

3425 (LBA)
WYW 136142
Powder River

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RECORD OF DECISION
POWDER RIVER FEDERAL COAL LEASE APPLICATION
WYW136142
CAMPBELL COUNTY, WYOMING

INTRODUCTION

Powder River Coal Company (PRCC) filed coal lease application WYW136142 for a maintenance coal tract for the North Antelope and Rochelle Mines with the Bureau of Land Management (BLM) on March 23, 1995. PRCC is a subsidiary of Peabody Coal Company. The Powder River LBA Tract, as applied for, includes approximately 4,023 acres and contains an estimated 515 million tons of in place coal. The North Antelope and Rochelle Mines each have a permit to conduct surface coal mining operations approved by the Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and the Department of the Interior. The North Antelope Mine has an air quality permit approved by the Wyoming Department of Environmental Quality, Air Quality Division (WDEQ/AQD) to mine up to 35 million tons of coal per year, and the Rochelle Mine has an air quality permit approved by WDEQ/AQD to mine up to 30 million tons of coal per year. PRCC previously applied for Federal coal using the LBA process, was the successful high bidder when a competitive lease sale was held, and was issued a maintenance lease adjacent to the North Antelope and Rochelle Mines in 1992.

Under the lease by application (LBA) process, maintenance tracts are nominated for leasing by companies with adjacent existing mines. To process an LBA, the BLM must evaluate the quantity, quality, maximum economic recovery, and fair market value (FMV) of the Federal coal and fulfill the requirements of the National Environmental Policy Act of 1969 (NEPA) by evaluating the environmental impacts of leasing and mining the Federal coal. For the Powder River LBA tract, an environmental impact statement (EIS) was prepared to comply with NEPA. The U.S. Forest Service (USFS) and the Office of Surface Mining Reclamation and Enforcement were both cooperating agencies on the EIS.

The LBA process is an open, public, competitive leasing process, by law and regulation, and bidding is not restricted to the applicant. The Powder River LBA Tract was applied for as a maintenance tract for the North Antelope and Rochelle Mines, and the alternatives analyzed in detail in the draft and final EIS documents assume that the applicant will be the successful bidder if a competitive sale is held. There are no other existing mines adjacent to the tract, however, the Powder River LBA Tract does contain sufficient coal resources for opening a new mine, and the tract could potentially be acquired by another operator interested in opening a new mine in the Powder River Basin. This alternative is also considered in the draft and final EIS documents, but it is not analyzed in detail because the high initial capital expense involved in opening a new mine and the current low coal prices make this alternative unlikely.

Since decertification of the Powder River Federal Coal Region in 1990, the BLM has issued seven federal coal leases in Campbell and Converse Counties, Wyoming. These leases include approximately 11,887 acres and 1.421 billion tons of coal. Six of the new leases were issued to existing mines (Jacobs Ranch, Black Thunder, North Antelope/Rochelle, Eagle Butte, Antelope, and North Rochelle) for the purpose of extending their mine life. One lease (West Rocky Butte) was issued to Northwestern Resources Company, who proposed opening a new mine on the existing undeveloped lease (Rocky Butte). The Rocky Butte and West Rocky Butte Federal coal leases were recently acquired by Caballo Coal Company, another subsidiary of Peabody Coal Company which operates the adjacent Caballo Mine. There are currently four pending maintenance lease applications (Thundercloud, Powder River, Horse Creek and Belle Ayr) which represent another 1.3 billion tons of coal. One lease application for approximately 675 million tons of coal representing a potential new mine (New Keeline) was rejected without prejudice by the BLM Wyoming State Director on June 13, 1997. The decision to reject the New Keeline lease application is on appeal.

The Jacobs Ranch, Black Thunder, North Rochelle, Rochelle, North Antelope, and Antelope Mines form a contiguous group of mines located east and southeast of Wright, Wyoming. Five of the maintenance federal coal leases issued since decertification were issued to mines in this group; three of the four pending maintenance applications and the proposed New Keeline mine are associated with this group of mines. In addition, North American Power Group (NAPG) has proposed building a power plant near the Black Thunder Mine, and ENCOAL Corporation has proposed building a Liquids from Coal (LFC) coal beneficiation plant and cogeneration power plant adjacent to the North Rochelle Mine. Construction has not started on either project, although it was expected to begin in 1997 on both projects. NAPG recently announced that they had acquired the final permit needed to build their proposed Two Elk Power Plant. ENCOAL announced on August 29, 1997, that a contract for construction of their facilities had been canceled. Another potential project in this area is a proposal to construct a new railroad line into the Powder River Basin by Dakota, Minnesota & Eastern Railroad (DM&E), who plan to begin construction on this project in 1999.

The BLM prepared three regional EIS's analyzing the impacts of surface coal mining in the Wyoming portion of the Powder River Basin in 1974, 1979, and 1981. The BLM prepared a fourth regional EIS and issued it in draft form in 1984, but it was not finalized and the actions proposed were never taken. The North Antelope and Rochelle Mines are included in the impact analyses in the 1979, 1981 and 1984 BLM EIS's. All of the mines that are currently operating in the Wyoming portion of the Powder River Basin, the proposed Rocky Butte Mine, and a mine proposed for the now terminated Keeline lease are included in the analyses in the 1981 and 1984 documents. The 1997 production from the mines in Converse and Campbell Counties was less than the production predicted for 1990 from those counties in the 1981 and 1984 regional EISs. The proposed ENCOAL LFC plant, the two proposed power plants, and the new railroad line were not anticipated in the BLM's regional EISs. These proposed projects are all located north of the Powder River LBA tracts and their development is independent of the issuance of a lease for the Powder River LBA Tract, but there would potentially be some overlap between the impacts of mining the tract and the impacts of building and operating these facilities, if they are constructed as proposed.

DECISION

My decision, as BLM Wyoming State Director, is to issue, with U.S. Forest Service consent, a lease for Powder River Federal coal tract WYW136142 to the successful qualified high bidder if the highest bid received at a competitive lease sale meets or exceeds the fair market value (FMV) of the tract as determined by the BLM and if all other leasing requirements are met. The competitive lease sale will be held under the regulations at 43 Code of Federal Regulations (CFR) 3425, Leasing on Application. Under the selected alternative (Alternative 2) federal coal tract WYW136142 includes 4,224.225 acres more or less, and contains approximately 532 million tons of in place Federal coal resources in Campbell County, Wyoming, based on preliminary estimates. This decision is consistent with the BLM Buffalo Resource Area Resource Management Plan, and the Medicine Bow National Forest and Thunder Basin National Grassland Land and Resource Management Plan. This decision incorporates by reference the standard coal lease stipulations addressing compliance with basic requirements of the environmental statutes and the attached BLM and USFS special stipulations.

REASONS FOR THE DECISION

The decision to offer 4,224.225 acres containing approximately 532 million tons of in place coal resources in response to the coal lease application received on March 23, 1995, is in conformance with the BLM and USFS land use plans covering this area (the Buffalo Resource Area Resource Management Plan and the Medicine Bow National Forest and Thunder Basin National Grassland Land and Resource Management Plan, respectively). Both were approved in 1985.

The selected alternative, Alternative 2 of the Final EIS for the Powder River Coal Lease Application and the Thundercloud Coal Lease Application, proposes holding separate competitive lease sales for the Powder River and Thundercloud LBA Tracts, as amended by the BLM. This Record of Decision is for the Powder River LBA Tract, a separate Record of Decision will be made for the Thundercloud LBA Tract. Alternative 2 includes the assumption that Powder River Coal Company, the applicant of record for the Powder River LBA Tract, will be the successful bidder if a competitive coal lease sale is held. If the tract is mined as a maintenance lease, the environmental impacts that will occur as a result of the currently approved mining activity at the North Antelope and Rochelle Mines will be extended onto the LBA tract and the duration of those impacts will be extended. Issuance of a lease to the applicant as a maintenance lease under the selected alternative will extend coal production at the North Antelope and Rochelle Mines for approximately 7.8 years at the currently approved average combined mining rate of 65 million tons per year. If the proposed NAPG and ENCOAL power plants, the ENCOAL LFC facilities, and the DM&E rail line are constructed, the impacts of construction, power generation, coal beneficiation, and mining at the North Antelope Mine and Rochelle Mines will potentially overlap. This will occur with or without the issuance of a lease for the Powder River Tract, but will occur over a longer period of time if the Powder River Tract is leased. Issuance of a lease will add to Federal and State royalty and tax revenues in a time of falling revenue from other sources, and will help maintain a stable economy in this area.

PUBLIC INVOLVEMENT

The BLM published a notice of receipt of this lease application in the Federal Register on March 12, 1996. Copies of this notice were sent to voting and non-voting members of the Powder River Regional Coal Team (PRRCT), including the governors of Wyoming and Montana, the Northern Cheyenne and Crow tribes, the USFS, the Office of Surface Mining, the US Fish and Wildlife Service, the National Park Service, the US Geological Survey, and others.

The PRRCT reviewed coal lease application WYW136142 at their public meeting on April 23, 1996, in Cheyenne, Wyoming. At that meeting, the PRRCT recommended that the BLM process the application. A Notice of Intent to prepare a joint Environmental Impact Statement on the Powder River and Thundercloud coal lease applications was published in the Federal Register on December 9, 1996. More than 200 notices of a scheduled scoping meeting were mailed to federal, state and local government agencies, conservation groups, commodity groups, and individuals who could be impacted by this lease application in June 1996. The mailing list was jointly developed by BLM, USFS, Powder River Coal Company, and Kerr McGee Coal Company. A public scoping meeting was held at the Holiday Inn in Gillette, Wyoming on June 20, 1996.

The BLM draft EIS was mailed to the public in August 1997. A Notice of Availability of the draft EIS was published by the Environmental Protection Agency (EPA) in the Federal Register on August 22, 1997. A Notice of Availability of the draft EIS and notice of Public Hearing was published by BLM in the Federal Register on August 29, 1997. A formal public hearing was held on October 8, 1997, at the Holiday Inn in Gillette, Wyoming, to solicit public comment on the draft EIS, the proposed sale, and the FMV and maximum economic recovery (MER) of coal in the proposed tract. The comment period on the draft EIS ended on October 28, 1997.

The BLM final EIS was mailed to the public on February 11 and 12, 1998. A Federal Register Notice announcing the availability of the final EIS was published by the EPA on February 20, 1998, and by BLM on February 13, 1998. The availability period for the final EIS ended on March 23, 1998.

Nine written comments were received during the scoping period on the Powder River and Thundercloud lease applications. These comments are on file in the Casper and Cheyenne offices of the BLM. Ten written comments were received on the draft EIS, and these were included, with written responses, in the final EIS. The transcript of the formal hearing is on file in the Casper and Cheyenne Offices of the BLM. Six written comments were received on the final EIS as of March 25, 1998. All comments that were received were considered in the preparation of the draft and final EIS's, and in this Record of Decision.

ALTERNATIVES ANALYZED IN DETAIL

Proposed Action: Hold a Competitive Sale of Federal Coal Lands as Applied For

Under the Proposed Action, the lands that were applied for in the Powder River and Thundercloud LBA Tracts would be offered for lease at separate competitive sales. The tract that Powder River Coal Company applied for includes approximately 4,022.96 acres containing an estimated 515

million tons of in place Federal coal (see Figure 1). The proposed action assumes that the applicant is the successful bidder and that the coal would be mined, processed, and sold by the applicant's North Antelope and Rochelle Mines. (Note: The application received from Powder River Coal Company estimated that approximately 550 million tons of coal were included in the Powder River tract as applied for. At the time the final EIS was prepared, Powder River had revised the estimate of coal included in the tract as applied for to 515 million tons of in place coal. As part of the FMV determination, the BLM independently evaluates the coal resources included in the tract. The BLM's evaluation of the coal resources that will be offered for sale will be included in the Sale Notice for the Powder River LBA Tract.)

Selected Alternative: Hold a Competitive Sale of Federal Coal Lands as Amended by BLM

Under the Selected Alternative (Alternative 2), the Powder River and Thundercloud LBA tracts with amended boundaries will be offered for lease at separate competitive sales. Based on an evaluation of the available geological information and the potential that adjacent unleased federal coal will be bypassed or reduced in value if the tract is leased as applied for, the BLM added about 362.01 acres to the southern part of the Powder River LBA Tract, and removed approximately 161.24 acres from the northwest corner of the tract. The resulting tract includes approximately 4,224.225 acres and about 532 million tons of Federal coal (See Figure 1). This alternative also assumes that Powder River Coal Company will be the successful bidder on the Powder River LBA Tract and that the coal will be mined, processed and sold by the North Antelope and Rochelle Mines. As stated previously, however, the Powder River LBA Tract will be offered for competitive sale, bidding is not restricted to the applicant, and it is possible that the successful bidder may be someone other than Powder River Coal Company.

This alternative is the environmentally preferable alternative if it is assumed that both the Powder River and Thundercloud LBA tracts will be leased and mined in the future if they are not leased as maintenance tracts at this time. If the coal in these two tracts is mined, it would be environmentally preferable to have it mined and reclaimed as a maintenance lease in logical sequence with the ongoing mining and reclamation of the adjacent federal coal leases.

No Action Alternative

Under this alternative, the Powder River and Thundercloud lease applications would be rejected, and neither tract would be offered for sale at this time. If the Powder River application is rejected at this time, permitted mining activity at the adjacent North Antelope and Rochelle Mines would continue, and portions of the Powder River Tract adjacent to these mines would have to be disturbed to recover all of the coal in the existing North Antelope and Rochelle Federal coal leases. This alternative is the environmentally preferable alternative if it is assumed these two tracts will never be leased because, in that case, coal removal and the associated disturbance would never occur on either tract.

Rejection of the lease applications at this time would not, however, preclude subsequent lease applications for the lands in these two tracts. If the Powder River LBA Tract is leased in the future, the environmental impacts of mining it at that time could be similar to or greater than the impacts of the selected alternative, depending on who acquired the tract and whether it was mined as a maintenance lease for an existing mine or as a new mine.

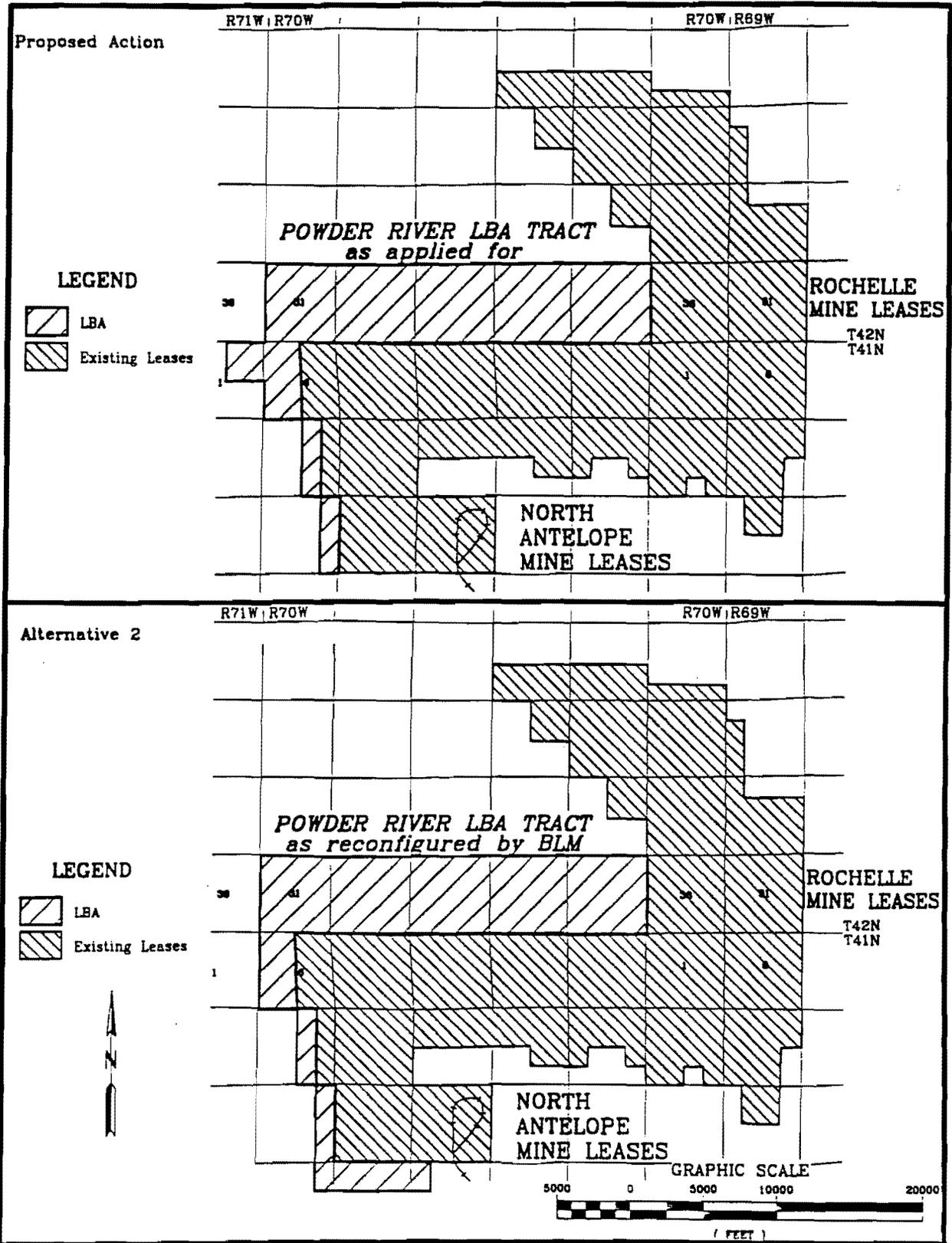


Figure 1. Powder River LBA Tract Configurations

ALTERNATIVES CONSIDERED BUT NOT ANALYZED IN DETAIL

Alternative 3

Under Alternative 3, BLM would hold two separate competitive coal lease sales and issue separate leases to the successful bidders. This alternative assumes that one or both of the successful bidders are not the applicants and that one or both LBA tracts will be developed as a new stand-alone mine. This alternative was considered because either tract could be acquired by a company interested in opening a new mine, if that company submits a high bid on that tract that meets or exceeds the BLM determined FMV and is determined to be a qualified bidder. This alternative was not analyzed in detail because the current economics of mining in the Powder River Federal Coal Region do not make a new mine start likely. The environmental impacts of mining the tract under this alternative would be greater than for the Proposed Action, the Selected Alternative, or the No Action Alternative because of the need for new facilities, a new rail line, new employment, and the creation of additional sources of dust and blasting.

Alternative 4

Under Alternative 4, sale of both the Powder River and Thundercloud LBA Tracts would be postponed until coal prices increase in the Powder River Basin. This alternative considered postponing the lease sale until coal prices rise in order to potentially increase the value of the tract, and thus the return to the public for the use of its resources. It was not considered in detail because of the uncertainty of rising coal prices and the uncertainty of their effect on the value of the tract. If coal prices do increase after the tract is sold, royalty income to the federal and state governments will also increase, because royalty is a percentage of the money received for the coal when it is sold. The impacts of this alternative could be similar to any of the alternatives analyzed in detail, depending on how long the sale was postponed and which tract configuration was selected at the time of the sale.

IMPACTS OF THE PROPOSED ACTION, ALTERNATIVE 1 AND ALTERNATIVE 2

The potential impacts of the Proposed Action, Alternative A, and Alternative B are summarized in Table 1.

One issue that was brought up in comments on both the draft and final EISs is the reduction in access to public land caused by coal mining. Recreational access is limited in the Powder River Basin, primarily due to the fact that land ownership in the basin is largely private and public lands are scattered and not always accessible. Leasing and mining coal on accessible public land impacts recreational access because it decreases the amount of public land available for recreational purposes during the period of coal mining activity. Accessible public land is a more significant issue on the Powder River LBA Tract than on previous LBA tracts because, as stated in the Land Use sections of chapters 3 and 4 of final environmental impact statement, approximately 70% (2,675 acres) of that tract is public land, and the tract is crossed by the Mackey (or Piney Canyon) county road. The USFS has been acting to consolidate public land holdings in the Thunder Basin National Grasslands through exchanges with private land owners. PRCC has been participating in a partnership with the USFS in which PRCC finances and contracts for inventories and reports required for land exchanges in return for a reduction in

Table 1. Summary Comparison of Magnitude¹ and Duration of Direct and Indirect Impacts for the Proposed Action, Alternative 2, and the No-Action Alternative for the Powder River and Thundercloud LBA Tracts²

¹ Refer to Section 4.0 and 4.1 for a discussion on magnitude of impacts.

² All impacts are assumed to be adverse unless noted otherwise.

DESCRIPTION OF POTENTIAL IMPACT BY RESOURCE	MAGNITUDE AND DURATION OF IMPACT	
RESOURCE NAME	NO ACTION ALTERNATIVE	PROPOSED ACTION & ALTERNATIVE 2
TOPOGRAPHY & PHYSIOGRAPHY PERMANENT TOPOGRAPHIC MODERATION could result in: Microhabitat reduction Habitat diversity reduction Reduction in water runoff and peak flows Increased precipitation infiltration Wildlife carrying capacity reduction Reduction in erosion Enhanced vegetative productivity Potential acceleration of groundwater recharge	Moderate, long term on existing mine areas Moderate, possibly short term on existing mine areas Moderate, long term on existing mine areas Moderate, long term on existing mine areas Moderate, beneficial, long term on existing mine areas Moderate, long term on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas
GEOLOGY AND MINERALS SUBSURFACE changes would result in: Removal of coal Removal and replacement of topsoil and overburden Physical characteristic alterations in geology Loss of coal bed methane	Moderate, short term on existing mine areas Moderate, long term on existing mine areas Moderate, long term on existing mine areas Moderate, permanent on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas
SOILS CHANGES IN PHYSICAL PROPERTIES would include: Increased near-surface bulk density More uniformity in soil type, thickness, and texture Increased uniformity in mixed soils (e.g., texture) Decreased soil loss due to topographic modification	Moderate, long term on existing mine areas Moderate, beneficial, long term on existing mine areas Moderate, beneficial, long term on existing mine areas Moderate, beneficial, long term on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas
CHANGES IN CHEMICAL PROPERTIES would include: Uniform soil nutrient distribution	Moderate, beneficial, long term on existing mine areas	Same as No Action on expanded mine areas
CHANGES IN BIOLOGICAL PROPERTIES would include: Organic matter reduction Microorganism population reduction Existing plant habitat reduction in soils stockpiled before placement	Moderate, long term on existing mine areas Moderate, long term on existing mine areas Moderate, long term on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas
AIR QUALITY IMPACTS ASSOCIATED WITH MINING OPERATIONS would include: Elevated concentration levels of TSP Elevated concentrations of gaseous emissions	Negligible, short term on existing mine areas Negligible, short term on existing mine areas	Same as No Action on expanded mine areas Moderate short term on expanded mine areas

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Table 1. (cont'd)

DESCRIPTION OF POTENTIAL IMPACT BY RESOURCE	MAGNITUDE AND DURATION OF IMPACT	
RESOURCE NAME	NO ACTION ALTERNATIVE	PROPOSED ACTION & ALTERNATIVE 2
<p>WATER RESOURCES <u>SURFACE WATER</u> CHANGES IN RUNOFF CHARACTERISTICS AND SEDIMENT DISCHARGE include the following: Disruption of surface drainage systems Increased runoff and erosion rates Increased infiltration Reduction in peak flows</p>	<p>Moderate, short term on existing mine areas Moderate, short term on existing mine areas Moderate, long term on existing mine areas Moderate, long term on existing mine areas</p>	<p>Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas</p>
<p><u>GROUNDWATER</u> GROUNDWATER RESOURCE IMPACT would include the following: Removal of coal and overburden aquifers Replacement of existing coal and overburden with spoil aquifers Depressed water levels in aquifers adjacent to mines Change in hydraulic properties Change in groundwater quality in backfilled areas</p>	<p>Negligible, short term on existing mine areas Negligible, long term on existing mine areas Moderate, short term on existing mine areas Negligible, long term on existing mine areas Moderate, long term on existing mine areas</p>	<p>Same as No Action on expanded mine areas Same as No Action on expanded mine areas</p>
<p>ALLUVIAL VALLEY FLOORS While a final determination has not been made by WDEQ/LQD, it is believed that there are no AVF's significant to agriculture on the proposed lease tracts</p>	<p>No impact on existing mine areas</p>	<p>No impact within the expanded mine areas</p>
<p>WETLANDS Removal of all existing wetlands</p>	<p>Wetlands on existing mine areas would be mined and reclaimed</p>	<p>Same as No Action on expanded mine areas</p>
<p>VEGETATION PROGRESSIVE REDUCTION IN NATIVE VEGETATION would result in: Increased erosion Wildlife and livestock habitat loss Wildlife habitat carrying capacity loss</p>	<p>Moderate, short term on existing mine areas Moderate, short term on existing mine areas Moderate, long term on existing mine areas</p>	<p>Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas</p>
<p>AFTER RECLAMATION the following could result: Changes in surface water networks Reduction in vegetation diversity Reduction in shrub density</p>	<p>Negligible, long term on existing mine areas Negligible, long term on existing mine areas Negligible, long term on existing mine areas</p>	<p>Same as No Action on expanded mine areas Same as No Action on expanded mine areas Same as No Action on expanded mine areas</p>

Table 1.. (cont'd)

DESCRIPTION OF POTENTIAL IMPACT BY RESOURCE	MAGNITUDE AND DURATION OF IMPACT	
RESOURCE NAME	NO ACTION ALTERNATIVE	PROPOSED ACTION & ALTERNATIVE 2
WILDLIFE		
DURING MINING the following could occur:		
Wildlife displacement	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Pronghorn passage reduction	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Increased mortality rate to small mammals	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Temporary displacement of small mammals	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Sage grouse habitat removal	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Abandonment of raptor nests	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Foraging habitat reduction for raptors	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Loss of nesting and foraging habitat for MBHFI	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Reduction in waterfowl resting and feeding habitat	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Loss of songbird foraging habitat	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Temporary wildlife habitat loss	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Continued road kills by mine-related traffic	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
THREATENED, ENDANGERED AND CANDIDATE SPECIES		
MINING IMPACTS could result in the following:		
Loss of black-footed ferret colonies	No impacts on existing mine areas	Same as No Action on expanded mine areas
Loss of bald eagle nesting and foraging habitat	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
Loss of peregrine falcon nesting and foraging habitat	No impact on existing mine areas	Same as No Action on expanded mine areas
Loss of Ute ladies' tresses orchid habitat	Negligible on existing mine areas	Same as No Action on expanded mine areas
Loss of mountain plover habitat	Negligible on existing mine areas	Same as No Action on expanded mine areas
Loss of swift fox habitat	Negligible on existing mine areas	Same as No Action on expanded mine areas
LAND USE AND RECREATION		
ENVIRONMENTAL CONSEQUENCES ON LAND USE would be:		
Reduction of livestock grazing	Moderate, long term on existing mine areas	Same as No Action on expanded mine areas
Loss of wildlife habitat	Moderate, long term on existing mine areas	Same as No Action on expanded mine areas
Curtailment of oil and gas development	Moderate, long term on existing mine areas	Same as No Action on expanded mine areas
Loss of public land available for recreation activities	Moderate, short term on existing mine areas	Same as No Action on expanded mine areas
Loss of coal bed methane reserves	Moderate, permanent on existing mine areas	Same as No Action on expanded mine areas
CULTURAL RESOURCES		
78 sites not eligible or recommended not eligible for NRHP	Impacts to eligible or unevaluated sites are not permitted; any site eligible for the NRHP would be avoided or mitigated through data recovery	Impacts to eligible or unevaluated sites are not permitted; any site eligible for the NRHP would be avoided or mitigated through data recovery
1 not eligible for NRHP/recommended for avoidance		
2 unevaluated		
6 eligible for NRHP/4 mitigated, 2 pending mitigation		
Possible increase in vandalism	No impacts on existing mine areas	Negligible on expanded mine areas
Possible increase in unauthorized collecting	No impacts on existing mine areas	Negligible on expanded mine areas
NATIVE AMERICAN CONCERNS	No impact identified on existing mine areas	Same as No Action on expanded mine areas

Table 1. (cont'd)

DESCRIPTION OF POTENTIAL IMPACT BY RESOURCE	MAGNITUDE AND DURATION OF IMPACT	
RESOURCE NAME	NO ACTION ALTERNATIVE	PROPOSED ACTION & ALTERNATIVE 2
PALEONTOLOGICAL RESOURCES Overburden removal could expose fossils for scientific examination	No impact identified on existing mine areas	Same as No Action on expanded mine areas
VISUAL RESOURCES		
EVIDENT IMPACTS DURING MINING include the following: Alteration of landscape classified by the USFS as "common"	Negligible, short term on existing mine areas	Same as No Action on expanded mine areas
IMPACTS FOLLOWING RECLAMATION could be: Smoother sloped terrain Reduction in sagebrush density	Negligible, long term on existing mine areas Negligible, short term on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas
NOISE INCREASED NOISE LEVELS could effect: Nearby occupied dwellings Wildlife in immediate vicinity	Negligible, short term on existing mine areas Negligible, short term on existing mine areas	Same as No Action on expanded mine areas Same as No Action on expanded mine areas
TRANSPORTATION FACILITIES Increase in duration that coal is shipped on railroads and employees travel on highways by 8-9 years Relocation of pipelines Relocation of utility lines	No impact on existing mine areas No impact on existing mine areas No impact on existing mine areas	Negligible, short term on expanded mine areas Negligible, short term on expanded mine areas Same as No Action on expanded mine areas
SOCIOECONOMICS INCREASE IN SOCIOECONOMICS could increase the following: Employment (Increase of up to 320 jobs in expanded mine areas is expected) Revenues from royalties and taxes to the state government Revenues from royalties and taxes to the federal government Economic development Population in Campbell and Converse counties	No impact on existing mine areas No impact on existing mine areas	Moderate, beneficial, short term on expanded mine areas Moderate, beneficial, short term on expanded mine areas Moderate, beneficial, short term on expanded mine areas Moderate, beneficial, long term on expanded mine areas Moderate, beneficial, short term on expanded mine areas

annual Special Use Permit fees. BLM believes the USFS approach is a good long-term approach to alleviating this ongoing problem, and that Powder River Coal Company's participation is beneficial to this process, and, in that way, helps mitigate some of the recreational access impacts created by leasing additional coal on public land in this area.

MITIGATION, COMPLIANCE AND MONITORING

The standard coal lease stipulations addressing compliance with basic requirements of the environmental statutes will be attached to the federal coal lease if the Powder River LBA Tract is sold. Consistent with the EIS, the attached BLM Special Stipulations regarding cultural resources, paleontological resources, multiple mineral development, oil and gas/coal resources, resource recovery and protection, public land survey protection and the railroad right-of-way, as well as the attached USFS stipulations regarding cultural and paleontological resources and endangered or threatened species will be added to the coal lease, if the Powder River LBA Tract is sold and a lease is issued. The existing mitigation measures specific to the current mine plan will be amended to include mitigation measures specific to mining WYW136142 when the current mining permit is revised.

The Surface Mining Control and Reclamation Act of 1977 gives the Office of Surface Mining Reclamation and Enforcement the primary authority to administer programs regulating surface coal mining operations. In the state of Wyoming, the Wyoming Department of Environmental Quality has the approval of the Secretary of the Interior to regulate surface coal mining activities in the state. If the applicant, Powder River Coal Company, is the successful qualified high bidder on Federal coal tract WYW136142, it must obtain approval of a mining permit revision prior to beginning mining on the tract. Mitigation measures and monitoring plans specific to the approved mining and reclamation plan are attached as conditions on the current mining permit and will be amended to include mitigation measures and monitoring plans specific to mining WYW136142 when the current mining permit is revised.

All practicable means that have been established over the past two decades of mining and reclamation in the Powder River Basin to avoid or minimize environmental harm from the selected alternative have been adopted as leasing stipulations or, consistent with normal practices, can be expected to be adopted as conditions of the mining permit prior to mining the proposed lease. BLM has a responsibility to review the mining and reclamation plan revision prior to its approval by Wyoming Department of Environmental Quality and the Department of the Interior to ensure that the revised plan is in compliance with the leasing stipulations, and that it meets the requirements of the Mineral Leasing Act. The revised mining and reclamation plan must be approved before mining begins on the Powder River LBA Tract.

RECOMMENDATION:

I recommend that Federal coal tract WYW136142, affecting 4,224.225 acres, be issued to the successful qualified high bidder after a competitive lease sale, if it is determined that the highest bid meets or exceeds the fair market value of the tract as determined by the BLM, and if all other leasing requirements are met. The competitive lease sale will be held in accordance with the requirements of 43 CFR 3425. The lease will be subject to the attached BLM and USFS special lease stipulations.



Casper District Manager, BLM

3/26/98

Date

Attachments

Form 1842-1, Information on Taking Appeals to the Board of Land Appeals
BLM Special Lease Stipulations
USFS Special Stipulations

United States Department of Agriculture
Forest Service
Rocky Mountain Region
Lakewood, Colorado

CONSENT TO LEASE

I have reviewed the environmental assessment process, including public involvement, the issues and alternatives considered in detail, and the analysis of the environmental consequences of the action, for the Powder River Coal Lease-by-Application (LBA) and have determined that the proposal is consistent and in compliance with the Medicine Bow National Forest and Thunder Basin National Grassland Land and Resource Management Plan. I concur with the Bureau of Land Management's (BLM) decision to implement Alternative 2 as developed in the Environmental Impact Statement, and I consent to the planned LBA tract WYW136142. I have determined that the BLM Decision Record, along with this consent contains all necessary and appropriate declarations, disclosures and findings as required by USDA and Forest Service regulation and policy.

This decision to consent represents my agreement to an action proposed, and that will be implemented by another (lead) agency. The Forest Service role is that of a cooperator/contributor in matters of the surface environment, only, and the mitigation of effects to that environment in support of the lead agency's decided action. Pursuant to 36 CFR 215.7, this consent is subject to appeal to a higher level of review. Any appeal of this consent must be fully consistent with 36 CFR 215.14 Content of an Appeal, and must be filed with the Appeal Deciding Official, Chief's Office, U.S.D.A. Forest Service, 14th and Independence Ave., S.W., Washington, D.C. 20250, within 45 days from the date of publication of the Legal Notice of the signing of this consent in the Denver Post newspaper.

For additional information about this consent, the site-specific environmental assessment process which occurred by this lease application, or the Forest Service appeal process, contact the Regional Forester, P.O. Box 25127, Lakewood, Colorado 80225-25127.

Responsible Official:



Regional Forester

4-10-98
Date

APPROVED:

Based on the recommendations of the Casper District Manager, dated , and with the consent of the Regional Forester, I hereby approve the decision to offer Federal coal tract WYW136142 for competitive lease sale.

Appeal Procedure

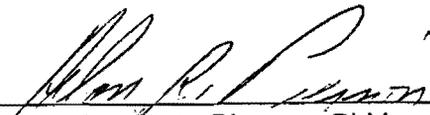
This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the address shown on enclosed Form 1842-1) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition [pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993)] (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal 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 (see 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.

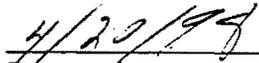
Standard for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, 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.



Wyoming State Director, BLM



Date

BLM SPECIAL STIPULATIONS

Sec. 15. **SPECIAL STIPULATIONS** - In addition to observing the general obligations and standards of performance set out in the current regulations.

the lessee shall comply with and be bound by the following stipulations.

These stipulations are also imposed upon the lessee's agents and employees.

The failure or refusal of any of these persons to comply with these stipulations shall be deemed a failure of the lessee to comply with the terms of the lease. The lessee shall require his agents, contractors and subcontractors involved in activities concerning this lease to include these stipulations in the contracts between and among them. These stipulations may be revised or amended, in writing, by the mutual consent of the lessor and the lessee at any time to adjust to changed conditions or to correct an oversight.

(a) **CULTURAL RESOURCES** -

(1) Before undertaking any activities that may disturb the surface of the leased lands, the lessee shall conduct a cultural resource intensive field inventory in a manner specified by the authorized officer of the BLM or of the surface managing agency, if different, on portions of the mine plan area and adjacent areas, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archeologist, historian, historical architect, as appropriate), approved by the authorized officer of the surface managing agency (BLM, if the surface is privately owned), and a report of the inventory and recommendations for protecting any cultural resources identified shall be submitted to the Assistant Director of the Western Support Center of the Office of Surface Mining, the authorized officer of the BLM, if activities are associated with coal exploration outside an approved mining permit area (hereinafter called Authorized Officer), and the Authorized Officer of the surface managing agency, if different. The lessee shall undertake measures, in accordance with instructions from the Assistant Director, or Authorized Officer, to protect cultural resources on the leased lands. The lessee shall not commence the surface disturbing activities until permission to proceed is given by the Assistant Director or authorized officer.

(2) The lessee shall protect all cultural resource properties within the lease area from lease-related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation or exploration plan.

(3) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the lessee.

(4) If cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the Assistant Director or Authorized Officer, or the Authorized Officer of the surface managing agency, if the Assistant Director is not available. The lessee shall not disturb such resources except as may be subsequently authorized by the Assistant Director or Authorized Officer.

Within two (2) working days of notification, the Assistant Director or Authorized Officer will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. The cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the Authorized Officer of the BLM or of the surface managing agency, if different.

(5) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

(b) ***PALEONTOLOGICAL RESOURCES*** - If paleontological resources, either large and conspicuous, and/or of significant scientific value are discovered during construction, the find will be reported to the Authorized Officer immediately. Construction will be suspended within 250 feet of said find. An evaluation of the paleontological discovery will be made by a BLM approved professional paleontologist within five (5) working days, weather permitting, to determine the appropriate action(s) to prevent the potential loss of any significant paleontological value. Operations within 250 feet of such discovery will not be resumed until written authorization to proceed is issued by the Authorized Officer. The lessee will bear the cost of any required paleontological appraisals, surface collection of fossils, or salvage of any large conspicuous fossils of significant scientific interest discovered during the operations.

(c) ***MULTIPLE MINERAL DEVELOPMENT*** - Operations will not be approved which, in the opinion of the Authorized Officer, would unreasonably interfere with the orderly development and/or production from a valid existing mineral lease issued prior to this one for the same lands.

(d) ***OIL AND GAS/COAL RESOURCES*** - The BLM realizes that coal mining operations conducted on Federal coal leases issued within producing oil and gas fields may interfere with the economic recovery of oil and gas; just as Federal oil and gas leases issued in a Federal coal lease area may inhibit coal recovery. BLM retains the authority to alter and/or modify the resource recovery and protection plans for coal operations and/or oil and gas operations on those lands covered by Federal mineral leases so as to obtain maximum resource recovery.

(e) ***RESOURCE RECOVERY AND PROTECTION*** - Notwithstanding the approval of a resource recovery and protection plan (R2P2) by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (i) the operator/lessee fails to achieve maximum economic recovery (MER) (as defined at 43 CFR 3480.0-5(21)) of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator/lessee shall submit appropriate justification to obtain approval by the authorized officer (AO) to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2, as approved, will not attain MER as the result of changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered unminable or at such time that the operator/lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

(f) **PUBLIC LAND SURVEY PROTECTION** - The lessee will protect all survey monuments, witness corners, reference monuments, and bearing trees against destruction, obliteration, or damage during operations on the lease areas. If any monuments, corners or accessories are destroyed, obliterated, or damaged by this operation, the lessee will hire an appropriate county surveyor or registered land surveyor to reestablish or restore the monuments, corners, or accessories at the same location, using surveying procedures in accordance with the "Manual of Surveying Instructions for the Survey of the Public Lands of the United States." The survey will be recorded in the appropriate county records, with a copy sent to the Authorized Officer.

NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed

to: **District Ranger**

at: 2250 East Richards Street, Douglas, WY 82633

Telephone: 307/358-4690

who is the authorized representative of the Secretary of Agriculture.

NOTICE

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory

report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.

3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

FOREST SERVICE REGION 2 SENSITIVE SPECIES - The Forest Service is responsible for assuring that the leased lands is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed as sensitive by the Regional Forester. The findings of this examination may result in some restrictions to the operator's plan or even disallow use and occupancy that would lead to the listing of a sensitive species under the Endangered Species Act of 1973.

ENDANGERED OR THREATENED SPECIES - The FS is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the FS that the above examinations are not necessary, conduct the examinations on the leased lands at his discretion and cost. These examinations must be done by or under the supervision of a qualified resource specialist approved by the FS. Acceptable reports must be provided to the FS identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats, and the anticipated effects and impacts to Forest Service Region 2 Sensitive species that may occur or have habitat in the area.

POWDER RIVER COAL COMPANY

By: _____

(title)