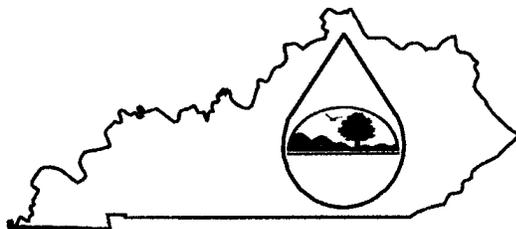


US EPA ARCHIVE DOCUMENT

KPDES FORM HQAA

AI # 78356



Kentucky Pollutant Discharge Elimination System (KPDES)

High Quality Water Alternative Analysis

The Antidegradation Implementation Procedures outlined in 401 KAR 5:030, Section 1(3)(b)5 allows an applicant who does not accept the effluent limitations required by subparagraphs 2 and 3 of 5:030, Section 1(2)(b) to demonstrate to the satisfaction of the Environmental and Public Protection Cabinet that no technologically or economically feasible alternatives exist and that allowing lower water quality is necessary to accommodate important economic or social development in the area in which the water is located. The approval of a POTW's regional facility plan pursuant to 401 KRS 5:006 shall demonstrate compliance with the alternatives analysis and socioeconomic demonstration for a regional facility. This demonstration shall also include this completed form and copies of any engineering reports, economic feasibility studies, or other supporting documentation

I. Permit Information

Facility Name:	ICG Hazard, LLC 897-0448 A1	KPDES NO.:	KY0106852
Address:	1021 Tori Drive	County:	Perry and Leslie
City, State, Zip Code:	Hazard, KY 41701	Receiving Water Name:	John Fork

II. Alternatives Analysis

	<u>Yes</u>	<u>No</u>
1. Has discharge to other treatment works been investigated? (If yes, then indicate which treatment works were considered and the reasons why that discharge to these works is not feasible.) See Attachment 1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	<u>Yes</u>	<u>No</u>
2. Have other discharge locations been evaluated? (If yes, then indicate what other discharge locations have been evaluated and the reasons why these locations are not feasible.) See Attachment 2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

DISCHARGE TO OTHER TREATMENT WORKS

Alternate treatment options have been examined. The first option would be to collect the runoff from the mine site and pump it to the nearest treatment facility. There are no municipal or other treatment facilities within 10 miles of the proposed permit area. The nearest downstream municipal system is located at Beattyville, Kentucky, approximately 35 miles from the proposed permit site. In order to pump the runoff to the treatment facility, the first step would be to collect the runoff on the permit site. This would require construction of at least 30 collection ponds to gather runoff from the entire permit site at a cost of \$90,000 (30 ponds @ \$3000/pond). Once collected, the runoff would then have to be transported to a centralized location where it would then be pumped to the treatment facility. It would cost \$2,010,000 (30,000 feet of 24" HDPE pipe at \$67/foot) and \$2,180,000 (10 lift stations @ \$218,000 each) to transport the discharge from the retention ponds to the collection reservoir. It would cost approximately \$100,000 to construct the collection reservoir. Once the discharge was collected, it would cost \$12,381,600 (35 miles of 24" HDPE pipe at \$67/foot) plus \$5,450,000 for 25 lift stations. The treatment facility would also require a sedimentation/retention basin before allowing the water to enter the plant. The cost of this basin would be approximately \$100,000.

Pumping the discharge to the treatment would be another cost to consider. The average runoff over a year for an acre of forest land for the permit area is $(0.73)(36 \text{ in/ac})/12 \text{ in/ft} = 2.19 \text{ acre-feet}$

36" average rainfall
73% average runoff

An acre-foot contains 325,851 gallons of water. The 30 discharge points associated with this surface mine would gather runoff from about 3,043 acres. The ponds will be treating $(3,043 \text{ ac})(2.19 \text{ ac-ft/ac})(325,851 \text{ gal/ac-ft}) = 2,171,526,459$ gallons of water per year. According to the web site clarkpublicutilities.com, pumping a gallon of water costs \$0.022. The cost to the applicant would be $(2,171,526,459 \text{ gal/yr.})(\$0.022/\text{gal}) = \$47,773,582$ to pump the runoff from this permit area each year.

The line would have to cross several privately held properties. Purchasing rights to pass the pipeline across these properties would add costs that cannot be calculated at this time since individual negotiations would be required to obtain those rights.

Another option would be to put the water into trucks and haul it to the treatment facility. The site would produce $(2,171,526,459 \text{ gallons/year})/(365 \text{ days/yr.}) = 5,949,387$ gallons per day. A large water tanker can hold approximately 8,000 gallons of water, which would require 744 loads to be hauled to the treatment facility each day. Assuming that a round trip would take approximately 2 hours, the company would need 148 trucks to handle the daily load. The cost of the trucks

**KPDES HQAA
Attachment 1**

would be approximately $(148)(\$100,000/\text{truck}) = \$14,800,000$. The operator cost would be approximately $(148)(10 \text{ hrs./day})(\$15/\text{hr.}) = \$22,200/\text{day}$. This cost does not include overtime or maintenance cost to the trucks, which would have to be added to the final cost.

Besides the cost, this option would present a public safety problem due to the increase in truck traffic on the highways in the area.

DISCHARGE TO OTHER LOCATIONS

Two alternative discharge locations have been examined for this mining operation. The first option would be to collect and discharge the runoff into Gays Creek, while the second option would be to collect and discharge the runoff into the Middle Fork of the Kentucky River.

Both options would require construction of at least 30 collection ponds to gather runoff from the entire permit site at a cost of \$90,000 (30 ponds @ \$3000/pond). Once collected, the runoff would then have to be transported to a centralized location where it would then be pumped to the discharge point. It would cost \$2,010,000 (30,000 feet of 24" HDPE pipe at \$67/foot) and \$2,180,000 (10 lift stations @ \$218,000 each) to transport the discharge from the retention ponds to the collection reservoir. It would cost approximately \$100,000 to construct the collection reservoir.

It is expected that the daily discharge from the permit area would be approximately 5,949,387 gallons. To pump the water into either Gays Creek or the Middle Fork of the Kentucky River, the cost would be $(5,949,387 \text{ gallons})(\$0.022/\text{gal}) = \$130,886$ per day or \$47,773,582 per year.

II. Alternatives Analysis - continued

Yes No

Has water reuse or recycle been investigated as an alternative to discharge?
(If yes, then provide the reasons why it is not a feasible alternative)

See Attachment 3.

Yes No

4. Have alternative process or treatment options been evaluated?
(If yes, then indicate what process or treatment options have been evaluated and provide the reasons they were not feasible.)

See Attachment 4.

WATER REUSE/RECYCLING ALTERNATIVES

In order to reuse or recycle the water, the only viable options are to use it to spray over the backfill to promote vegetative growth or dust suppression. Rainfall for the area averages approximately 36 inches per year. With this amount of natural rainfall, supplemental watering is hardly necessary, and dust in the air is not considered to be a problem in this area. In order to recycle the water, it would first have to be collected. This would require construction of at least 30 collection ponds to gather runoff from the entire permit site at a cost of \$90,000 (30 ponds @ \$3000/pond).

It is expected that the daily discharge from the permit area would be approximately 5,949,387 gallons. The cost to pump the water onto the backfilled areas would be \$47,773,582 per year.

In reality, only about 10% of this discharge would be needed for dust control and watering vegetation. The remainder of the water would need to be either retained on the permit site or sent to a treatment facility. The latter option was discussed in Attachment 1.

In order to have a site with no discharge, the applicant would have to construct approximately 30 large retention basins, which would cost approximately \$50,000 each. The size of these ponds would make them MSHA ponds, which would add to the cost for monitoring.

ALTERNATIVE PROCESSING OR TREATMENT

The proposed surface mining is considered the only safe and feasible process for the mining. The areas proposed for mining are too close to the outcrop to safely allow processing by underground mining. To safely mine coal by underground methods, at least 100 feet of overburden needs to exist above the coal. Otherwise, roof control is very difficult.

Two solutions present themselves for the treatment/removal of sediment from surface water:

- a. Filtration, and
- b. Settlement.

Filtration would still require getting the water to a central location and holding it until it could be passed through a filtering system. That system would be costly to construct and maintain. A small package treatment plant along with an adequate storage reservoir would cost approximately \$2 million. Once the mining operation was completed, the cost to remove the treatment facility would have to be included.

Sediment removed from the water would have to be hauled to some location for disposal, requiring dedicated equipment and the associated maintenance and operating costs. Rainfall during the period that vegetative growth was being established on the disposed sediment would carry part of the sediment back to the filtration system, thus creating a loop of re-handling material. The topography of the area is very steep with narrow valleys and steep side slopes.

The use of alternate sediment control, such as silt fences and straw bales, will not be able to handle the large amounts of runoff, and would not meet effluent requirements.

Chemical treatment was also examined. The discharge would still have to be collected utilizing sediment ponds, and would add to the cost of the operation. Chemical treatment would involve a cost of \$7,000/month to each of the 30 ponds each year. The treatment would have to be continuous throughout the life of the mining operation.

II. Alternatives Analysis - continued

5. Have on-site or subsurface disposal options been evaluated?
(If yes, then indicate the reasons they were not feasible.)

Yes

No

See Attachment 5.

6. Have any other alternatives to lowering water quality been evaluated?
(If yes, then describe those alternatives evaluated and provide the reasons why these alternatives were not feasible.)

Yes

No

See Attachment 6.

ON-SITE OR SUBSURFACE DISPOSAL OPTIONS

Subsurface disposal would entail allowing the water to run into underground mines in the area or drilling holes from the surface to underground mine voids. There are inactive underground mines within a few miles of the mine site. Disposing of the discharge from this mine site into an underground void would require construction of at least 30 collection ponds to gather runoff from the entire permit site at a cost of \$90,000 (30 ponds @ \$3000/pond). Once collected, the runoff would then have to be transported to a centralized location where it would then be pumped to the location of the underground void. It would cost \$2,010,000 (30,000 feet of 24" HDPE pipe at \$67/foot) and \$2,180,000 (10 lift stations @ \$218,000 each) to transport the discharge from the retention ponds to the collection reservoir. It would cost approximately \$100,000 to construct the collection reservoir.

The cost of laying a pipeline from the mine site to the underground void injection point would be $(5,208 \text{ ft})(\$67/\text{ft.}) = \$353,760$ per mile. It is expected that the daily discharge from the permit area would be approximately 5,949,387 gallons. To pump the water to the underground void injection point would cost \$47,773,582 per year.

Besides the cost, discharge into this type of facility would have the potential of possible build up of excessive head pressures that could result in "blow-outs" endangering the health and welfare of the down gradient general public in addition to possible negative environmental impacts.

The amount of runoff expected from this operation is 2,171,526,459 gallons per year. To capture this runoff and dispose of it into the subsurface would require constructing ponds to capture the runoff and drilling wells. If you have to build ponds to capture the water, there is no point in then pumping the water into wells. The subsurface in this area is shale, sandstone, clay and coal, all of which have a high cohesion and small pore space. The available pore space to accommodate the runoff from this site is insufficient to inject the runoff into wells.

ALTERNATIVES TO LOWERING WATER QUALITY

The applicant could accept more stringent limitations on the effluent. The cost of additional monitoring and engineering to comply with the standards would be cost prohibitive. The ponds would have to be much larger, and baffles would have to be installed in order to inject chemicals into the pond for treatment. To make the ponds larger, conduct additional monitoring and conduct chemical treatment to the 30 ponds needed would add at least \$20,000 per pond to the cost of the operation.

The applicant could also choose not to mine the area so that lowering water quality could be avoided. In order to keep the company operating, coal reserves must be found and permitted. The applicant could choose to quit mining, but the employees would have to be laid off and the mining equipment sold. The applicant has chosen to continue mining and thus must try to find coal reserves that can be economically mined. The research that the applicant has undertaken to find the area now proposed to be mined is considerable. Land owners had to be contacted, and exploration also had to be completed. If the applicant were to choose not to mine the area, the 80 employees that would work this mine would have to be laid off. This layoff would result in \$6,000,000 in lost wages and benefits. The layoffs would also be harmful to the families of the employees of the applicant. The employees would have to find new jobs or receive unemployment. The not-mining option would diminish the tax base and hurt local businesses in Perry and Leslie Counties, and the social impact on these counties would be harmful.

By not completing this mining operation, the economy of the area would be adversely affected.

III. Socioeconomic Demonstration

1. State the positive and beneficial effects of this facility on the existing environment or a public health problem.
See Attachment 1.

2. Describe this facility's effect on the employment of the area
See Attachment 2.

3. Describe how this facility will increase or avoid the decrease of area employment.
See Attachment 3.

4. Describe the industrial or commercial benefits to the community, including the creation of jobs, the raising of additional revenues, the creation of new or additional tax bases.
See Attachment 4.

5. Describe any other economic or social benefits to the community.
See Attachment 5.

**POSITIVE AND BENEFICIAL EFFECTS ON THE ENVIRONMENT OR PUBLIC
HEALTH PROBLEM**

The permit area contains approximately 100 acres of area disturbed by previous mining operations and approximately 1500 acres have been disturbed by logging operations. These areas have not been reclaimed, and have very little if any vegetation growth. The runoff from these areas is washing 16,000 tons of sediment into the receiving streams each year. The proposed mining will reclaim the more than 10 miles of logging roads and skid trails by establishing vegetation. The ponds proposed will catch the runoff from these areas, allowing silt to settle. The mining should result in a positive impact to the receiving water by reclaiming the logging roads and skid trails created by the logging operations.

Implementation of procedures outlined in the DMRE permit application, such as but not limited to, surface and ground water monitoring, soil testing, revegetation of the areas utilizing appropriate species, backfilling and grading and etc. will all be beneficial to the environment. Should any water quality or quantity problems exist, the monitoring will show identification and correction of such conditions. The re-establishment of appropriate species of vegetation will enhance the post-mining land use of the areas. Backfilling and grading will be conducive to preventing soil erosion by wind and water, and will reduce future contribution of sediments to the receiving stream(s).

EFFECTS ON EMPLOYMENT IN THE AREA

This project will directly employ about 80 people. The annual payroll will be about \$6 million, including benefits. The average salary including benefits will be about \$75,000 compared to an average salary of \$30,000 for other workers in Perry and Leslie Counties. The applicant contracts trucking of the coal and engineering. The fuel and parts for the equipment are provided by contractors, all of which are indirectly affected by the mining operation. The mining will also generate royalty payments to the land and mineral owners, which average \$8 per ton. Approximately 6.5 million tons of coal will be mined on this permit, which will result in \$52 million dollars paid out in royalties over the next five years. The applicant will pay approximately \$5 million in coal severance taxes to the Kentucky Revenue Cabinet each year for the next five years, part of which is returned to the county where the mining took place. If the coal is not mined, Perry and Leslie Counties will not receive this money, and the land and mineral owners will not receive royalty payments. All of these are indirect impacts to the economy from the proposed mining operation.

The implementation of the proposed coal mining operation will have a significant positive effect on the employment status in Perry and Leslie Counties. In the general region of the proposed operation, employment is almost entirely dependent, either directly or indirectly, upon the coal mining industry. The unemployment rate in affected counties is 6.9%, and 29.6% of the population lives in poverty. This proposed coal mining operation will create an estimated 80 jobs directly involved with the mining, processing and transportation of the coal and will affect 240 jobs indirectly. In addition, further increases in employment can be expected in the mining supplies and support, consulting engineering services, food and clothing retail, health care, automobile retail/repair, environmental testing, recreational, and other indirectly related sectors that are dependent upon per capita income in the area. The money generated from these jobs will be spent in the area, which will benefit the local economy. The average weekly wage in the mining industry for Southeastern Kentucky is approximately \$1,220, while the average weekly wage for all industries is approximately \$600. The jobs created by this mining operation will have a positive effect on the area.

**KPDES HQAA
Socioeconomic Demonstration
Attachment 3**

INCREASE OR AVOIDANCE OF DECREASE OF AREA EMPLOYMENT

The jobs directly resulting from this operation will not be new. People from other jobs that are ending will move to this project instead of being laid off. The jobs are permanent so long as the applicant can find coal reserves in the area. Indirect effects of this project within the company will be continued employment of 80 operational people at preparation facilities where they process the product as well as administrative people supporting the operations. Indirect effects of this project outside the company will be continued employment of support people providing services to the operation. The applicant estimates that for each employee of the mine, three other jobs in the county are affected, which means 240 jobs will be affected. With an unemployment rate in Perry County and Leslie County of 6.9%, and 29.6% of the population living in poverty, it is important to the area to provide as many jobs as possible. These 80 jobs will also generate approximately \$360,000 in income tax revenue for the State of Kentucky each year. This tax revenue is used to provide services to the residents of the state, and the loss of these jobs will greatly affect the tax revenue. The employee of the mine buys food, gasoline, clothing, household supplies, utilities, and entertainment from other employers throughout the county and surrounding area. The purchases will generate revenue for the State through the 6% sales tax.

The loss of this mining operation will also cost \$52 million dollars paid out in royalties over the next five years, as well as \$5 million in coal severance taxes each year for the next 5 years.

BENEFITS TO THE COMMUNITY

Implementation of the proposed coal mining operation will result in both immediate and long-term benefits to the community and to Perry and Leslie Counties in general.

Immediate benefits will consist of the creation of employment opportunities for community residents, and increase in income in the area as a result of new jobs, an increase in revenue that can be available for expending to community businesses, and an overall positive boost to the economy of the community as a whole.

This project will directly employ about 80 people. The annual payroll will be about \$6 million, including benefits. The average salary, including benefits, will be about \$75,000. The average wage for this area is currently \$30,000 per year. The unemployment rate for the affected counties is currently 6.9%, and 29.6% of the population lives in poverty; therefore, these jobs are very important to the area. The applicant contracts trucking of the coal and engineering services. Fuel and parts for the equipment are also provided by contractors, all of which are affected indirectly by the mining operation. This will inject additional money into the local economy to support other business establishments. Required supplies to operate the project will inject additional money into the local economy and support other local businesses and jobs. This operation will indirectly affect another 240 jobs in the area.

Approximately 6.5 million tons of coal will be mined on this permit, which will result in approximately \$5 million in severance taxes paid to the Kentucky Revenue Cabinet each year for the next five years. Part of the severance tax is returned to Perry and Leslie Counties. The county then uses the money to extend water and sewer lines, build and improve roads, and provide other infrastructure projects, education and other socioeconomic benefits to the community, which in turn improve the lives of the citizens.

OTHER ECONOMIC/SOCIAL BENEFITS TO THE COMMUNITY

The creation of jobs and addendum revenue associated with those jobs result in an overall higher standard of living for the employees of the coal mining operation and further extends to individuals of indirectly dependent or associated businesses related to the mining operation itself. The average wage of the 80 employees directly affected by this mining operation will be \$75,000, while the average yearly wage for Perry County and Leslie County is \$30,000. With 29.6% of the county's population living in poverty, this is a significant amount of money that results in a higher standard of living. The general overall community benefits the results of a "snowball" effect that begins with the operation itself and grows in extent with each individual and/or business that it is associated with. The generation of revenues, such as coal severance taxes and other tax base increases provide the potential to upgrade transportation and educational facilities, to provide additional and/or improved health care facilities/services, and in general to contribute to the well being of the community and surrounding areas as a whole. Approximately 6.5 million tons of coal will be mined on this permit, which will result in \$5 million in coal severance taxes to the Kentucky Revenue Cabinet each year for the next five years. The severance tax money will be used to improve roads, extend water and sewer lines and provide other public works that will improve the lives of the citizens of Perry and Leslie Counties.

Conducting this mining operation will not only provide mining jobs, but will also provide jobs that help support the mining industry, such as equipment sales and repair, engineering services, fuel providers, transportation providers and mining supply companies. This mining operation will indirectly affect 240 jobs in the area. The creation of more jobs will boost the economy and support community development, which will help to create more employment opportunities in this area. With the current 6.9% unemployment rate in Perry and Leslie Counties, and 29.6% of the population living in poverty, every job created makes a difference.

The mining operation will increase property values, and the increased payments of property taxes will benefit schools by increasing funding by which they can purchase better equipment, improve their facilities and provide increased salaries for teachers. Additional tax revenue will also help local governments provide better services for local area citizens.

III. Socioeconomic Demonstration - continued

- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|-------------------------------------|
| 6. Will this project be likely to change medium household income in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Will this project likely change the market value of taxable property in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Will this project increase or decrease revenues in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Will any public buildings be affected by this system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

10. How many households will be impacted by this project? **See Attachment 10.**

11. How will those households be impacted?

See Attachment 11.

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|-------------------------------------|
| 12. Does this project replace any other methods of sewage treatment to existing facilities?
(if so describe how) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|--------------------------|
| 13. Does this project treat any existing sources of pollution more effectively?
(If so describe how.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

See Attachment 13.

**KPDES HQAA
Socioeconomic Demonstration
Attachment 10**

NUMBER OF IMPACTED HOUSEHOLDS

The proposed mining operation will impact 80 households directly and approximately 240 households indirectly.

HOW WILL THE HOUSEHOLDS BE IMPACTED

The proposed mining operation will impact 80 households directly. The households will be impacted by the creation of jobs and addendum revenue associated with those jobs that result in an overall higher standard of living for the employees of the coal mining operation. The average wage of the 80 employees directly affected by this mining operation will be \$75,000, while the average yearly wage for Perry and Leslie Counties is \$30,000. With 29.6% of the county's population living in poverty, this is a significant amount of money that will result in a higher standard of living. Approximately 240 households will be indirectly affected by this mining operation. This includes individuals of indirectly dependent or associated businesses related to the mining operation itself, such as equipment sales and repair, engineering services, fuel providers, transportation providers and mining supply companies. With the current 6.9% unemployment rate in the area, every job created makes a difference. In addition, the households will be impacted by the generation of revenues, such as coal severance taxes and other tax base increases that provide the potential to upgrade transportation and educational facilities, to provide additional and/or improved health care facilities/services, and in general to contribute to the well being of the community and surrounding areas as a whole. Approximately 6.5 million tons of coal will be mined on this permit, which will result in \$5 million in coal severance taxes to the Kentucky Revenue Cabinet each year for the next five years. The severance tax money will be used to improve roads, extend water and sewer lines, and provide other public works that will improve the lives of the citizens of Perry and Leslie Counties.

TREATING EXISTING SOURCES OF POLLUTION

The permit area contains approximately 100 acres of area disturbed by previous mining operations and approximately 1500 acres have been disturbed by logging operations. These areas have not been reclaimed, and have very little if any vegetation growth. At the present time, runoff from these areas does not pass through proper sedimentation ponds before leaving the site and entering streams. The runoff from these areas is washing 16,000 tons of sediment into the receiving streams each year. The proposed mining will reclaim the more than 10 miles of logging roads and skid trails by establishing vegetation. This proposed mining operation will be required to construct properly designed sedimentation ponds to insure that any runoff will pass through a sediment pond prior to leaving the site and entering a stream. Also, the disturbed areas will be reclaimed after mining operations have ceased, and all disturbed areas will be revegetated to prevent wind and water erosion, which will reduce future contributions of sediments to the receiving streams. These procedures will treat the runoff from the proposed mine site more effectively than under present conditions.

4. Does this project eliminate any other sources of discharge or pollutants?
(If so describe how.)

Yes

No

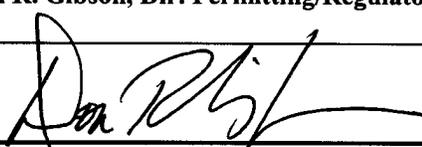
15. How will the increase in production levels positively affect the socioeconomic condition of the area?

See Attachment 15.

16. How will the increase in operational efficiency positively affect the socioeconomic condition of the area?

See Attachment 16.

IV Certification: I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Name and Title:	Don R. Gibson, Dir. Permitting/Regulatory Affairs	Telephone No.:	606-439-0946
Signature:		Date:	12/23/08

ELIMINATION OF OTHER SOURCES OF DISCHARGE

The permit area contains approximately 100 acres of area disturbed by previous mining operations and approximately 1500 acres have been disturbed by logging operations. These areas have not been reclaimed, and have very little if any vegetation growth. At the present time, runoff from these areas does not pass through proper sedimentation ponds before leaving the site and entering streams. The runoff from these areas is washing 16,000 tons of sediment into the receiving streams each year. The proposed mining will reclaim the more than 10 miles of logging roads and skid trails by establishing vegetation. This proposed mining operation will be required to construct properly designed sedimentation ponds to insure that any runoff will pass through a sediment pond prior to leaving the site and entering a stream. Also, the disturbed areas will be reclaimed after mining operations have ceased, and all disturbed areas will be revegetated to prevent wind and water erosion, which will reduce future contributions of sediments to the receiving streams. These procedures will treat the runoff from the proposed mine site more effectively than under present conditions.

POSITIVE EFFECTS OF INCREASED PRODUCTION LEVELS

Implementation of the proposed coal mining operation will result in both immediate and long-term benefits to the community.

Approximately 6.5 million tons of coal will be mined on this permit over the next five years. This will result in approximately \$5 million in coal severance taxes to the Kentucky Revenue Cabinet each year. An increase in productivity will increase the amount of coal mined each year; thus increasing the amount of coal severance tax money paid to the Kentucky Revenue Cabinet each year. This increase in the coal severance tax collected will also generate more revenue for local governments, which will allow them to provide better services for the general population. This will include law enforcement, fire protection, ambulance services, libraries and etc.

This operation will employ 80 people at an average wage of \$75,000 per year. The average yearly wage for Perry and Leslie Counties is currently approximately \$30,000. An increase in production will mean the mining company will have to hire more people at wages well above the County's average. These jobs will generate approximately \$360,000 in income tax revenue for the State of Kentucky each year.

The mining operation will also indirectly affect 240 additional jobs in the area. This will included jobs with companies that support the mining operation such as mine supply companies, fuel companies, engineering companies, transportation companies as well as local businesses. The mine employees will buy food, gasoline, clothing, household supplies, utilities and entertainment from local companies throughout the county. The purchases will generate revenue for the State of Kentucky through the 6% sales tax. All of this will result in both immediate and long-term benefits to the community.

POSITIVE EFFECTS OF INCREASED OPERATIONAL EFFICIENCY

Implementation of the proposed coal mining operation will result in both immediate and long-term benefits to the community.

This mining operation will provide employment for 80 workers during the life of the project. The average annual wage of these workers will be \$75,000 compared to the average annual wage of \$30,000 for Perry and Leslie Counties. Increased operation efficiency will mean an increase in production, which will require the company to hire more employees to meet demand. The jobs will generate approximately \$360,000 in income tax revenue for the State of Kentucky each year.

The mining operation will also indirectly affect 240 additional jobs in the area. This will include jobs with companies that support the mining operation such as mine supply companies, fuel companies, engineering companies, transportation companies as well as local businesses. The mine employees will buy food, gasoline, clothing, household supplies, utilities and entertainment from local companies throughout the county. The purchases will generate revenue for the State of Kentucky through the 6% sales tax. All of this will result in both immediate and long-term benefits to the community.

Approximately 6.5 million tons of coal will be mined on this permit over the next five years. This will result in approximately \$5 million in coal severance taxes to the Kentucky Revenue Cabinet each year. An increase in productivity will increase the amount of coal mined each year; thus increasing the amount of coal severance tax money paid to the Kentucky Revenue Cabinet each year. This increase in the coal severance tax collected will also generate more revenue for local governments, which will allow them to provide better services for the general population. This will include law enforcement, fire protection, ambulance services, libraries and etc.

The mining operation will have a positive effect on the local economy more so than other industries.

SPECIAL POWER OF ATTORNEY

ICG HAZARD, LLC
TO
DON GIBSON

DATED: SEPTEMBER 24, 2004

KNOW ALL MEN BY THESE PRESENTS: That ICG Hazard, LLC ("Company"), a limited liability company organized and existing under the laws of the State of Delaware, acting by and through the undersigned, its duly authorized President, does hereby appoint Don Gibson ("Individual") its true and lawful Attorney-in-Fact with power and authority, for and on behalf and in the name of the Company, during the period herein specified, and subject to the restrictions and limitations set forth in this Power, to execute, acknowledge and deliver in the ordinary and regular course of the Company's business, applications for mining, environmental, safety, and health permits, permit transfers, or permit bond releases or bond adjustments, amendments, supplements or modifications to such permits, certificates or other instruments directly related to such amendments, supplements or modifications, monthly production reports, air quality, water quality or other environmental reports, quarterly discharge monitoring reports and any other like or similar reports required to be filed with any local, state or federal governmental agency.

The attorney herein appointed shall be authorized to act pursuant to this Power from the date hereof only so long as he shall remain an employee of International Coal Group, Inc., the parent of the Company, or one of its subsidiaries, or until such earlier time as this instrument has been revoked, annulled, or rescinded by instrument of revocation filed with the Secretary of the Company, whichever first occurs.

IN WITNESS WHEREOF, the Company has caused this Power of Attorney to be executed as of the day and year first above written.

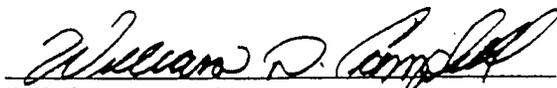
ICG HAZARD, LLC

By:



C. K. Lane, President

ATTEST:


Bill Campbell, Secretary

I hereby certify that this is a true
and exact copy of the original

Date 12/23/08

Notary Jessie Hicks

My commission expires 02/19/2012