

## **EXECUTIVE SUMMARY**

On July 28, 2000, RAG Wyoming Land Company, Inc. (RAG) filed an application with the Bureau of Land Management (BLM) for a maintenance lease by application (LBA) for federal coal reserves located adjacent to the Belle Ayr Mine. This application was made pursuant to provisions of the Leasing on Application Regulations at 43 Code of Federal Regulations (CFR) 3425.1. The tract applied for, which is referred to as the Belle Ayr 2000 Tract, was assigned case number WYW151133.

The Belle Ayr 2000 Tract is located adjacent to the existing Belle Ayr Mine, approximately 11 miles south of Gillette in Campbell County, Wyoming (Figure 1). The tract covers approximately 243.61 acres and contains about 29 million tons of recoverable coal. The target coal bed in the Belle Ayr 2000 Tract is referred to as the Wyodak or Wyodak-Anderson seam. The coal is sub-bituminous and averages 72 feet in thickness. The active coal mine pit at Belle Ayr Mine is currently adjacent to the Belle Ayr 2000 Tract. Mining activities at Belle Ayr Mine will bypass the Belle Ayr 2000 Tract within the next two years.

The Belle Ayr 2000 Tract is also adjacent to the existing Caballo Mine and could be mined as a maintenance lease for that mine.

RAG applied for a maintenance LBA that encompasses the coal resources included in the Belle Ayr 2000 lease application as well as additional coal resources northwest of the Belle Ayr 2000 lease application area on March 20, 1997. They filed a request to modify the 1997 Belle Ayr LBA by withdrawing the lands included in the Belle Ayr 2000 application on July 28, 2000. RAG then filed a separate lease application for the lands withdrawn from the original LBA and included in Belle Ayr 2000 Tract. They requested that BLM consider the Belle Ayr 2000 application immediately so that the potential that the coal would be bypassed could be reduced.

The Powder River Regional Coal Team (RCT) reviewed the request to modify the Belle Ayr 1997 LBA application and the application for the Belle Ayr 2000 LBA application at their public meeting on October 25, 2000 in Cheyenne, Wyoming, and recommended that BLM process it.

This Environmental Assessment (EA) analyzes the potential environmental impacts of issuing a federal coal lease for the Belle Ayr 2000 Tract as required by NEPA and associated rules and guidelines. BLM will use the analysis in this EA to decide whether or not to hold a public, competitive, sealed-bid coal lease sale for the coal included in this tract and issue a federal coal lease. If a sale is held, the bidding at the sale will be open to any qualified bidder. The applicant, RAG, may not be the successful bidder.

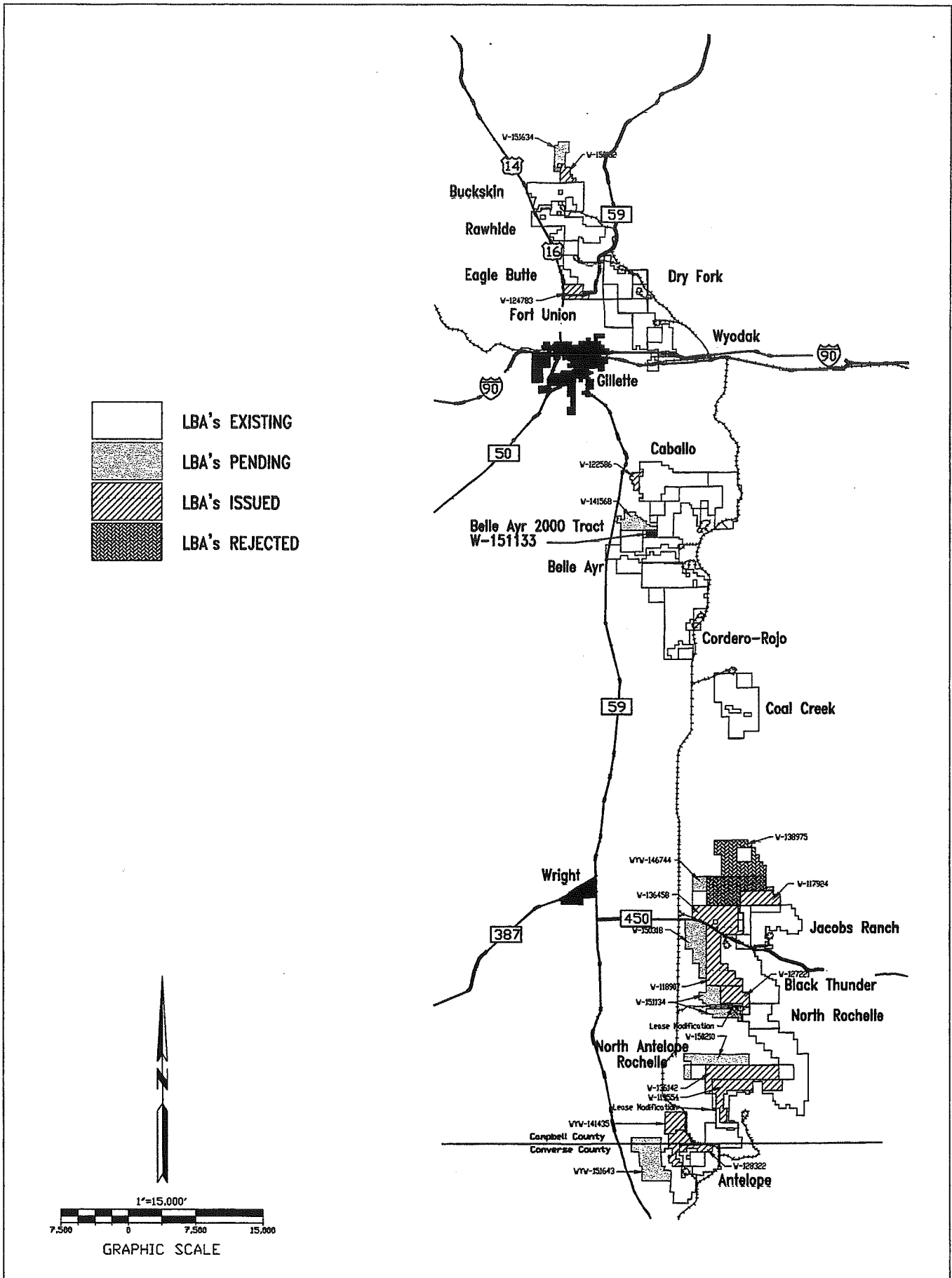


Figure 1. General Location Map with Federal Coal Leases and LBA's.

The Office of Surface Mining Reclamation and Enforcement (OSM) is a cooperating agency on this EA. If a lease is issued for the Belle Ayr 2000 Tract, OSM will use this analysis in evaluating whether to recommend approval, approval with conditions, or disapproval of the MLA mining plan to the Assistant Secretary of the Interior, Land and Minerals Management.

This EA analyzes two alternatives:

The Proposed Action is to hold a competitive lease sale and issue a lease to the successful bidder for the federal coal lands included in the Belle Ayr 2000 Tract, as applied for. Under the Proposed Action the Belle Ayr 2000 Tract would be mined as part of an existing mine using existing equipment, facilities and personnel. In early November, 2000, RAG announced that 48 workers would be laid off at the Belle Ayr and Eagle Butte Mines by the end of the year and that production would be cut in 2001 at both mines by about 6 million tons, with the biggest production cut occurring at the Belle Ayr Mine. The layoffs have taken place. The Belle Ayr Mine produced approximately 14.9 million tons of coal in 2000 and they are currently producing coal at a reduced rate. The mine estimates that the maximum production rate at which coal would be removed from the Belle Ayr 2000 Tract would be 10.2 million tons per year.

The active pit at the Belle Ayr Mine is currently adjacent to the Belle Ayr 2000 Tract and the current mining plan calls for backfilling adjacent to the Belle Ayr 2000 Tract until 2002, when mining would move west and south, away from the tract.

If a lease sale is held for the Belle Ayr 2000 Tract and RAG is the successful bidder, the Belle Ayr Mine could continue mining at the current production rate for two to three more years. The Belle Ayr 2000 Tract has lower overburden ratios which would result in less blasting and less overburden handling while the tract is being mined. Employment would not increase. Haul distances would be shorter from the Belle Ayr 2000 Tract to the existing Belle Ayr facilities than from the existing unmined Belle Ayr leases.

Portions of the LBA tract that are adjacent to existing leases at both the Belle Ayr and Caballo Mines will be disturbed under the current mining plans in order to recover the coal in the existing leases. If the Belle Ayr 2000 Tract as applied for is leased to an existing mine as a maintenance lease, the net area of surface disturbance would increase by 118 acres over the No Action Alternative.

If the Belle Ayr 2000 Tract is leased as applied for, Bishop Road would have to be relocated to allow mining of lands occupied by the road. Bishop Road has been realigned in the past to accommodate mining at Belle Ayr Mine and can be relocated again under existing agreements.

There are no federal oil and gas leases and no producing oil or gas wells included in the Belle Ayr 2000 Tract. The Wyoming Oil and Gas Conservation Commission has approved drilling permits for 4 coal bed methane (CBM) wells on the Belle Ayr 2000 Tract, but none of these wells have been drilled, and no pipelines are available in the immediate area. As the surface owner, RAG Wyoming Land Company, Inc. has negotiated agreements with the oil and gas operator that would allow removal of any coal bed methane wells that are completed prior to mining.

The Caballo Mine is also in a position to mine the Belle Ayr 2000 Tract as a maintenance lease. If they acquire the tract, the rate of coal production, mining sequence, equipment, facilities, and timing would be different than if RAG acquired the tract as a maintenance lease. However, if the tract is mined as a maintenance lease for the Caballo Mine, the area of disturbance and the impacts of removing the coal would not be significantly different from the area of disturbance and the impacts of RAG mining the tract.

Alternative 1, the No Action Alternative, is to reject the Belle Ayr 2000 lease application. Under this alternative, the Belle Ayr 2000 Tract would not be offered for sale at this time. Portions of the tract would be disturbed when the existing leases at the adjacent mines would be mined and reclaimed under the current approved mining plans.

Without the Belle Ayr 2000 Tract, Belle Ayr mining operations would begin moving into areas with increasing overburden-to-coal stripping ratios, but the capacity to remove overburden is limited by the existing shovel and truck fleets. With this fixed overburden removal capacity, coal production at the Belle Ayr Mine would decline as the stripping ratio increases.

It might not be economically feasible for Belle Ayr to re-enter this small peninsula and recover the coal in this tract if it is not acquired by the Belle Ayr Mine before their adjacent lease is mined and backfilled.

Other alternatives that were considered but not analyzed in detail include holding a competitive sale and issuing a lease to the successful bidder for a lease reconfigured by BLM to avoid bypassing coal or improve maximum economic recovery and/or fair market value and delaying the competitive sale of the tract.

The Belle Ayr 2000 Tract is surrounded on three sides by existing coal leases at the Belle Ayr and Caballo Mines (Figure 1). The coal included in the tract represents about three years of production at current mining rates at the Belle Ayr Mine. The surface of the LBA tract will be disturbed in order to remove the coal from these existing leases under the already approved mining plans for these two mines. Topography, and water, soil, vegetation and wildlife resources would be disturbed on an additional 118 acres in order

to remove the coal from the LBA tract. There are no alluvial valley floors or wetlands located on the tract. Air quality impacts would not increase while the tract is mined because production would remain at current levels, and the overburden is thinner and the haul distances are shorter on the tract than on the remaining unmined areas of the Belle Ayr Mine. Cultural resources on the tract would be impacted by mining, but adverse impacts would be mitigated through data recovery and/or avoidance of significant properties. No significant cultural or paleontological properties have been identified in the course of surveys that have already been done on the tract. To date, no Native American concerns have been identified on the tract. Noise and visual resource impacts related to mining the adjacent leases would be extended onto the tract. The surface of the tract is privately owned, so access to public lands would not be affected if the tract is leased and mined. There are no federal oil and gas leases and no existing oil and gas wells on the tract. Bishop Road, an active underground telephone line, and an overhead power line that cross the Belle Ayr 2000 Tract would have to be relocated in order to recover all of the coal included in the tract. The county, state, and federal governments would benefit from bonus payment, royalties, and taxes that would be paid if the coal is mined, and employment levels would be maintained at the Belle Ayr Mine for an additional two to three years.

Leasing the Belle Ayr 2000 Tract would slightly increase the total area that would be affected by mining but would not cause a cumulative change in daily impacts because it is an extension of an ongoing operation and mining disturbance is progressive with reclamation proceeding contemporaneously. There would be no major cumulative impacts related to mining the tract.