to determine if any structures or renewable resources exist which could receive significant material damage from subsidence. Recent aerial photographs taken in September 2007 indicate that surface activities above the proposed location of the underground mine include grazing and timbering. South Pine Street intersects the surface projection of the underground mine workings at a point 850 feet south of the mine entrance road and extends for a distance of 1100 feet in a southerly direction (See Mine Map 2B). The mine workings are approximately 400 feet below the surface at this location. Several other buildings identified on the Pre-Subsidence Survey Map (included at the end of this Part) exist adjacent to the permit area but are located up-dip and north of the proposed underground mine, and therefore should not be affected by underground mining.

In the extremely unlikely case where subsidence did occur as a result of mine operations, no damage to the surface structures or the use of renewable resources should occur. Given the fact that the public waterline truncates at a point north of the mine entrance road, and since there are no other known sources of public water supply located in the surface trace of the underground mine, subsidence should have no effect on water supplies.

Calculations of the effect of subsidence based on a maximum opening of six feet underground, as provided by David Bartel, P.E. in previous submittals to ADEQ, indicate the maximum upward projection of an underground opening of 6 ft and a swell of 25% for broken overburden materials is given by the relationship: $(6 \text{ ft} / 0.25) = 24 \text{ ft}$. Therefore, it is extremely unlikely that any surface expression of collapse underground would be expected in the permit area. Indeed, this conclusion is supported by the fact that very little if any evidence of subsidence in the area can be found at the surface in locations where underground works are overlain with 24 or more feet of rock overburden material. (Note: this calculation is only valid for areas where no second mining is projected to occur, which currently, is the entire permit area)

784.20(b) and 816.121-U

Subsidence Control Plan

Evaluation of the strata above the coal to be mined, the relatively thin seam to be mined (5-6 feet maximum), and the general lack of surface expression of subsidence from previous mining in the area, suggests that subsidence will not be evident if it *does* occur.

The Pre-Subsidence Survey showed that structures and renewable resource lands do exist adjacent to the permit area. It also determined that no public water supplies would be affected by subsidence. Furthermore, based on observations of surrounding previously underground mined areas and the calculations provided above, it was determined that subsidence is very unlikely to cause material

784.15(780.23(c))

Surface Owner Statements

Statements from the surface owners concerning the proposed use are included at the end of this part of the application. No state or local government agencies have jurisdiction.

816.56

Post-Mining Rehabilitation of Drainage and Treatment Structures

Reclamation of temporary drainage and treatment structures will be reclaimed as described in Part L of this application. Sedimentation Ponds SP-1 and SP-2 will be permanent impoundments. A discussion of the design and construction of these ponds is presented in Part L.

816.131 and 816.132

Cessation of Operations

In the event that a temporary cessation of operations is necessitated by weather conditions, marketing problems or other reasons, a notice of intent meeting the requirements of section 816.131(b) will be submitted to the department. All surface facilities will be secured and the site will be maintained to comply with the provisions of the approved permit.

No permanent cessation of operations will commence until all affected areas have been reclaimed in accordance with the approved permit.

816.133

Post-Mining Land Use

816.133(a)

General

The pre-mining land use of the permit area was forest land with some grazing. This area provided a limited amount of forage for livestock and a low to moderate productivity of timber and pulp wood. The proposed post-mining land use of pastureland is considered to be higher or better use than the usage preceding.

Exhibit B - Return Receipt for Sebastian Mining

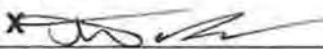
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p style="text-align: center;"></p> <p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p> <p style="text-align: center;">J. Mashon 3-5-20</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; margin-top: 20px;">Geoffrey Treece Quattlebaum, Grooms & Tull PLLC 111 Center Street, Suite 1900 Little Rock, AR 72201</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>
<p>2. Article Number (<i>Transfer from service label</i>)</p>	<p style="text-align: center; font-family: monospace; font-size: 1.2em;">7017 2620 0001 0620 7878</p>

Exhibit C - Return Receipt for Regions Bank

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X <i>Candice Ann</i></p>
<p>1. Article Addressed to:</p> <p style="text-align: center; margin-top: 20px;">Regions Bank ATTN: Gail Williams 723 Garrison Ave. Fort Smith, AR 72901</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>Candice Ann</i> <i>3/11/2012</i></p>
<p>2. Article Number <small>(Transfer from sender label)</small></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

7017 2620 0001 0620 7861

Exhibit D - Return Receipt for Rockwood Casualty

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>Paul Loney</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Paul Loney</i> C. Date of Delivery <i>3-9-20</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; margin-top: 20px;">Rockwood Casualty Insurance Company Attn: Randall Livingston 654 Main Street Rockwood, PA 15557</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>