

CHAPTER 1

PURPOSE AND NEED

INTRODUCTION

This chapter identifies the required authorizations, purpose and need for leasing within the region, review of program implementation within the region, other coal, issues and areas of concern identified through the environmental impact statement (EIS) scoping process, and tract ranking.

REQUIRED AUTHORIZATIONS

The development of federal coal resources is controlled by numerous laws and regulations imposed by federal and state authorities. Federal laws of foremost importance include the Federal Coal Leasing Amendments Act of 1976 (FCLAA), the Federal Land Policy and Management Act of 1976 (FLPMA) and the Surface Mining Control and Reclamation Act of 1977 (SMCRA).

The purpose of the FCLAA is to provide a more orderly procedure for the leasing and development of federally-owned coal than was set forth in its parent document, the Mineral Leasing Act of 1920.

FLPMA provides the BLM with a statutory framework for land-use planning on public lands and requires that BLM use the principles of multiple use and sustained yield, give priority to the protection of areas of critical environmental concern, consider present as well as future uses of public lands, and coordinate planning activities with those of federal and state agencies.

The SMCRA provides for state regulation of surface mining and reclamation on state and private lands as well as on federal lands under the terms of a cooperative agreement. Montana and Wyoming's programs for implementing the SMCRA have been approved by the Secretary of the Interior assuring that state regulations are as stringent or more stringent than federal regulation. In addition, cooperative agreements have been approved by both Montana and Wyoming, and the Department of the Interior. Thus, both states will have primary responsibility for assuring that standards are maintained for regulating surface mining and reclamation on federal, state, and private lands, and for assuring adequate protection from environmental impacts of surface mining. State regulations deal with

such aspects as water and air pollution, land use, cultural and historic preservation, reclamation, wildlife and aquatic resources, and mine safety practices.

Each lease operator is required to submit a mining and reclamation plan that complies with Montana and Wyoming regulations and U.S. Geological Survey (USGS) rules (30 CFR 211) and which demonstrates that economic coal recovery is evaluated and that noncoal resources will be protected. Action on the mining and reclamation plan must be taken by the states and the Assistant Secretary for Energy and Minerals.

PURPOSE AND NEED FOR LEASING WITHIN THE REGION

In June 1979, the Secretary of the Interior adopted a new program for management of coal resources on federal lands. This program is fully described in the Final Environmental Impact Statement: Federal Coal Management Program, in the federal regulations (43 CFR 3400), and in Federal Coal Management Program-A Narrative Description. These documents are available from the Bureau of Land Management, Office of Coal Management, Department of the Interior, 18th and C Streets, N.W., Washington, D.C. 20240.

When the Secretary adopted this new coal program, he tentatively selected various leasing targets for the coal regions in terms of tons of federal coal reserves to be leased according to a selected schedule. The tonnages contained in these leasing targets were derived from Department of Energy (DOE) production goals.

Tract selection for the Powder River Region was conducted by the RCT at the January 21, 1981, meeting in Cheyenne, Wyoming. The Federal Coal Management Program calls for the selection of the EIS preferred alternative after the regional lease target level is named by the Secretary of the Interior. The RCT selects a grouping of specific tracts to meet the leasing level favored by the Secretary. This alternative then becomes the preferred alternative in the EIS. Other lease alternatives, above and below the preferred, are also selected by the RCT for EIS evaluation. Final lease decisions, and

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which tracts will be offered, are made by the Secretary after completion of the EIS.

The Secretary may select, at his discretion, any combination of tracts analyzed in this EIS for final leasing. In the case of the Powder River Region, the production goal was set at 1.4-1.5 million tons. The preferred alternative as stated in this EIS meets the Secretaries production goal.

In the case of the Powder River Region, the final DOE production goals were not available to the RCT at the time of selection. Therefore, a secretarial decision naming a preferred leasing level had not been made. In order to maintain the project schedule, the RCT elected to make a selection of EIS alternatives they considered reasonable, but delay the identification of the preferred alternative.

The RCT, based on the information contained in the Tract Profiles (available from Casper District Office) and their knowledge of the development area, selected tracts that would produce specific development levels (new mining operations) in the region. They also elected to include eight tracts expected to be used for the extension of existing mining operations. Specific information on each tract within the alternatives selected by the RCT is shown on Table 1-1. A discussion of each alternative is included in Chapter 2.

REVIEW OF PROGRAM IMPLEMENTATION WITHIN THE REGION

The programmatic EIS, cited above, analyzed potential effects of alternative coal management programs (BLM, 1979b). In that same year the Secretary of the Interior selected the present Federal Coal Management Program (Secretarial Issue Document). Coal management regulations were developed and are contained in Title 43, Code of Federal Regulations, Group 3400 (43 CFR 3400). As part of his decision, the Secretary scheduled competitive coal lease sales in the Powder River Region for 1982 and 1984, and established tentative leasing target of 776 million tons for 1982.

Areas considered suitable for further consideration for coal leasing in this EIS were made available through land-use planning. The BLM, Casper District Office, Wyoming, provided a supplement to the 1977 Eastern Powder River Basin Management Framework Plan (MFP) in 1979 (Highlight Review Area Supplement), and amended that same MFP in 1980 (Gillette Review Area Amendment).

Montana tracts being considered were made available through land-use planning carried out by

the BLM, Miles City District Office, Montana. The 1979 Powder River Resource Area MFP Update Report updated the 1977 MFPs for the Rosebud, Coalwood, and Decker-Birney planning units.

There may be a number of anticipated leasing actions that would take place in the future, in lease sales scheduled for 1984. The Department has determined it appropriate to state the information it now has regarding the status of these anticipated actions. One anticipated action involves federal coal located in the Hanging Woman Creek area of the Decker-Birney management framework planning area in Montana. AMOCO Minerals Company entered into agreements with Kendrick Cattle Company in 1977 regarding fee coal and surface over federal coal in this area. The fee coal reserves are insufficient to support a long-term operation, and AMOCO and Kendrick (the only affected surface owner) have expressed a strong interest in having the federal coal in the area offered for a lease sale. Because of this interest, an MFP amendment was completed in 1979 applying the unsuitability criteria. The Northern Plains Resource Council (NPRC) protested the final MFP amendment and application of the unsuitability criteria. The Montana State Director denied the protest and NPRC appealed. Due to the delay caused by consideration of this protest, the Director removed the areas covered by the protest from activity planning, and requested a new MFP amendment be prepared which would include, among other things, the exchange areas included in the No-Action Alternative, several mine extension areas, and areas of high industry interest, including Hanging Woman Creek. Coal lands found acceptable for further consideration would be scheduled for the 1984 lease sale.

The NPRC in affiliation with Tongue River Agricultural Protective, Rosebud Protective, and Tri-County Ranchers' associations filed a petition under Section 522 of SMCPRA (Tongue River Petition, December 1980) alleging that certain lands in Rosebud and Powder River counties in Montana were unsuitable for surface coal mining. A Petition Evaluation Document is being prepared by OSM. The draft is scheduled to be available in September with public hearings scheduled for late October 1981. A decision is expected in late December, and distribution of the final document is scheduled for January 1982.

In addition to the planning being carried out in the Decker-Birney, Coalwood, and Rosebud planning units in Montana, planning is also being carried out in the Western Powder River Basin (Sheridan and Johnson counties), and the Recluse Review Area (northern Campbell County) in Wyoming. The Forest Service is amending its land-use plan for Thunder Basin National Grasslands in Wy-

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oming. Areas found acceptable for further consideration from these planning efforts, plus those delineated tracts not sold in 1982, would be available for the scheduled 1984 coal lease sale in the region.

OTHER COAL

Public Law 95-554 dated October 30, 1978 directs the Secretary of the Interior to consider specific coal leases along Interstate 90 in Wyoming for exchange. Seven lease holders are affected by this public law. One lease holder, Texaco, was granted an exchange in 1980. Three applicants (Carter-Exxon, Gulf Oil Company, and Wyodak) will be assessed in this EIS under the No-Action Alternative. Site-specific environmental assessments (EAs) will be prepared at a later date. The remaining three I-90 exchange applicants (Belco, Big Horn, and Kerr-McGee) will be analyzed later.

There are 67 preference right lease applications (PRLAs) in Wyoming. The cumulative impacts (as depicted in the initial showings submitted by the applicants) of these are assessed under the No-Action Alternative. Site-specific EAs will be prepared on these PRLAs in 1982.

Public Law 96-401 authorizes and directs the Secretary of the Interior to negotiate a cancellation agreement between the Northern Cheyenne Indian Tribe and parties holding leases or permits on Indian land. An agreement would provide for issuance of a noncompetitive lease for lands adjacent to existing operations and/or issuance of a certificate of a coal lease bidding right for an amount equal to the investment made by each party. The deadline for an agreement on leases was November 1, 1980, and permits must be agreed upon by January 1, 1982. Peabody Coal Company is the only lessee (six leases) affected by this public law; they also hold three permits. A settlement agreement was made between the Northern Cheyenne and Peabody on October 20, 1980, for a noncompetitive lease on lands in Rosebud County, Montana, called the Greenleaf-Miller project, which is included in the No-Action Alternative. Five parties hold the remaining eight permits. AMAX (holding three permits) is negotiating for lands adjacent to their Eagle Butte Mine or one of two areas adjacent to the Belle Ayr Mine, Campbell County, Wyoming. Consolidation Coal Company (CONSOL) (holding one permit) is seeking lands adjacent to its CX Ranch property, Big Horn County, Montana. Chevron Oil Company (holding one permit) is negotiating with CONSOL for a percentage of CX Ranch and will request lands adjacent to that lease. Negotia-

tions have not begun with the remaining permit holders--Bruce L. Ennis, and Norsworthy and Reger, Inc.

There are substantial amounts of economic coal reserves on the Crow and Northern Cheyenne Indian reservations available for leasing at each tribe's discretion.

The anticipated production from Youngs Creek Mine owned by Shell Oil Company located in Big Horn County on the Crow Indian Reservation was inadvertently left out of the No-Action Alternative (baseline). An EIS has been prepared, and coal production is projected at 4.0 million tons in 1985.

Energy production within the region is at an all-time high and rapid growth is occurring. Oil and gas exploration is proceeding at record setting levels. Feasibility studies for additional coal-fired power plants are being conducted by companies such as Tri-State Electric and Black Hills Power and Light. Construction contracts are nearing completion for a second Wyodak power plant operated by Black Hills Power and Light. Uranium exploration and production has taken a down turn and the near-term market remains uncertain.

Feasibility or permitting studies are in progress on synthetic fuel production processes including synthetic gas production and liquefaction of gasoline from coal. Most notable of this group include WyCoalGas, Mobil's liquefaction process, the Hampshire syn-gas project, and ARCO's in situ gasification project.

Energy Transportation Systems Incorporated's (ETSI) coal slurry pipeline is scheduled for completion in 1984. Coal for the pipeline will be supplied by the Ft. Union and Jacob's Ranch mines, which are in production. There is no indication that coal from new federal coal leasing would be transported by the ETSI coal slurry pipeline.

ISSUES AND AREAS OF CONCERN

A notice of intent (NOI) to prepare this EIS appeared in the *Federal Register* on October 30, 1980. This NOI sought public participation in determining the scope and significant issues to be analyzed. The NOI also announced that public meetings would be held in the areas that would be directly affected.

News releases and cards announcing the public meetings were distributed. Public meetings were held the first week in December 1980 at Douglas, Gillette, and Sheridan, Wyoming; Ashland and Col-

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strip, Montana. Those attending were from industry, state, county and federal agencies, news media, and the general public. Letters requesting the public to participate were mailed prior to the meetings. Self-addressed, stamped comment cards and descriptions of the preliminary tracts were enclosed with the letters, and also handed out at the public meetings.

The majority of concerns expressed through the scoping process focused on impacts to water resources, air quality, socio-economics, and transportation. Concern was also expressed over the reclamation of the lands after mining. Several comments were made by the public stating the beneficial aspects of mining more coal, especially the increase in jobs. Property owners residing at Nickelson Little Farms, a subdivision northeast of the Rocky Butte tract, were concerned over the mining disturbances. A 1¼ mile buffer was established southwest of the subdivision by re-delineating the tract. Records of the scoping process are available for review at the Casper District Office.

TRACT RANKING

The RCT used the information presented in the Tract Profiles (BLM, 1981) to develop the tract ranking factors in the general categories of coal, environmental, and socio-economic data. Ranking factors within these categories are presented in Table 1-2.

These factors were used by the RCT to rank the tracts into low, medium, and high categories of desirability for leasing. Table 1-3 presents the results of the ranking of the tracts.

A detailed discussion of the ranking and selection processes is contained in the minutes of the RCT meetings held in January and March, which are available at the BLM Wyoming State Office in Cheyenne.

TABLE 1-1
COAL DATA

Tracts	Coal Ownership (Acres) ^{a/}					Reserves (Million Tons) ^{b/}						Percent Recovery	Yearly Prod. (Million Tons)	
	Federal Uncommitted	Federal Leased	State	Private	Total	Reserve Base (Million Tons) Federal Uncommitted	Federal Uncommitted	Federal Leased	State	Private	Total			
Maintenance Tracts														
Colstrip A&B ^{c/}	1,632	2,240	280	3,613	7,765	65	36	59	2	56	153	90	7.8	
Colstrip C ^{c/}	853	1,586	640	3,604	6,683	22	19	48	14	85	166	90	5.5	
Colstrip D ^{c/}	2,300	0	0	2,811	5,111	48	43	0	0	54	97	90	3.4	
Fortin Draw	320	0	0	0	320	50	45	0	0	0	45	90	5.0	
Little Rawhide Creek	491	0	0	0	491	99	90	0	0	0	90	90	18.0	
North Decker	2,050	1,850	0	0	3,900	77	69	67	0	0	136	90	3.0	
Spring Creek	650	2,365	640	0	3,655	39	35	283	37	0	355	90	7.0	
West Decker	40	3,040	640	0	3,720	6	5	143	36	0	184	90	6.1	
Totals	8,336	11,081	2,200	10,028	31,645	406	342	600	89	195	1,226		55.8	
New Production Tracts														
Ashland (Coalwood) ^{d/}	3,129	0	400	3,326	6,855	265	239	0	11	168	418	90	10.4	
Cook Mountain ^{e/}	2,097	0	80	1,391	3,568	198	178	0	0	76	254	90	6.4	
Coal Creek ^{e/}	1,032	0	320	1,935	3,287	67	60	0	11	93	164	90	4.1	
Ashland (Decker-Birney)	1,949	0	640	2,939	5,528	132	119	0	56	203	378	90	9.1	
Duck Nest Creek	2,642	0	0	398	3,040	351	316	0	0	49	365	90	12.0	

Table 1-1 concluded

Tracts	Coal Ownership (Acres) ^{a/}					Reserves (Million Tons) ^{b/}						Percent Recovery	Yearly Prod. (Million Tons)
	Federal Uncom- mitted	Federal Leased	State	Priv- vate	Total	Reserve Base (Million Tons) Federal Uncommitted	Federal Uncom- mitted	Federal Leased	State	Priv- ate	Total		
New Production Tracts													
Northwest Otter Creek	1,311	0	640	3,484	5,435	154	139	0	62	210	411	90	10.3
Rocky Butte	4,874	0	240	40	5,154	494	445	0	24	3	462	90	15.4
Southwest Otter Creek	1,881	0	1,185	4,344	7,410	144	130	0	50	219	399	90	10.0
Spring Draw	4,608	0	641	40	5,289	451	383	0	42	3	428	85	14.3
Timber Creek	4,339	0	0	400	4,739	216	184	0	0	8	192	85	6.4
Kintz Creek	3,288	0	654	0	3,942	214	193	0	50	0	243	90	8.1
Keeline	3,327	0	600	0	3,927	194	174	0	29	0	203	90	6.8
Totals	31,348	0	5,000	14,971	51,319	2,615	2,321	0	314	864	3,499		102.9

a/ Acreage figures derived from master title plates.

b/ Tonnage figures received from USGS.

c/ Tonnage for the Rosebud Bed only.

d/ Tract not added into totals.

e/ Part of Ashland (Coalwood) tract.

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TABLE 1-2
RANKING FACTORS

<u>Coal Data</u>	<u>Environmental Data</u>	<u>Socio-economic Data</u>
Economic Viability	Wildlife Habitat	Disruption of Family Farms/Ranches
Expansion of Existing Mines	Reclamation Potential	Changes to Agricultural Productivity
Land Pattern (Including State Lands)	Oil and Gas Development	Changes to Rural Quality of Life
	Air Quality	Changes to Communities & Local Services
	Cultural & Historic Values	Conflict With Other State/Local Development Plans

TABLE 1-3
TRACT RANKING

<u>Tract</u>	<u>Ranking</u> **			
	Coal	Env	S/E	Overall
Wyoming:				
Little Rawhide*	H	H	H	H
Duck Nest Creek*	H	H	H	H
Fortin Draw*	H	H	H	H
Rocky Butte*	H	M	M	H-M
Timber Creek*	H	M	H	H-M
Keeline*	H	H-M	H	H-M
Mt. Logan	H	M	M	M
Kintz Creek*	H	H-M	H	H-M
Wildcat	M	M	M	M
Calf Creek	M	M	M	M
Hay Creek	M	M	M	M
Spring Draw*	M	M	M	M
Rock Pile	M	L	M	L-M
Montana:				
Colstrip A&B*	H	M	M-H	H
Colstrip C*	M	M	M-H	H
Colstrip D*	M-H	M	M-H	H
Spring Creek*	H	M-H	H	H
North Decker*	M-H	M-H	M	H
West Decker*	H	H	M	H
Cook Mountain*	M-H	L-M	L	M
Coal Creek*	M-H	L-M	L-M	M
Ashland (Decker-Birney)*	M-H	L-M	L	M
Northwest Otter Creek*	H	L-M	L	M
Southwest Otter Creek*	M-H	L-M	L	M

H - High; M - Medium; L - Low Categories of desirability of leasing.

Env - Environmental

S/E - Socio-economic

* Tracts selected for the 1982 lease sale.

** As recommended by the RCT October 2, 1981.