

TECHNICAL EVALUATION OF
Irrevocable Letter of Credit

1. COMPANY: Pacific Coast Coal Company
2. MINE/OPERATION: John Henry No. Mine
3. TRACKING SYSTEM INFORMATION.
 - A. OSMRE Project Number (CRSS):
 - B. Administrative Records Management System (ARMS): 18-04-11-02
 - C. Letterhead date of submittal: April 10, 2018
4. TYPE OF APPLICATION/DOCUMENT REVIEWED.
 - Other: Irrevocable Letter of Credit (ILOC)
5. EVALUATION.

A. Part of application/document reviewed:

April 10, 2018 Irrevocable Letter of Credit No. [REDACTED] (pre-conversion No. [REDACTED]), Amendment No. 011, issued by [REDACTED] Bank National Association

(1) Citation of applicable regulations:

30 CFR 800.21 Collateral Bonds
800.5(b.4) Definitions (collateral bond)

(2) Evaluation of compliance with the requirements of the applicable regulations:

Review of the ILOC No. [REDACTED], Amendment No. 11 issued by [REDACTED] Bank National Association, is in the amount of \$6,381,806.00, as the required SMCRA bond amount through year 2 (December 2018) of the new permit term. This is an increase of \$181,806.00 over the amount held through the previous permit term, and is based on a recent recalculation of the estimated costs to complete the approved reclamation.

The correct permit number (WA-0007D) is listed on Amendment 11 of ILOC No. [REDACTED]. Additionally, the correct Beneficiary, the Office of Surface Mining Reclamation and Enforcement (1999 Broadway, Suite 3320, Denver, CO 803202), and the correct Applicant, Pacific Coast Coal Company (30700 Black Diamond-Ravensdale Road, Black Diamond, WA 98010) are stated on the amendment.

A copy of a letter of incumbency for the signatories has been requested to back up to this amendment No. 11 to the ILOC.

[Redacted] is an [Redacted] bank in the United States, but operates as a foreign corporation in the State of Washington with all locations under Washington State's business license UBI No. [Redacted]. This meets the requirement of 30 CFR 800.21(b)(1) and 30 CFR 800.5(b)(4).

The original irrevocable letter of credit, issued May 12, 2000, continues to automatically renew annually without amendment unless OSMRE is notified (by courier or courier service) 90 days prior to non-renewal.

If this ILOC is not renewed, the OSMRE's Bond Approving Officer or his designee can draw on sight at the [Redacted] no earlier than 30 days prior to the expiration date, with in hand the original Letter of Credit, all subsequent amendments, and a statement signed by that Bond Approving Officer certifying the "amount of this drawing represents funds due to the US Office of Surface Mining Reclamation & Enforcement because the Permittee (PCCC) has failed to replace his Letter of Credit by another suitable bond or letter of credit pursuant to 30 CFR 800.21(b)(2) and 30 CFR 800.30." This meets the requirements of 30 CFR 800.21(b)(2 & 3).

In addition, the original ILOC [Redacted] which will give prompt notice to the Permittee and OSMRE's Bond Approving Officer of any notice received or action filed alleging the insolvency of bankruptcy of [Redacted] or if the Bank becomes unable to fulfill its obligations under this Letter of Credit for any reason. It also states the amount will not be reduced for any reason without written consent of OSMRE.

Attached to this technical review is the 2017 year-end Consolidated Balance Sheet, showing the assets and liabilities of parent company [Redacted] were reviewed and found satisfactory to ensure coverage in the case of forfeiture of this bond (ILOC).

(3) On the basis of the preceding evaluation, I conclude that:

This part of the application/document complies with the requirements of the applicable regulations.

Amendment No. 11 to Irrevocable Letter of Credit No. [Redacted] meets the requirements of 30 CFR 800.5 and 30 CFR 800.21 regarding letters of credit as a collateral bond.

The permit can be conditionally approved pending OSMRE's receipt of the Letter of Incumbency, provided by the bank on behalf of the signatories on Amendment No. 11 of the ILOC.

6. PRIMARY AND PEER REVIEWERS.

A. Primary reviewer:

[Signature]
Karen Jass, Mining Engineer, PSD

4/12/18
[Date]

B. Peer reviewer:

NA
PSD

NA
[Date]