

## SUMMARY

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This proposed coal exchange is the final exchange remaining under Public Law 95-554, otherwise known as the I-90 Exchange Act of 1978. That law authorized an exchange of specified federal coal leases encumbered by I-90 for federal coal leases elsewhere, with similar lease terms and conditions. Belco's original coal lease embraced about 4,551 acres east of Buffalo in Johnson County, Wyoming. That lease was relinquished by Belco in 1986 with Belco reserving the rights to an exchange as provided for under the I-90 Exchange Act. The Hay Creek tract lies about 12 miles north of Gillette in Campbell County, Wyoming and contains approximately 599 acres. It was a potential coal leasing tract identified by BLM and the coal industry during the regional leasing process in the early 1980s. The Hay Creek tract is immediately north of the operating Buckskin coal mine.

The public interest determination found that the cumulative effect of the seven public interest factors is positive. In their December 5, 1997 decision, the Interior Board of Land Appeals (IBLA) concluded that the public interest favors completing an exchange as described in WYW0322794 referred to as the Belco/Hay Creek redelineated tract (IBLA 94-684). On remand, BLM concurs with the Board's conclusion. This exchange will complete the exchanges authorized by the I-90 Exchange Act and will satisfy the 1983 agreement between Belco and the Department of the Interior. If mining commences on the new lease within ten years, the state and federal governments will receive royalties. If not, the lease will terminate and will be available for competitive leasing after 2010. The state of Wyoming and the Wyoming congressional delegation support the exchange. The Regional Coal Team will be consulted before a final determination is made. Other than those listed in this document, no additional public comments were received as part of the NEPA analysis.

This environmental assessment has been prepared to evaluate the potential environmental impacts which could be expected to occur if the exchange is consummated and the tract is mined. It considers the existing coal mining in the Powder River Basin and the previously prepared regional and site-specific impact analyses in evaluating the site-specific and cumulative impacts of exchanging and mining this tract of coal.

The following five alternatives are considered in this environmental assessment:

**Proposed Action:** Issue a coal lease on the lands proposed by BLM in exchange for coal lease rights retained by Enron (formerly Belco) on terminated lease W-0322794, anticipating the new lease to be mined with an existing mining operation. This is the BLM's preferred alternative.

- Alternative A: Do not complete the proposed coal lease exchange. This is the No Action Alternative.
- Alternative B: Issue a coal lease on the lands proposed by BLM in exchange for coal lease rights retained by Belco (Enron) on terminated lease W-0322794, the new lease to be mined as part of a new mine start.
- Alternative C: Issue a coal lease on lands in either the Calf Creek or Rockpile tract in exchange for coal lease rights retained by Belco (Enron) on terminated lease W-0322794.
- Alternative D: Issue a coal lease on lands near or adjacent to the original Belco lease in exchange for coal lease rights retained by Belco (Enron) on terminated lease W-0322794.

In April 1998, Enron asked that the BLM offer them a coal lease on all of sections 20 and 21, T. 52 N, R. 72 W. in Campbell County, Wyoming in exchange for federal coal lease rights that Belco retained when lease W-0322794 terminated in 1986. In January 1999, after evaluating the coal geology and reserves at the Hay Creek tract, and in response to Enron's suggestion, BLM proposed to exchange a coal lease on the requested 599-acre proposed lease exchange tract for Enron's coal lease rights.

The Proposed Action assumes Enron would receive a federal coal lease with the same terms and conditions as contained in W-0322794. The government would receive a royalty when the lease is mined, and the lease would have to produce within the first ten years or it would terminate. The lease would also be subject to standard and special lease stipulations.

The Proposed Action assumes that Belco (Enron) would assign its rights to mine the coal received in the exchange to an adjacent mining operation, but this is not a requirement or a prerequisite in consummating this exchange. If a lease for the proposed lease exchange tract is issued to Belco, and if Belco assigns that lease to an adjacent mine, this would extend the duration of the impacts currently resulting from mining at that mine.

Under Alternative A (No Action), the BLM would not issue a lease as proposed for the coal lease exchange at this time. The exchange tract would remain available for further consideration for leasing at a later date. Unless the neighboring Buckskin Mine included the exchange tract in a future coal lease application, the area would not be mined in the foreseeable future.

If this alternative were selected, it would delay completion of the coal exchange as mandated by PL 95-554.

Alternative B supposes a federal coal lease would be issued to Belco (Enron) on the lease exchange tract subject to the same terms and conditions as the relinquished lease. The same special lease stipulations described for the Proposed Action would be required for this alternative. The boundaries of the tract would be consistent with the tract configuration in alternative 1 (map 1-2 in chapter 1). This alternative assumes that the lessee would use the lease to open a new stand-alone surface mine on the tract. The lessee would have 10 years to produce 1% of the estimated coal reserves or lose the coal by failing to meet the diligence requirements of FCLAA. The probability of this tract being developed by itself as a new mine start is very low.

The environmental impacts of Alternative B would be greater than for the Proposed Action because of new facilities, new employment and an additional source of dust and blasting.

Under Alternative C, Belco (Enron) would give up their lease rights on lease W-0322794 in exchange for a new coal lease in either the Calf Creek or Rockpile tract. The Calf Creek and Rockpile tracts are also potential coal leasing tracts identified by BLM and the coal industry during the regional leasing process in the early 1980s. Neither of these tracts is adjacent to existing operating mines.

The general environmental consequences of exchanging for a lease in Calf Creek or Rockpile were addressed in an EA started but not completed by BLM in 1986. There was no specific exchange proposal ever made in either tract.

A new mine start would be needed to develop a new lease in either location under Alternative C. This is as unlikely to occur as a new mine start under alternative B, with the further complication that these tracts are more remote from existing rail service.

The economics of a new mine start and additional road construction would dictate against serious consideration of this as an alternative. The environmental impacts of alternative C would be greater than for the Proposed Action or alternatives A or B because of new facilities, new employment, an additional source of dust and blasting, and added rail construction.

The original Belco lease, W-0322794, was relinquished in 1986 in Federal district court. Under Alternative D, a lease tract would be configured to avoid the I-90 right of way, either entirely north or south of the interstate highway. Neither Belco (Enron) nor BLM have identified or evaluated a tract of land for lease exchange in the area of the original Belco lease, and no specific exchange proposal has ever been made in the original Belco area.

If this alternative were selected, a new mine start would be needed to develop the new lease. This is unlikely for the same reasons as a new mine start under alternative B or C, with the further complication that this tract is far removed from existing rail service in the basin. A new mine in this area would produce a quality of coal that could not be sold in the current market.