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Signal Peak Energy, LLC.

100 Portal Drive - Roundup MT 59072
Tel. 406-323-4500

August 1, 2011

Montana Department of Environmental Quality
Mr. Chris Yde, Coal/Uranium Section Supervisor
Industrial and Energy Minerals Bureau
PO Box 200901
Helena, MT 59620-0901

*△ This letter & attachments
are on the disk.
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Permit ID: C1993-017
Revision Type: Permit Amendment
Permitting Action: Submittal
Reference No.: Amendment No. 2

RE: Permit Amendment No. 2 for increase in Mine Permit Area.

Dear Mr. Yde:

Enclosed is Permit Amendment No. 2 for an increase in Signal Peak Energy's mine permit area.

Attached is a master list of the changes that have been made to Version 1 of SPE's E-permit (ref. Table CL-1). For ease of review, the entire permit has not been re-submitted herewith. Instead, where changes have occurred in each Volume or Addendum (ref. Table CL-2) of the permit, SPE has submitted a new cover page for the volume/addendum, and has highlighted in **green** the sections of the volume/addendum that have been revised herewith. In addition, SPE has attached a new table of contents for each volume/addendum, and has highlighted in **green** any changes that have been made to specific text/tables/exhibits or maps in the respective sections of each volume/addendum.

In volumes/addendums where SPE is submitting new text with this Amendment, SPE has used "compare text" to create new text documents, to facilitate the Department's review of changes made to the respective text documents.

For ease of review, attached to this cover letter is a summary list (ref. Table CL-3) of the maps that have been revised in connection with this Amendment. Each of the pdf maps is found in the respective volumes/addendums hereby submitted in this Amendment. Also included with this submittal is an AutoCAD file titled *Amend 2 CAD.dwg* (ref. Amendment No. 2 Master PDF File). This .dwg file includes layers that are relevant to Amendment 2 changes. Additionally, since the Department does not have many of SPE's baseline layers in AutoCAD format, other CAD layers have also been included. SPE anticipates that Amendment 2 will serve as the Department's foundation build of SPE AutoCAD layers and future submittals will replace layers as needed.

The following items have been included herewith:

- Application Form for Strip or Underground Mining Permit (incl. 4 attached tables).
- Amendment No. 2 Master PDF File.

FC:620.903 (Application 00187)

- AutoCAD files for permit maps updated by Amendment No. 2.
- Table CL-1: Permit Directory of Volumes/Addendums that have been updated for Amendment No. 2 (highlighted in green).
- Table CL-2: List of Permit changes for Amendment No. 2.
- Table CL-3: List of Permit Maps Updated for Amendment No. 2.

While SPE commenced communications with government agencies soon after our meeting with the Department on June 23, 2011, SPE has yet to receive a response from Allison Begley of Montana Fish Wildlife and Parks regarding wildlife in the Bull Mountains; and a response from Elizabeth Woodson with the USDA, Natural Resources Conservation Service regarding prime farmlands. SPE will forward their response letters as soon as they are received in SE's office.

SPE has included all of the Permit changes as a result of Minor Revisions submitted and approved prior to the submittal of Amendment No. 2, in the attached Amendment No. 2 Master PDF File. SPE will add the items submitted in the Application for Amendment No. 2 of its Mine Permit Application, when Amendment No. 2 is approved. In addition, SPE will include all of the Minor Revisions submitted and approved by the Department after Amendment No. 2 was submitted for Department review.

Upon Department concurrence of all mapping, a Certification/Notary form will be submitted with the final PDF of Amendment No. 2.

Since SPE is submitting an update of its Reclamation Bond Calculations as a minor revision, when the new reclamation bond calculations are approved, a new Appendix 313-1 (Reclamation Bond Calculations) will also be included in the new Mine Permit Application (which will include the changes to the Permit as a result of Amendment No. 2).

Please feel free to call me if you have questions or wish to further discuss this submittal.

Sincerely,
Dennis L. Garnett
Environmental Department
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Bull Mountains Mine No. 1
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