

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

**Colowyo Coal Mine
Collom Permit Expansion Area Project
Federal Lease Modification
Decision Record**

Moffat County, Colorado

**Federal Coal Lease COC-0123475 01
June 2016**



**U.S. Department of the Interior
Bureau of Land Management
Little Snake Field Office
455 Emerson Street
Craig, CO 81625
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Craig, Colorado 81625**

DECISION RECORD

PROJECT NAME: TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC., COC - 0123745 01 LEASE MODIFICATION

ENVIRONMENTAL ASSESSMENT NUMBER: N/A; Office of Surface Mining Reclamation and Enforcement (OSMRE) Colowyo Coal Mine, Collom Permit Expansion Area Project Mining Plan Modification and Lease Modification Environmental Assessment (Collom EA).

DECISION

It is my decision to implement Action Alternative B in the Collom EA authorizing the modification of coal lease COC-123475 01 by adding 27.84 acres of federal surface and coal resources. The coal lease modification contains no economically recoverable coal resources but use of the surface will facilitate the development and efficient recovery of federal coal reserves on federal leases COC-68590 and COC-0123475 01. The lease modification will also facilitate the protection of greater sage-grouse (GRSG) and its habitat on the federal leases, as well as within the overall Surface Mining Control and Reclamation Act of 1977 (SMCRA) permit area and the surrounding Axial Basin, through implementation of voluntary GRSG conservation measures incorporated in Alternative B by Tri-State Generation and Transmission Association, Inc. (Tri-State)¹. One of the voluntary conservation measures that will be implemented as part of this decision, a GRSG monitoring program to be conducted by Colorado Parks and Wildlife (CPW) and funded by Tri-State, will also benefit protection of GRSG for future proposed coal mining operations at this mine, as well as at other future proposed surface mining operations located in GRSG habitat.

COMPLIANCE WITH LAWS AND CONFORMANCE WITH THE LAND USE PLAN

This decision is in compliance with the Endangered Species Act, and the National Historic Preservation Act. It is also in conformance with the 1989 Little Snake Field Office (LSFO) Resource Management Plan (RMP) and Record of Decision (ROD), the 2011 Little Snake ROD and Approved RMP, and the 2015 ROD and Approved RMP Amendment for the Rocky Mountain Region Greater Sage-Grouse Sub-Region.

¹Colowyo, operator of the Colowyo Coal Mine, is a limited partnership, which is indirectly owned by Elk Ridge Mining and Reclamation. Elk Ridge Mining and Reclamation is owned by Tri-State Generation & Transmission Association, Inc.

ENVIRONMENTAL ANALYSIS AND FINDING OF NO SIGNIFICANT IMPACT

The Proposed Action (Alternative A) and Alternative B (Reduced Mining) were analyzed in the Collom EA. Alternative B, the selected alternative, was found to have no significant impacts to the environment, thus an Environmental Impact Statement (EIS) is not required.

PUBLIC INVOLVEMENT

A public comment period on the EA took place from January 14, 2016 to February 12, 2016. Information about this project was posted on the LSFO's online National Environmental Policy Act (NEPA) register web site

(http://www.blm.gov/co/st/en/BLM_Information/nepa/lso/2014_register.html) during that period. Notices informing the public about the availability of the EA were published in the Meeker Herald Times on January 14 and 21, 2016 and in the Craig Daily Press on January 15 and 22, 2016. 9,761 comments were received within the comment period. These comments, and agency responses to the comments, are tabulated in Appendix E of the Collom EA.

RATIONALE

The 27.84 acre coal lease modification contains no economically recoverable coal resources. However, the use and disturbance of the surface of the land applied for in the lease modification under Alternative B for the temporary placement of overburden removed during mining of the Collom Lite pit located on federal leases COC-68590 and COC-0123475 01 will allow Tri-State to efficiently and effectively recover the coal reserves from the federal leases. Selection of Alternative B will also ensure implementation of measures proposed by Tri-State to mitigate adverse impacts on GRSG and its habitat. Under the selected Alternative B, the mining plan will maintain surface disturbing activities at a minimum distance of 4,752 feet (0.9 mi) from GRSG lek SG4. This is compared with Alternative A, the Proposed Action, for which surface disturbance for the Little Collom X Pit would be located 320 feet from lek SG4. Other voluntary measures to protect GRSG and its habitat proposed by Colowyo as an integral part of Alternative B and to be implemented under this decision include:

- Donating 4,543 acres of land in five parcels located outside the SMCRA permit area but within mapped Priority Habitat Management Areas in the Axial Basin to CPW for the preservation of GRSG habitat in perpetuity and enhanced management of GRSG in the Basin;
- Relinquishing the grazing and mineral rights as well as water rights Tri-State holds for any stock watering facilities on those donated parcels to CPW so that CPW would then be able to control and manage grazing and other uses on the donated parcels with goals of protecting and benefiting GRSG;
- Donating \$150,000 to CPW to fund a monitoring program near the Project Area to determine the impacts on GRSG from the initiation of coal mining in an area that previously has had few impacts from land disturbance; ,
- Scheduling construction of the sediment retention and erosion control structures outside the lekking and early brood-rearing seasons (March 15 to July 25);
- Managing construction and development of the redesigned temporary overburden stockpile, to the extent operationally feasible, so as to minimize activities on that portion of the stockpile closest to lek SG4 during the brooding season; and,

- Reducing the life of the mine by four years resulting in reclamation being completed and the disturbance area becoming available for GRSG use earlier than under Alternative A.

A rejection of the lease modification would not cease currently approved mining operations, nor would it prevent future development of the Collom permit expansion area, although it would delay that future development. In addition, rejection of the lease modification would defer and possibly eliminate implementation of the GRSG protection measures volunteered by Tri-State under Alternative B and described above. If the BLM rejected the lease modification, Tri-State would continue mining the reserves currently approved for mining, pending redesign, processing, and approval of a revised mining plan for the Collom permit expansion area that would not include surface use of the lease modification parcel. The currently approved reserves could be depleted before the revised mining plan would be approved, resulting in an interruption in mining operations. The inability of Tri-State to sell in the coal market would not cause electric generators to stop burning coal. Utility companies will operate existing coal-burning facilities until either cost or regulatory requirements make them ineffective, or until they are replaced by an alternative electric generator.

Other factors, listed below, were considered in the decision to modify lease COC-0123475 01:

- The BLM coal leasing program encourages the development of domestic coal reserves and the reduction of the U.S.' dependence on foreign sources of energy. BLM recognizes that the extraction of coal is currently necessary in order to meet the nation's energy needs. A primary goal of the National Energy Policy is to add energy supplies from diverse sources including domestic oil, gas, and coal. Private development of federal coal reserves is integral to the BLM coal leasing program under the authorities of the Mineral Leasing Act of 1920, the Federal Land Policy and Management Act of 1976, and the Federal Coal Leasing Amendments Act of 1976.
- Tri-State applied for the 27.84 acre lease modification to extend the life of the Colowyo Coal Mine by facilitating access to a continuing supply of low sulfur compliance coal that will be sold to power plants for generating electricity. Continued mining of low sulfur, high British Thermal Unit (BTU) coal enables coal-fired power plants to meet Clean Air Act requirements without constructing new power plants or revamping existing plants. Generally, the expenses associated with constructing new power plants, retrofitting or revamping existing plants, or substituting alternative fuels would increase energy costs to customers and consumers.
- The leasing and subsequent mining of federal coal reserves provide the U.S, the State of Colorado, and Moffat County with income in the form of lease bonus payments, lease royalty payments, and severance tax payments. Production of federal coal also provides the public with a supply of cost-efficient, low sulfur coal for power generation.
- The potential for regulation of greenhouse gas emissions as an air pollutant is recognized in this decision. Should such regulation be put in place, there may be an effect on coal demand depending on how the regulatory actions affect the demand for electric power and the mix of methods used to produce electricity. Effects to coal demand would be

reflected through the coal market, coal pricing, and supply. If demand decreases, it is expected that less efficient coal producers, or those with reserves having less desired coal characteristics, may lose customers. Based on review of past performance, Tri-State has competed very well in the national coal market.

I have reviewed the OSMRE Collom EA including the explanation and resolution of any potentially significant environmental impacts. It is my decision to approve the 27.84-acre modification to federal coal lease COC-123475 01 associated with Alternative B in the Collom EA. I have determined that Alternative B will not have any significant impacts on the human environment and that an EIS is not required. I have determined that the project is in conformance with the approved land use plan. Analysis of Alternative B has concluded that there will not be significant impacts and that it meets Colorado Standards for Public Land Health. It is my decision to implement the project.

MITIGATION MEASURES

None.

COMPLIANCE

Periodic compliance inspections will be performed over the life of this project to insure that all lease terms and conditions and stipulations are being implemented as required. The BLM mining engineer will conduct inspection and enforcement examinations at least quarterly. The Colorado Division of Reclamation, Mining, and Safety will conduct monthly surface inspections to ensure SMCRA permit compliance.

ADMINISTRATIVE REMEDIES

Administrative remedies may be available to those who believe they will be adversely affected by this decision. Appeals may be made to the Office of Hearings and Appeals, Office of the Secretary, U.S. Department of the Interior, Board of Land Appeals (Board) in strict compliance with the regulations in 43 CFR Part 4. A written notice of appeal must be filed in the office of the Authorized Officer in accordance with the procedures described in 43 CFR, Part 4 and BLM Form 1842-1 (Attachment 1). If a notice of appeal does not include a statement of reasons, such statement must be filed with the office of the Authorized Officer and the Board within 30 days after the notice of appeal is filed. The notice of appeal and any statement of reasons, written arguments, or briefs must also be served upon the Regional Solicitor, 755 Parfet Street, Suite 151, Lakewood, CO 80215. Appeal and stay procedures are outlined in Form 1842-1.

The effective date of this decision (and the date initiating the appeal period) will be the date this notice of decision is posted on the BLM Little Snake Field Office NEPA Register internet website: http://www.blm.gov/co/st/ed/BLM_Information/nepa/lisfo.html.

Recommendation

Having considered a full range of alternatives, associated impacts, and public and agency input, I recommend the adoption and implementation of the modification to federal coal lease COC-0123475 01 by the addition of a 27.84 acre parcel.



Joseph Meyer, Northwest District Manager

6-27-16
Date

Approval

In consideration of the foregoing, I approve the decision to modify federal coal lease COC0123475 01 by the addition of 27.84 acre parcel.



Lonny Bagley
Deputy State Director, Energy, Lands, and Minerals
Colorado State Office

June 30, 2016
Date

Attachment 1: BLM Form 1842-1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

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| 1. NOTICE OF APPEAL | A person who wishes to appeal to the Interior Board of Land Appeals must file in the office of the officer who made the decision (not the Interior Board of Land Appeals) a notice that he wishes to appeal. A person served with the decision being appealed must transmit the <i>Notice of Appeal</i> in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a <i>Notice of Appeal</i> in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413). |
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| 2. WHERE TO FILE | |
| NOTICE OF APPEAL..... | Bureau of Land Management, Colorado State Office
Division of Energy, Lands, and Minerals (CO-920)
2850 Youngfield Street, Lakewood, Colorado 80215 |
| WITH COPY TO SOLICITOR... | U.S. Department of the Interior, Regional Solicitor, Rocky Mountain Region
755 Parfet Street, Suite 151, Lakewood, Colorado 80215 |
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| 3. STATEMENT OF REASONS | Within 30 days after filing the <i>Notice of Appeal</i> , file a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the <i>Notice of Appeal</i> , no additional statement is necessary (43 CFR 4.412 and 4.413). |
| WITH COPY TO SOLICITOR..... | U.S. Department of the Interior, Regional Solicitor, Rocky Mountain Region
755 Parfet Street, Suite 151, Lakewood, Colorado 80215 |
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| 4. ADVERSE PARTIES | Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the <i>Notice of Appeal</i> , (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413). |
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| 5. PROOF OF SERVICE | Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)). |
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| 6. REQUEST FOR STAY | Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a <i>Notice of Appeal</i> (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your <i>Notice of Appeal</i> (43 CFR 4.21 or 43 CFR 2801.10 or 43 CFR 2881.10). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the <i>Notice of Appeal</i> and Petition for a Stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay. Except as otherwise provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay. |
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Unless these procedures are followed, your appeal will be subject to dismissal (43 CFR 4.402). Be certain that **all** communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, Subpart B for general rules relating to procedures and practice involving appeals.

43 CFR SUBPART 1821--GENERAL INFORMATION

Sec. 1821.10 Where are BLM offices located? (a) In addition to the Headquarters Office in Washington, D.C. and seven national level support and service centers, BLM operates 12 State Offices each having several subsidiary offices called Field Offices. The addresses of the State Offices can be found in the most recent edition of 43 CFR 1821.10. The State Office geographical areas of jurisdiction are as follows:

STATE OFFICES AND AREAS OF JURISDICTION:

Alaska State Office ----- Alaska
Arizona State Office ----- Arizona
California State Office ----- California
Colorado State Office ----- Colorado
Eastern States Office ----- Arkansas, Iowa, Louisiana, Minnesota, Missouri
and, all States east of the Mississippi River
Idaho State Office ----- Idaho
Montana State Office ----- Montana, North Dakota and South Dakota
Nevada State Office ----- Nevada
New Mexico State Office ---- New Mexico, Kansas, Oklahoma and Texas
Oregon State Office ----- Oregon and Washington
Utah State Office ----- Utah
Wyoming State Office ----- Wyoming and Nebraska

(b) A list of the names, addresses, and geographical areas of jurisdiction of all Field Offices of the Bureau of Land Management can be obtained at the above addresses or any office of the Bureau of Land Management, including the Washington Office, Bureau of Land Management, 1849 C Street, NW, Washington, DC 20240.