LaJuana S. Wilcher
Secretary

AIR QUALITY PERMIT

Issued under 401 KAR 52:040
STATE ORIGIN

Ernie Fletcher
Governor

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382

Permittee Name: Schoate Mining Co, LLC
Mailing Address: 5967 Airline Road, Henderson, Kentucky 42420

is authorized to construct and operate a portable coal washing plant

Source Name: Schoate Mining Co, LLC
Mailing Address: Same as above
Source Location: Anywhere in the Commonwealth of Kentucky
(Initial Location: Muhlenberg County – 1850 Everly Bro. Blvd., Central City)

KYEIS ID #:	21-177-09127	**SIC Code:**	1211
Log Number:	56617	**County:**	Muhlenberg
AI Number:	51118		
Permit Number:	S-04-060	**Permit Type:**	Minor Source, Construction / Operating
Regional Office:	Frankfort Field Operations Br 803 Schenkel Lane Frankfort, KY 40601 (502) 573-3382	**Completion Date:** **Issuance Date:** **Expiration Date:**	August 26, 2004 September 9, 2004 September 9, 2014

for John S. Lyons, Director
Division for Air Quality

DEP7001 (6-97)
Revised: 07/10/03

State-Origin Construction/Operating (Portable)

Schoate Mining Co LLC - Portable Washing Plant

Subject Item Inventory

Activity ID No.: APE20040001

Subject Item Inventory:

ID	Designation	Description
AIOO51118	Source 1	General Conditions
AREA1	1	Stockpile (Raw Coal)
AREA2	11	Stockpile (Clean Coal)
AREA3	(-)	Stockpile (Refuse Coal)
EQPT1	3	Truck Loadout (End Loader) (Raw Coal Stockpile)
EQPT2	6	Wash Plant (Wet Process) (Maximum Rated Capacity - 400 tons/hour)
EQPT3	8	Screen (Wet Vibrator) (Wet Process) (Maximum Rated Capacity - 400 tons/hour)
EQPT4	9	Conveyor and Transfer Points (From Screen to Clean Coal Stockpile)
EQPT5	13	Truck Loadout (End Loader) (Clean Coal Stockpile)
EQPT6	7	Conveyor and Transfer Points (From Wash Plant to Refuse Coal Stockpile)
EQPT7	15	Truck Loadout (End Loader) (Refuse Coal Stockpile)

Subject Item Groups:

ID	Description	Components
GACT1	NSPS Points (Wash Plant, Screen, Conveyors, Loadouts)	EQPT2 Wash Plant (Wet Process) (Maximum Rated Capacity - 400 tons/hour)
		EQPT3 Screen (Wet Vibrator) (Wet Process) (Maximum Rated Capacity - 400 tons/hour)
		EQPT1 Truck Loadout (End Loader) (Raw Coal Stockpile)
		EQPT5 Truck Loadout (End Loader) (Clean Coal Stockpile)
		EQPT6 Conveyor and Transfer Points (From Wash Plant to Refuse Coal Stockpile)
		EQPT7 Truck Loadout (End Loader) (Refuse Coal Stockpile)
		EQPT4 Conveyor and Transfer Points (From Screen to Clean Coal Stockpile)

State-Origin Construction/Operating (Portable)

Schoate Mining Co LLC - Portable Washing Plant

Subject Item Inventory

Activity ID No.: APE20040001

ID	Description	Components
GACT2	Fugitive Points (Stockpiles)	AREA3 Stockpile (Refuse Coal)
		AREA2 Stockpile (Clean Coal)
		AREA1 Stockpile (Raw Coal)

KEY

ACTV = Activity

AREA = Area

EQPT = Equipment

PERS = Personnel

STOR = Storage

TRMT = Treatment

AIOO = Agency Interest

COMB = Combustion

MNPT = Monitoring Point

PORT = Transport

STRC = Structure

AIOO51118 (Source 1) General Conditions:

Submittal/Action Requirements:

Condition No.	Condition
S-1	SEMIANNUAL REPORTS: The permittee shall submit report(s): Due semiannually, by the 30th of January and July to the Regional Office listed on the front of this permit at least every six (6) months during the life of this permit. This report shall be a summary of any monitoring required by this permit, other than continuous emission or opacity monitors. For emission units that had not yet begun construction, were still under construction, or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation. All reports shall be certified by a responsible official. All deviations from permit requirements shall be clearly identified in the reports. [401 KAR 52:040 Section 21]

Submittal/Action Requirements:

Condition No.	Condition
S-2	COMPLIANCE CERTIFICATION: The permittee shall certify compliance with the terms and conditions contained in this permit and shall submit compliance certification: Due annually, by the 30th of January to the Regional Office listed on the front of this permit. Compliance Certification Form (DEP 7007CC) (or an approved alternative) shall be used in accordance with the following requirements: a. Identification of the term or condition; b. Compliance status of each term or condition of the permit; c. Whether compliance was continuous or intermittent; d. The method used for determining the compliance status for the source, currently and over the reporting period, and e. For emission units that had not yet begun construction, were still under construction, or which had not commenced operation at the end of the 12-month period covered by the annual compliance certification, the permittee shall indicate that the unit is not in operation and that compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit. f. The certification shall be postmarked by January 30th of each year. Annual compliance certifications should be mailed to the Regional Office listed on the front of this permit and the following address: Division for Air Quality Central Files 803 Schenkel Lane Frankfort, KY 40601. [401 KAR 52:040 Section 19]
S-3	NOTIFICATION: The following information shall be reported: a. Date when construction commenced, (See Requirement H1.). b. Start-up date of each of the affected facilities listed on this permit. c. Date when maximum production rate was achieved, (See Requirement H2.). The permittee shall submit information: Due within 30 days after construction commencement or within 15 days following start-up and attainment of maximum production rate, or within 15 days following the issuance date of this permit, whichever is later, to the Regional Office listed on the front of this permit, with a copy to the Division's Frankfort Central Office. [401 KAR 59:005 Section 3(1)]

Submittal/Action Requirements:

Condition No.	Condition
S-4	PERFORMANCE TESTS: This permit shall allow time for the initial start-up, operation and (performance testing and/or compliance demonstration) of the affected facilities listed herein. However, within 60 days after achieving the maximum production rate at which the affected facilities will be operated, but not later than 180 days after initial start-up of such facilities, the owner or operator shall demonstrate compliance to a duly authorized representative of the Division. [401 KAR 59:005 Section 2(1)]. The permittee shall complete and submit Compliance Test Protocol (Form DEP 6027): Due at least 30 days prior to performance/emissions test to the Regional Office listed on the front of this permit [Policy Manual of the Division of Air Quality, Section VII 2.(1)][401 KAR 50:016 Section 1(1)]. The protocol form shall be utilized by the Division to determine if a pretest meeting is required. The Division shall be notified of the actual test date at least 10 working days prior to the test(s). [401 KAR 50:045 Section 5]
S-5	PERFORMANCE TEST NOTICE AND REPORT: Pursuant to Section VII 2.(1) of the policy manual of the Division for Air Quality as referenced by 401 KAR 50:016, Section 1.(1), at least one month prior to the date of any required performance test(s), the permittee shall complete and return a Compliance Test Protocol (Form DEP 6027) to the Division's Frankfort Central Office. Pursuant to 401 KAR 50:045, Section 5, the Division shall be notified of the actual test date at least ten (10) days prior to the test. For any performance test(s) required by this permit, the permittee shall submit performance/emission test results: Due within 45 days of the completion of the fieldwork to the Division [Policy Manual of the Division for Air Quality, Section VII.3]. [401 KAR 50:016 Section 1(1)]
S-6	PERMIT EXPIRATION AND REAPPLICATION REQUIREMENTS: This permit shall remain in effect for a fixed term of ten (10) years following the original date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division. The permittee shall submit permit application for renewal: Due 180 calendar days before permit expiration date to the Division. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division. [401 KAR 52:040 Section 15]

Narrative Requirements:

Condition No.	Condition
T-1	SECTION A. PERMIT AUTHORIZATION. [401 KAR 52:040]
T-2	A1. Pursuant to a duly submitted application, the Kentucky Division for Air Quality hereby authorizes the construction and/or operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto. The permittee shall not construct, reconstruct, or modify an affected facility without first having submitted a complete application and received a permit for the planned activity from the Division, except as provided in this permit or in 401 KAR 52:040, State-origin permits. Issuance of this permit does not relieve the permittee from the responsibility of obtaining other permits, licenses, or approvals that may be required by the Cabinet or other federal, state, or local agencies. [401 KAR 52:040]
T-3	A2. At least 15 days prior to moving the portable operation to any other site in the Commonwealth of Kentucky (excluding Jefferson County), the permittee shall provide written notification and submit a completed DEP7007AI form to reflect the change in location to Division for Air Quality's Frankfort Field Operations Branch, 803 Schenkel Lane, Frankfort, Kentucky 40601. In addition, if the date of the intended operation is canceled or rescheduled, the permittee shall notify the Division at least 5 days prior to the new date of the intended operation. [401 KAR 52:040]
T-4	SECTION B. ADMINISTRATIVE REQUIREMENTS. [401 KAR 52:040]
T-5	B1. The permittee shall comply with all conditions of this permit. Noncompliance shall be a violation of 401 KAR 52:040, Section 3(1)(b) and is grounds for enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit. [401 KAR 52:040 Section 3(1)(b)]
T-6	B2. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1a (11)]. [401 KAR 52:040 Section 23]
T-7	B3. This permit may be revised, revoked, reopened, reissued, or terminated for cause. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance shall not stay any permit condition. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1a (4) and (5)]. [401 KAR 52:040 Section 23]
T-8	B4. This permit does not convey property rights or exclusive privileges. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1a, 8]. [401 KAR 52:040 Section 23]
T-9	B5. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance. [401 KAR 52:040 Section 11(3)]

Narrative Requirements:

Condition No.	Condition
T-10	B6. This permit shall be subject to suspension at any time the permittee fails to pay all fees within 90 days after notification as specified in 401 KAR 50:038 Section 3(6)(b), Air emissions fee. The permittee shall submit an annual emissions certification. [401 KAR 52:040 Section 20]
T-11	SECTION C. RECORD KEEPING REQUIREMENTS. [401 KAR 52:040]
T-12	C1. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained by the permittee for a period of at least five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Sections 1b (IV)(2) and 1a (7)]. [401 KAR 52:040 Section 23]
T-13	C2. The permittee shall perform compliance certification and recordkeeping sufficient to assure compliance with the terms and conditions of the permit. Documents, including reports, shall be certified by a responsible official. [401 KAR 52:040 Section 21]
T-14	SECTION D. REPORTING REQUIREMENTS. [401 KAR 52:040]
T-15	D1. a. The permittee shall notify the Regional Office listed on the front of this permit concerning startups, shutdowns, or malfunctions as follows i. When emissions during any planned shutdowns and ensuing startups will exceed the standards, notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown. ii. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards notification shall be made as promptly as possible by telephone (or other electronic media) and shall submit written notice upon request. b. The permittee shall promptly report deviations from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Reporting Requirement condition D1.a above), the probable cause of the deviation, and corrective or preventive measures taken; to the Regional Office listed on the front of this permit within 30 days. Other deviations from permit requirements shall be included in the semiannual report. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1b, V(3)]. [401 KAR 50:055 Section 1]
T-16	D2. The permittee shall furnish information requested by the Cabinet to determine if cause exists for modifying, revoking and reissuing, or terminating the permit; or compliance with the permit. [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1a, 6]. [401 KAR 52:040 Section 23]
T-17	SECTION E. INSPECTIONS. [401 KAR 52:040]

Narrative Requirements:

Condition No.	Condition
T-18	E1. The permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable times: a. Enter upon the premises to inspect any facility, equipment (including air pollution control equipment), practice, or operation; b. To access and copy any records required by the permit: c. Inspect any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit. d. Sample or monitor substances or parameters to assure compliance with the permit or any applicable requirements. Reasonable times are defined as during all hours of operation, during normal office hours; or during an emergency. [401 KAR 52:040 Section 3(1)(f)]
T-19	SECTION F. EMERGENCIES/ENFORCEMENT PROVISIONS. [401 KAR 52:040]
T-20	F1. The permittee shall not use as defense in an enforcement action, the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Cabinet Provisions and Procedures for Issuing State Origin Permits, Section 1a, 3]. [401 KAR 52:040 Section 23]
T-21	F2. An emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or relevant evidence that: a. An emergency occurred and the permittee can identify the cause of the emergency; b. The permitted facility was at the time being properly operated; c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and d. The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency and included a description of the emergency, steps taken to mitigate emissions, and corrective actions taken. These provisions are in addition to any emergency or upset provision contained in an applicable requirement. [401 KAR 52:040 Section 22(1)]
T-22	F3. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof. [401 KAR 52:040 Section 22(2)]
T-23	SECTION G. COMPLIANCE. [401 KAR 52:040]

Narrative Requirements:

Condition No.	Condition
T-24	G1. Periodic testing or instrumental or non-instrumental monitoring, which may consist of record keeping, shall be performed to the extent necessary to yield reliable data for purposes of demonstration of continuing compliance with the conditions of this permit. For the purpose of demonstration of continuing compliance, the following guidelines shall be followed: a. Pursuant to 401 KAR 50:055, General compliance requirements, Section 2(5), all air pollution control equipment and all pollution control measures proposed by the application in response to which this permit is issued shall be in place, properly maintained, and in operation at any time an affected facility for which the equipment and measures are designed is operated, except as provided by 401 KAR 50:055, Section 1. b. All the air pollution control systems shall be maintained regularly in accordance with good engineering practices and the recommendations of the respective manufacturers. A log shall be kept of all routine and non routine maintenance performed on each control device. c. A log of the monthly raw material consumption and/or monthly production rates shall be kept available at the facility. Compliance with the emission limits may be demonstrated by computer program, spread sheets, calculations or performance tests as may be specified by the Division. [401 KAR 50:055 Section 2]
T-25	G2. Permit Shield - A permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of this permit shall be considered compliance with all: (a) Applicable requirements that are included and specifically identified in this permit; or (b) Non-applicable requirements expressly identified in this permit. [401 KAR 52:040 Section 11]
T-26	SECTION H. CONSTRUCTION REQUIREMENTS. [401 KAR 52:040]
T-27	H1. Unless construction is commenced on or before 18 months after the date of issue of this permit, or if construction is commenced and then stopped for any consecutive period of 18 months or more, or is not completed within a reasonable timeframe then the construction and operating authority granted by this permit for those affected facilities for which construction was not completed shall immediately become invalid. Upon a written request, the cabinet may extend these time periods if the source shows good cause. [401 KAR 52:040 Section 12(3)]
T-28	H2. Unless notification and justification to the contrary are received by this Division, the date of achieving the maximum production rate at which the affected facilities will be operated shall be deemed to be 30 days after initial start-up. [401 KAR 59:005 Section 3(1)(b)]
T-29	H3. Operation of the affected facilities authorized by this permit shall not commence until compliance with applicable standards specified herein has been demonstrated in accordance with the requirements of 401 KAR 52:040, Section 12(4)(a) and (b). Until compliance is demonstrated, the source may only operate for the purpose of demonstrating compliance. [401 KAR 52:040 Section 12(4)(b)]
T-30	H4. If a demonstration of compliance, through performance testing was made at a production rate less than the maximum specified in the application form, then the permittee is only authorized to operate at a rate that is not greater than 110 percent of the rate demonstrated during performance testing. If and when the facility is capable of operation at the rate specified in the application, compliance must be demonstrated at the new production rate if required by the Division [Policy Manual of the Division for Air Quality, Section VII 1.(2 and 3)]. [401 KAR 50:016 Section 1(1)]

GACT1 (Group 1) NSPS Points (Wash Plant, Screen, Conveyors, Loadouts):

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Visible Emissions	The wash plant, the screen, the two conveyor and transfer points, and the three truck loadouts shall each have Visible Emissions < 20 % opacity. [40 CFR 60.252(c)] This requirement is applicable during the following months: All Year. Statistical basis: Six-minute average.

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	Visible Emissions	The wash plant, the screen, the two conveyor and transfer ponts, and the three truck loadouts shall each have Visible Emissions monitored by 40 CFR 60, Appendix A, Method 9 once initially and annually. [40 CFR 60.254(b)(2)] This requirement is applicable during the following months: All Year. Statistical basis: Six-minute average.
M-2	Visible Emissions	All operations and control equipment contained in the described item or group shall be observed daily during daylight hours to determine whether conditions appear to be normal or abnormal. Normal or abnormal determinations for Visible Emissions monitored by visual inspection/determination daily shall be made. If the operations, controls and/or emissions appear to be abnormal, the permittee must then comply with the deviation reporting described in Section D of this permit. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-3	Compliance Demonstration	Initial Compliance Demonstration monitored by the referenced method(s) for each unit shall be demonstrated through performance demonstration or testing. See Performance Test and Performance Test Report in this permit for details. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.
M-4	Compliance Demonstration	In addition to other monitoring described for the wash plant, the screen, the two conveyor and transfer points, and the three truck loadouts; continued Compliance Demonstration monitored by acceptable method(s) as needed shall be demonstrated through periodic testing, record keeping, etc. as described in the Sections C and D of this permit. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.

Narrative Requirements:

Applicable Regulations:

Condition No.	Condition
T-1	Applicable Regulations: Standards of performance for new stationary sources is applicable due to incorporation by reference of 40 CFR 60 Subpart Y, Standards of Performance for Coal Preparation Plants. 40 CFR 60 Subpart Y applies to affected facilities in coal preparation plants which process more than 200 tons/day and commenced after October 24, 1974. [401 KAR 60:005 Section 3(ff)]

Compliance Demonstration:

Condition No.	Condition
T-2	Compliance Demonstration: Applicable to 40 CFR 60 Subpart Y Opacity Limitation. Initial demonstration of compliance shall be through performance testing conducted according to Reference Method 9 (except for wet processes exempted from Reference Method 9 in accordance with applicable procedures established by the Division). Subsequent demonstration of compliance shall annually and upon request of the Division utilize Reference Method 9 (except for wet processes exempted from Reference Method 9 in accordance with applicable procedures established by the Division). Otherwise, compliance is assumed when daily observations indicate that the process and controls are operating normally. [401 KAR Chapter 52]

Recordkeeping:

Condition No.	Condition
T-3	Recordkeeping: See Sections C1, C2, and G1 of this permit. [401 KAR 52:040 Section 10]

Reports and Submittals:

Condition No.	Condition
T-4	Reports and Submittals: See Semiannual Reports, Compliance Certification, Notification, and Sections D1 and D2 of this permit. [401 KAR 52:040 Section 10]

GACT2 (Group 2) Fugitive Points (Stockpiles):

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	Visible Emissions	All operations and control equipment contained in the described item or group shall be observed daily during daylight hours to determine whether conditions appear to be normal or abnormal. Normal or abnormal determinations for Visible Emissions monitored by visual inspection/determination daily shall be made. If the operations, controls and/or emissions appear to be abnormal, the permittee must then comply with the deviation reporting described in Section D of this permit. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-2	Compliance Demonstration	Initial Compliance Demonstration monitored by the referenced method(s) for each unit shall be demonstrated through performance demonstration or testing. See Performance Test and Performance Test Report in this permit for details. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.
M-3	Compliance Demonstration	In addition to other monitoring described for the three stockpiles, continued Compliance Demonstration monitored by acceptable method(s) as needed shall be demonstrated through periodic testing, record keeping, etc. as described in the Sections Cand D of this permit. [401 KAR 52:040 Section 10] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.

Narrative Requirements:

Applicable Regulations:

Condition No.	Condition
T-1	Applicable Regulations: Fugitive emissions is applicable to each affected facility which emits or may emit fugitive emissions and is not elsewhere subject to an opacity standard within the administrative regulations of the Division for Air Quality. [401 KAR 63:010 Section 1]

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-2	Additional Limitations: No person shall cause or permit the discharge of visible fugitive dust emissions beyond the lot line of the property on which the emissions originate. In addition, the materials processed at each unit listed above shall be controlled with wet suppression and/or enclosures so as to comply with the standards specified in Section 3 of 401 KAR 63:010, Fugitive emissions. [401 KAR 63:010 Section 3]

Compliance Demonstration:

Condition No.	Condition
T-3	Compliance Demonstration: Applicable to Fugitive Emission Limitation. Observations and records, if applicable, shall be utilized to demonstrate failure to comply. Otherwise, compliance is assumed when daily observations indicate that the processes and controls are operating normally. [401 KAR 52:040]

Recordkeeping:

Condition No.	Condition
T-4	Recordkeeping: See Sections C1, C2, and G1 of this permit. [401 KAR 52:040 Section 10]

Reports and Submittals:

Condition No.	Condition
T-5	Reports and Submittals: See Semiannual Reports, Compliance Certification, Notification, and Sections D1 and D2 of this permit. [401 KAR 52:040 Section 10]