

**COAL AND URANIUM PROGRAM
MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY**

COMPANY NAME: Signal Peak Energy, LLC

DATE: December 16, 2010

OPERATING PERMIT#: 93017

MR#: 10-17-26

LOCATION: Bull Mountain Mine No. 1, MR for Sediment Pond B configuration changes and permit design updates.

Type and Purpose of Action:

Signal Peak Energy has requested approval to make minor alterations of the pond configuration and update the supporting permit drawings and design calculations to reflect current conditions. The contributing drainage area for this pond was reduced by about half when a new drainage control plan was permitted and put into effect. Since the required pond storage requirement is now greatly reduced, the mine proposes to dedicate only the North Cell of the existing two cell pond for Sediment Pond B. The interconnecting pipe between cells will be removed. This leaves the mine the option to repurpose the south cell space for straightening the adjacent road or whatever in the future. They have chosen to excavate a 10' wide, two foot deep earthen spillway over the existing embankment.

The construction entailed by the project will include removal of the pipe between the cells, excavation of the spillway, installation of spillway erosion control mat and minor earthwork to clean up grading around the immediate pond perimeter.

Potential Impacts and Mitigation Measures:

The environmental impacts due to construction are expected to be relatively minor as the work entailed is very minor. The work will take place within an active mine area and the land area involved is estimated at a fraction of an acre and is currently disturbed. The effectiveness of the sediment control measures will not be impacted by the construction work. All disturbed lands not currently permitted as road will be seeded at the earliest opportunity. After mining, the area affected will be reclaimed as required by permit commitments.

Alternative Actions:

The expected impacts are expected to be very minor so other alternatives were not considered.

Prepared by: David Adair

Title: Mining Engineer