

1.0 INTRODUCTION

This EIS¹ analyzes the environmental impacts of leasing a tract of federal coal reserves adjacent to the Antelope Mine, an operating surface coal mine in the south-central PRB of Wyoming. The Antelope Mine is operated by ACC, a directly held subsidiary of Rio Tinto Energy. ACC filed an application to lease the federal coal included in a maintenance coal tract under the regulations at 43 CFR 3425, Leasing On Application. The Division of Minerals and Lands at the BLM Wyoming State Office reviewed the application and determined that the lease application meets the regulatory requirements for an LBA. The tract is referred to as the West Antelope II LBA tract. Figure 1-1 shows the West Antelope II LBA tract as applied for by ACC, other currently pending LBA tracts, and the existing federal leases, including previously leased LBA tracts, in the Wyoming PRB.

1.1 Background

On April 6, 2005, ACC filed an application with the BLM for federal coal reserves in a tract located west of and immediately adjacent to the Antelope Coal Mine in Campbell and Converse Counties, Wyoming, approximately 20 miles southeast of Wright, Wyoming and 55 Miles north of Douglas, Wyoming (Figure 1-1). The tract, which is referred to as the West Antelope II LBA tract, was assigned case file number WYW163340. The federal coal reserves were applied for as a maintenance tract for the Antelope Mine. The Antelope Mine is operated by ACC, a directly held subsidiary of Rio Tinto Energy America (formerly Kennecott Energy and Coal Company).

The West Antelope II LBA tract is located within the Powder River Federal Coal Region, which was decertified in January, 1990. Although the Powder River Federal Coal Region is decertified, the PRRCT, a federal/state advisory board established to develop recommendations concerning management of federal coal in the region, has continued to meet regularly and review all federal lease applications in the region. The PRRCT reviewed this maintenance coal lease application at a public meeting held on April 27, 2005 in Gillette, Wyoming. The PRRCT recommended that the BLM process the West Antelope II lease application.

In order to process an LBA, the BLM must evaluate the quantity, quality, maximum economic recovery, and fair market value of the federal coal and fulfill the requirements of NEPA by evaluating the environmental impacts of leasing the federal coal. BLM does not authorize mining by issuing a lease for federal coal, but the impacts of mining the coal are considered in this EIS because it is a logical consequence of issuing a maintenance lease to an existing mine. This EIS has been prepared to evaluate the site-specific and cumulative environmental impacts of leasing and developing the federal coal included in the application area. BLM will use the analysis in this EIS to decide whether to hold a competitive,

¹ Refer to page xvi for a list of abbreviations and acronyms used in this document.

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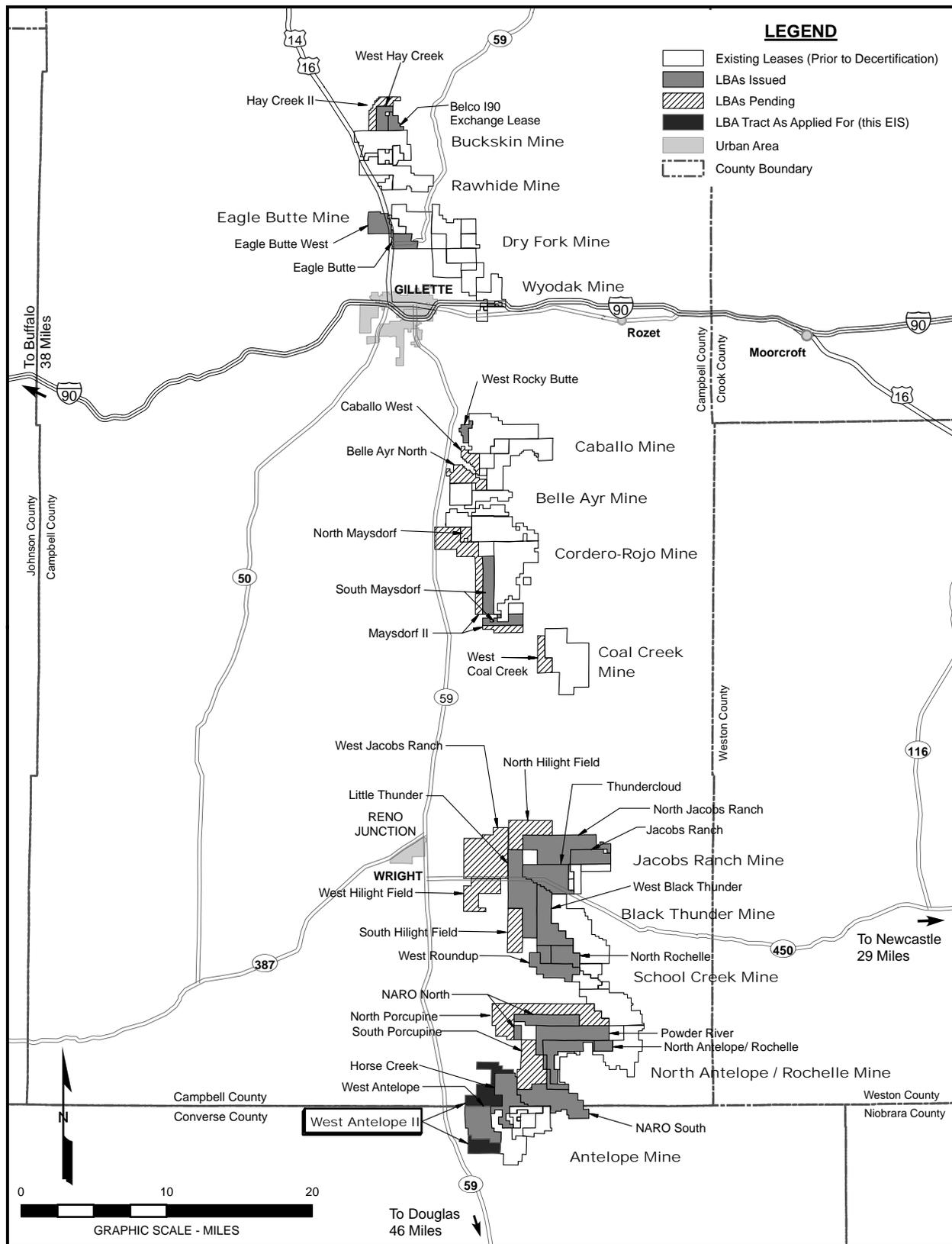


Figure 1-1. General Location Map with Federal Coal Leases and LBA Tracts.

sealed-bid lease sale for the tract as applied for, hold a competitive, sealed-bid lease sale for a modified tract, or reject the lease application and not offer the tract for sale at this time. A Record of Decision will be issued and, if the decision is to offer the tract for lease, then a sale will be held. If a sale is held, the bidding at the sale would be open to any qualified bidder; it would not be limited to the applicant.

If the lease sale is held, a lease would be issued to the highest bidder at the sale if a federal sale panel determines that the high bid meets or exceeds the fair market value of the coal as determined by BLM's economic evaluation and if the U.S. Department of Justice determines that there would be no antitrust violations if a lease is issued to the high bidder.

In return for receiving a lease, a lessee must pay the federal government a bonus equal to the amount it bids at the time the lease sale is held (the bonus can be paid in five yearly installments), make annual rental payments to the federal government, and make royalty payments to the federal government when the coal is mined. Federal bonus, rental, and royalty payments are equally divided with the state in which the lease is located.

Other agencies may use this analysis to make decisions related to leasing and mining the federal coal in this tract. OSM, USDA-FS, WDEQ/AQD, WDEQ/LQD, and the Converse County Board of Commissioners are cooperating agencies on this EIS. OSM has primary responsibility to administer federal programs that regulate surface coal mining operations and will use this EIS to make decisions related to the approval of the MLA mining plan if the tract is leased. USDA-FS must consent to leasing the federal coal before BLM can make a decision to hold a federal coal lease sale if any of the lands in the TBNG, which they administer, are included in the tract that is leased. WDEQ has entered into a cooperative agreement with the Secretary of the Interior to regulate surface coal mining operations on federal and non-federal lands within the State of Wyoming. The responsibilities of the Converse County Board of Commissioners include, but are not limited to, management and oversight of county roads and facilities and zoning rules in the county.

Since decertification of the Powder River Federal Coal Region, 19 federal coal leases have been sold at competitive sealed-bid sales and four exchanges of federal coal in the Wyoming portion of the Powder River Federal Coal Region have been completed (Table 1-1). This is the fourth application for a maintenance coal tract submitted by the ACC since decertification (Table 1-1 and Figure 1-1).

Table 1-2 summarizes the lease applications that are currently pending.

The West Antelope II LBA tract as applied for and the existing federal coal leases in the adjacent Antelope Mine are shown in Figure 1-2. As applied for, the West Antelope II LBA tract consists of two separate blocks of federal coal and includes

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Table 1-1. Leases Issued and Exchanges Completed Since Decertification, Powder River Basin, Wyoming.

Leases Issued			
LBA Name (Lease Number) Applicant Mine Current Lessee Effective Date	Acres Leased ¹	Mineable Tons of Coal ¹	Successful Bid
Jacobs Ranch LBA (WYW117924) Jacobs Ranch Mine Jacobs Ranch Coal Co. 10/1/1992	1,708.620	147,423,560	\$20,114,930.00
West Black Thunder LBA (WYW118907) Black Thunder Mine Thunder Basin Coal Co. 10/1/1992	3,492.495	429,048,216	\$71,909,282.69
North Antelope/Rochelle LBA (WYW119554) North Antelope & Rochelle Mines Powder River Coal Co. 10/1/1992	3,064.040	403,500,000	\$86,987,765.00
West Rocky Butte LBA (WYW122586) No Existing Mine ² Caballo Coal Co. 1/1/1993	463.205	56,700,000	\$16,500,000.00
Eagle Butte LBA (WYW124783) Eagle Butte Mine Foundation Wyoming Land Co. 8/1/1995	1,059.180	166,400,000	\$18,470,400.00
Antelope LBA (WYW128322) Antelope Mine Antelope Coal Co. 2/1/1997	617.200	60,364,000	\$9,054,600.00
North Rochelle LBA (WYW127221) North Rochelle Mine Ark Land Co. 1/1/1998	1,481.930	157,610,000	\$30,576,340.00
Powder River LBA (WYW136142) North Antelope Rochelle Mine Powder River Coal Co. 9/1/1998	4,224.225	532,000,000	\$109,596,500.00
Thundercloud LBA (WYW136458) Jacobs Ranch Mine Thunder Basin Coal Co., LLC 1/1/1999	3,545.503	412,000,000	\$158,000,008.50
Horse Creek LBA (WYW141435) Antelope Mine Antelope Coal Co. 12/1/2000	2,818.695	275,577,000	\$91,220,120.70
North Jacobs Ranch LBA (WYW146744) Jacobs Ranch Mine Jacobs Ranch Coal Co. 5/1/2002	4,982.240	537,542,000	\$379,504,652.00

Table 1-1. Leases Issued and Exchanges Completed Since Decertification, Powder River Basin, Wyoming (Continued).

LBA Name (Lease Number) Applicant Mine Current Lessee Effective Date	Acres Leased¹	Mineable Tons of Coal¹	Successful Bid
NARO South LBA (WYW154001) North Antelope Rochelle Mine BTU Western Resources, Inc. 9/1/2004	2,956.725	297,469,000	\$274,117,684.00
West Hay Creek LBA (WYW151634) Buckskin Mine Kiewit Mining Properties, Inc. 1/1/2005	921.158	142,698,000	\$42,809,400.00
Little Thunder LBA (WYW150318) Black Thunder Mine Ark Land LT Co. 3/1/2005	5,083.500	718,719,000	\$610,999,949.80
West Antelope LBA (WYW151643) Antelope Mine Antelope Coal Co. 3/1/2005	2,809.130	194,961,000	\$146,311,000.00
NARO North LBA (WYW150210) North Antelope Rochelle Mine BTU Western Resources, Inc. 3/1/2005	2,369.380	324,627,000	\$299,143,785.00
West Roundup LBA (WYW151134) North Rochelle Mine West Roundup Resources, Inc 5/1/2005	2,812.51	327,186,000	\$317,697,610.00
Eagle Butte West LBA (WYW155132) Eagle Butte Mine Foundation Wyoming Land Co. 5/1/2008	1,427.77	255,000,000	\$180,540,000.00
South Maysdorf LBA (WYW174407) Cordero Rojo Mine Cordero Mining Co. 8/1/2008	2,900.240	288,082,000	\$250,800,000.00
TOTALS	48,737.746	5,726,906,776	\$3,114,354,027.69

Exchanges Completed

Exchange Name Case File Number Exchange Proponent Exchange Type Effective Date	Acres Exchanged	Mineable Tons of Coal	Federal Coal Exchanged for:
EOG (Belco) I-90 Lease Exchange WYW150152 EOG Resources (formerly Belco) ³ I-90 Lease Exchanged for New Lease 4/1/2000	599.170	106,000,000	Lease rights to Belco I-90 Lease (WYW0322794).

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Table 1-1. Leases Issued and Exchanges Completed Since Decertification, Powder River Basin, Wyoming (Continued).

Exchange Name Case File Number Exchange Proponent Exchange Type Effective Date	Acres Exchanged	Mineable Tons of Coal	Federal Coal Exchanged for:
Pittsburg & Midway Coal Exchange WYW148816 Pittsburg and Midway Coal Mining Co. Private Land Exchanged for Federal Coal 1/27/2005	2,045.530	84,200,000	6,065.77 acres of land and some minerals in Lincoln, Carbon, and Sheridan Counties, Wyoming.
Gold Mine Draw Lease Exchange WYW0321779, WYW154001 Powder River Coal Co.	623.000	47,700,000	Lease rights to 921.60 acres of leased federal coal underlying an AVF.
AVF Lease Exchanged for New Lease 6/25/2006			
TOTALS	3,267.700	237,900,000	

¹ Information from Sale Notice.

² The West Rocky Butte LBA was originally leased to Northwestern Resources Co.

³ The EOG Resources Belco Exchange lease is now owned by the Buckskin Mine.

Table 1-2. Pending LBAs and Exchanges, Powder River Basin, Wyoming.

Pending LBAs				
LBA Name			Estimated as Applied for Coal (mmt)	Status
Lease Number	Application Date	Acres as Applied for		
Applicant Mine				
North Maysdorf WYW154432 Cordero Rojo Mine	9/20/2001 Revised on 11/8/2004	445.89	54.66 ¹	Sales 10/18/2007 and 3/19/08 Bids Rejected
Belle Ayr North WYW161248 Belle Ayr Mine	7/06/2004	1,578.7	200.00 ²	DEIS available 10/17/2008
West Antelope II WYW163340 Antelope Mine	4/06/2005	4,108.60	429.70 ³	DEIS available 2/8/08FEIS in Preparation
North Hilight Field WYW164812 Black Thunder Mine	10/07/2005 Revised 10/16/2007	2,613.50	588.20 ² (North and South)	Scoping period ended 9/3/2007 DEIS in Preparation
South Hilight Field WYW174596 Black Thunder Mine	10/07/2005 Revised 10/16/2007	1,976.69	See above	Scoping period ended 9/3/2007 DEIS in Preparation
West Hilight Field WYW172388 Black Thunder Mine	1/17/2006	2,370.52	428.00 ²	Scoping period ended 9/3/2007 DEIS in Preparation
West Coal Creek WYW172585 Coal Creek Mine	2/10/2006	1,151.26	57.00 ²	DEIS available 10/17/2008
Caballo West WYW172657 Caballo Mine	3/15/2006	777.49	87.52 ¹	DEIS available 10/17/2008
West Jacobs Ranch WYW172685 Jacobs Ranch Mine	3/24/2006	5,944.37	956.00 ³	Scoping period ended 9/3/2007 DEIS in Preparation
Hay Creek II WYW172684 Buckskin Mine	3/24/2006 Revised 5/19/2008	1,088.73	140.00 ¹	Scoping period ended 3/29/2008DEIS in preparation
Maysdorf II WYW173360 Cordero Rojo Mine	9/1/2006	4,653.80	483.00 ³	DEIS available 10/17/2008
North Porcupine WYW173408 N. Antelope/Rochelle Mine	9/29/2006 Modified 10/12/2007	8,981.74 (North and South)	1,097.00 (North and South)	Scoping period ended 9/3/2007 DEIS in Preparation
South Porcupine WYW176095 N. Antelope/Rochelle Mine	9/29/2006 Modified 10/12/2007	See above	See above	Scoping period ended 9/3/2007 DEIS in preparation
TOTALS		35,691.29	4,521.08	

¹ Estimated tons of mineable coal as reported in the lease application.

² Estimated tons of recoverable coal as reported by the applicant.

³ Estimated tons of in-place coal as reported in the lease application.

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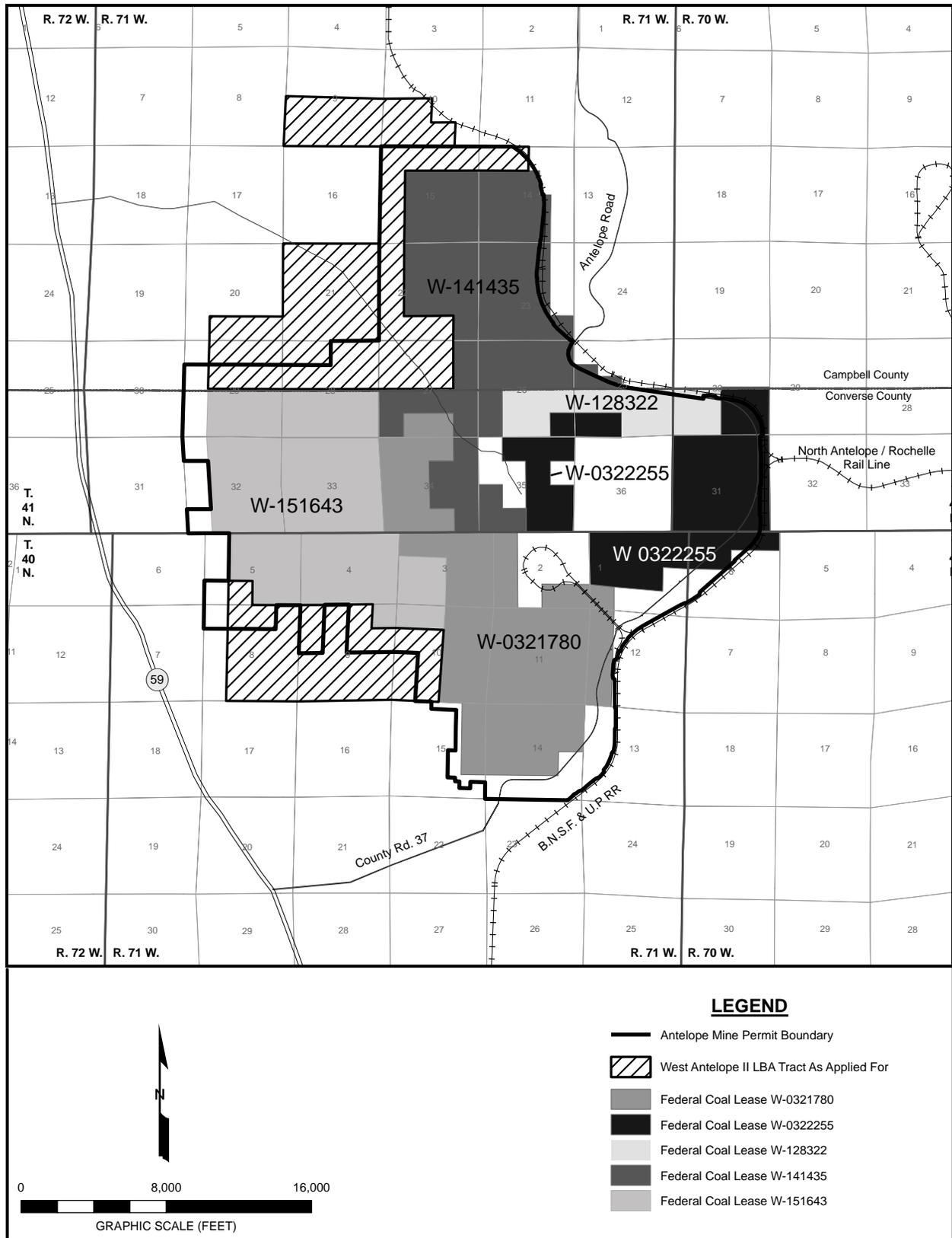


Figure 1-2. Federal Coal Leases and West Antelope II LBA Tract as Applied for.

approximately 4,108.6 acres with an estimated 429.7 million tons of in-place coal reserves. ACC estimates that approximately 377.8 million tons of in-place coal reserves would be recovered from the West Antelope II LBA tract as applied for. As of January 2007, ACC estimates the in-place reserves on the existing Antelope Mine to be 428.6 million tons, of which 394.3 million tons are recoverable.

Antelope Mine's currently approved (by WDEQ/AQD) air quality permit allows mining of up to 42 million tons of coal per year. The Antelope Mine produced approximately 33.9 million tons of coal in 2006, 30.0 million tons of coal in 2005, 29.7 million tons of coal in 2004, 29.5 million tons of coal in 2003, 26.8 million tons of coal in 2002, and 24.6 million tons of coal in 2001 (Antelope Mine 2000, 2001, 2002, 2003, 2004, 2005, and 2006).

As discussed above, the West Antelope II LBA tract as applied for consists of two separate blocks, both of which are contiguous with the Antelope Mine (Figure 1-1). Portions of both blocks lie within current ACC mine permit boundaries (Figure 1-2). The area applied for is substantially similar to the adjacent mine for which detailed site-specific environmental data have been collected and for which environmental analyses have previously been prepared to secure the existing leases and necessary mining permits.

The surface of the West Antelope II LBA tract is owned by ACC, Barbara H. Dilts Living Trust et. al., Jerry J. and Barbara Dilts Family Ltd. Partnership and Bridle Bit Ranch Co., and Patricia L. Isenberger Litton. Current land uses of the tract include grazing by domestic animals and wildlife and gas production.

The mining method would be a combination of truck and shovel and dragline, which are the mining methods currently in use at this mine. The coal would be used primarily for electric power generation.

After mining, the land would be reclaimed to a rangeland function suitable for use by livestock and wildlife as is the current practice at the Antelope Mine. Industrial postmining land uses, which include but are not limited to oil and gas wells, pipelines, roads, and utility easements, also will be reestablished as required.

1.2 Purpose and Need for Action

BLM administers the federal coal leasing program under the Mineral Leasing Act of 1920. A federal coal lease grants the lessee the exclusive right to obtain a mining permit for, and to mine coal on, the leased tract subject to the terms of the lease, the mining permit, and applicable state and federal laws. Before a new lease can be mined, the lessee must obtain approval of a detailed permit to conduct mining operations.

This EIS is being prepared in response to an application BLM received from an existing mine, the Antelope Mine, to lease a tract of federal coal in the Wyoming PRB. In response to this coal lease application, the BLM must decide whether to

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hold a competitive, sealed-bid lease sale for the tract as applied for, hold a competitive sealed-bid lease sale for a modified tract, or reject the current lease application and not offer the tract for sale at this time.

ACC has applied for the coal reserves in the West Antelope II LBA tract in order to extend the life of the Antelope Mine. If production continues at the current (2007) average annual coal production rate of about 36 mmtpy, the applicant estimates that the post-2006 recoverable reserves at the Antelope Mine would be depleted within approximately 11 years. If Antelope Mine acquires a lease for the West Antelope II LBA tract as applied for and maintains a similar production rate, the applicant estimates that mine life would be extended by an additional 11 years. If production increases to the permitted level of 42 mmtpy and ACC acquires the West Antelope II LBA tract, mining the LBA tract would extend production at the mine by an additional nine years.

If the LBA tract is leased to the applicant as a maintenance tract, the permit to conduct mining operations for the adjacent Antelope Mine would have to be amended to include the new lease area before it could be disturbed. This process takes several years to complete. ACC is applying for federal coal reserves now so that they can negotiate new contracts and then complete the permitting process in time to meet anticipated new contract requirements.

As discussed above, the purpose of ACC's application is to allow the Antelope Mine access to a continuing supply of low sulfur compliance coal, which it can continue to sell to power plants for the purpose of electric power generation. According to the Energy Information Administration, coal is currently responsible for about 50 percent of the total generation in the electric power sector (DOE 2006a, 2007a). Continued leasing of PRB coal enables coal-fired power plants to meet CAA requirements without constructing new plants, revamping existing plants, or switching to existing alternative fuels. This helps provide a stable supply of power to meet increasing demand without a potentially significant increase in power costs for individuals and businesses.

A primary goal of the National Energy Policy is to add energy supplies from diverse sources, including domestic oil, gas, and coal, as well as hydropower and nuclear power. BLM recognizes that the continued extraction of coal is essential to meet the nation's future energy needs. As a result, private development of federal coal reserves is integral to the BLM coal leasing program under the authority of the MLA, as well as FLPMA and FCLAA. The coal leasing program, managed by BLM, encourages the development of domestic coal reserves and reduction of the U.S. dependence on foreign sources of energy. As a result of the leasing and subsequent mining and sale of federal coal resources in the PRB, the public receives lease bonus payments, lease royalty payments, and a reliable supply of low sulfur coal for power generation.

This EIS analyzes the environmental impacts of issuing a federal coal lease and mining the federal coal in the West Antelope II maintenance coal lease application

as required by NEPA and associated rules and guidelines. A decision to hold a competitive sale and issue a lease for the lands in this application is a prerequisite for mining but it is not the enabling action that would allow mining to begin. The BLM does not authorize mining operations by issuing a lease. After a lease has been issued but prior to mine development, the lessee must file a permit application package with the WDEQ/LQD and OSM for a surface mining permit and approval of the MLA mining plan. An analysis of a detailed site-specific mining and reclamation plan occurs at that time. Authorities and responsibilities of the BLM and other concerned regulatory agencies are described in the following sections.

1.3 Regulatory Authority and Responsibility

The West Antelope II maintenance coal lease application was submitted and will be processed and evaluated under the following federal authorities:

- MLA, as amended;
- Multiple-Use Sustained Yield Act of 1960;
- NEPA;
- FCLAA;
- FLPMA; and
- SMCRA.

The BLM is the lead agency responsible for leasing federal coal lands under the MLA as amended by FCLAA and is also responsible for preparation of this EIS to evaluate the potential environmental impacts of issuing a coal lease.

OSM is a cooperating agency on this EIS. After a federal coal lease is issued, SMCRA gives OSM primary responsibility to administer programs that regulate surface coal mining operations and the surface effects of underground coal mining operations. WDEQ is also a cooperating agency on this EIS. Pursuant to Section 503 of SMCRA, the WDEQ developed, and in November 1980 the Secretary of the Interior approved, a permanent program authorizing WDEQ to regulate surface coal mining operations and surface effects of underground mining on nonfederal lands within the State of Wyoming. In January 1987, pursuant to Section 523(c) of SMCRA, WDEQ entered into a cooperative agreement with the Secretary of the Interior authorizing WDEQ to regulate surface coal mining operations and surface effects of underground mining on federal lands within the state.

Pursuant to the cooperative agreement, a federal coal lease holder in Wyoming must submit a permit application package to OSM and WDEQ/LQD for any proposed coal mining and reclamation operations on federal lands in the state. WDEQ/LQD reviews the permit application package to insure the permit application complies with the permitting requirements and the coal mining operation will meet the performance standards of the approved Wyoming program. OSM, BLM, and other federal agencies review the permit application package to insure it complies with the terms of the coal lease, the MLA, NEPA, and other

federal laws and their attendant regulations. If the permit application package does comply, WDEQ issues the applicant a permit to conduct coal mining operations. OSM recommends approval, approval with conditions, or disapproval of the MLA mining plan to the Assistant Secretary of the Interior, Land and Minerals Management. Before the MLA mining plan can be approved, the BLM must concur with this recommendation.

If a proposed LBA tract is leased to an existing mine, the lessee is required to revise its coal mining permit prior to mining the coal, following the processes outlined above. As a part of that process, a detailed new plan would be developed showing how the newly-leased lands would be mined and reclaimed. The area of mining disturbance would be larger than the newly-leased area to allow for activities such as overstripping, matching reclaimed topography to undisturbed topography, constructing flood control and sediment control facilities, and related activities. Specific impacts that would occur during the mining and reclamation of the LBA tract would be addressed in the mining and reclamation plan, and specific mitigation measures for anticipated impacts would be described in detail at that time.

WDEQ enforces the performance standards and permit requirements for reclamation during a mine's operation and has primary authority in environmental emergencies. OSM retains oversight responsibility for this enforcement. Where federal surface or coal resources are involved, BLM has authority in emergency situations if WDEQ or OSM cannot act before environmental harm and damage occurs. In preparing this EIS, BLM also has a responsibility to consult with and obtain the comments and assistance of other state and federal agencies that have jurisdiction by law or special expertise with respect to potential environmental impacts.

Appendix A presents other federal and state permitting requirements that must be satisfied to mine this LBA tract.

1.4 Relationship to BLM Policies, Plans, and Programs

In addition to the federal acts listed under Section 1.3, guidance and regulations for managing and administering public lands, including the federal coal lands in the ACC application, are set forth in 40 CFR 1500 (Protection of Environment), 43 CFR 1601 (Planning, Programming, Budgeting), and 43 CFR 3400 (Coal Management).

Specific guidance for processing applications is provided by BLM Manual 3420, Competitive Coal Leasing (BLM 1989) and the 1991 *Powder River Regional Coal Team Operational Guidelines For Coal Lease-By-Applications* (BLM 1991). The *National Environmental Policy Act Handbook* (BLM 1988) has been followed in developing this EIS.

1.5 Conformance with Existing Land Use Plans

FCLAA requires that lands considered for leasing be included in a comprehensive land use plan and that leasing decisions be compatible with that plan. The BLM *Approved Resource Management Plan for Public Lands Administered by the Bureau of Land Management Buffalo Field Office* (BLM 2001a), an update of the *Buffalo Resource Area Resource Management Plan* (BLM 1985a), governs and addresses the leasing of federal coal in Campbell County. The *Record of Decision and Approved Casper Resource Management Plan* (BLM 2007), an update of the *Platte River Resource Management Plan* (BLM 1985b), addresses the leasing of federal coal in Converse County. The *Land and Resource Management Plan for the Thunder Basin National Grassland, Medicine Bow-Routt National Forest, Rocky Mountain Region* (USDA-FS 2001) offers guidance for all resource management activities on the TBNG.

The major land use planning decision that BLM must make concerning the federal coal resources is a determination of which federal coal lands are acceptable for further consideration for leasing. There are four screening procedures that BLM uses to identify these coal lands. These screening procedures require BLM to:

- estimate development potential of the coal lands;
- apply the unsuitability criteria listed in the regulations at 43 CFR 3461;
- make multiple land use decisions that eliminate federal coal deposits from consideration for leasing to protect other resource values; and
- consult with surface owners who meet the criteria defined in the regulations at 43 CFR 3400.0-5 (gg) (1) and (2).

Only those federal coal lands that pass these screens are given further consideration for leasing. BLM has applied these coal screens to federal coal lands in the PRB several times, starting in the early 1980s. Most recently, in 1993, BLM began the process of reapplying these screens to federal coal lands in Campbell, Converse, and Sheridan Counties. This analysis, which includes the portion of Converse County where the Antelope Mine is located, was adopted in the 2001 BLM Buffalo RMP update (BLM 2001a) and the results were included as Appendix D of the update, which can be viewed in the 2001 documents section on the Wyoming BLM website at: <http://www.blm.gov/wy/st/en/info/NEPA/documents.html>. The coal screen was completed for use not only in updating the 1985 Buffalo RMP but also the TBNG planning documents. Appendix D of the 2001 RMP update was prepared in cooperation with the USDA-FS, Douglas Ranger District for lands within the TBNG. No revisions of the coal-screening determinations completed for the Buffalo Field Office RMP update are included in the approved Casper Field Office RMP and associated EIS (BLM 2007).

Under the first coal screening procedure, a coal tract must be located within an area that has been determined to have coal development potential in order to be acceptable for further consideration for leasing (43 CFR 3420.1-4(e)(1)). The West

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Antelope II coal lease application is within the area identified as having coal development potential by the BLM in the coal screening analyses published in 2001 BLM Buffalo RMP update (BLM 2001a).

The second coal screening procedure requires the application of the coal mining unsuitability criteria listed in the federal coal management regulations at 43 CFR 3461. The coal mining unsuitability criteria were applied to high to moderate coal development potential lands in the Wyoming PRB, including the West Antelope II LBA tract and surrounding lands, during the coal screening conducted for the 2001 BLM Buffalo RMP update. Appendix B of this EIS summarizes the unsuitability criteria, describes the general findings for the 2001 BLM Buffalo RMP update, and presents a validation of these findings for the West Antelope II LBA tract.

The BNSF & UP railroad line crosses portions of the northern block of federal coal included in the West Antelope II LBA tract (Figure 1-2). As indicated in Appendix B, the lands in the West Antelope II LBA tract that are within the BNSF & UP railroad ROW and associated 100 foot buffer zone have been found to be unsuitable for mining under Unsuitability Criterion Number 2. Although lands within the railroad ROW have been determined to be unsuitable for mining, they are included in the LBA tract to allow recovery of all the mineable coal outside of the ROW and associated buffer zone and to comply with the coal leasing regulations, which do not allow leasing in less than 10-acre aliquot parts. A stipulation stating that no mining activity may be conducted in the portion of the lease within the BNSF & UP railroad ROW will be attached if a lease is issued for this tract. The exclusion of the coal underlying the railroad ROW from mining activity by lease stipulation honors the finding of unsuitability for mining under Unsuitability Criterion Number 2 for the BNSF & UP railroad ROW.

Unsuitability Criterion Number 3 states that lands within 100 ft of the outside line of the ROW of a public road shall be considered unsuitable for surface coal mining, with certain exceptions. No public roads cross the West Antelope II LBA tract as applied for (Figure 1-2). However, as discussed in Chapter 2, BLM evaluates alternate tract configurations as alternatives to the Proposed Action for NEPA purposes. In evaluating the West Antelope II application, BLM has identified a study area for the tract which includes the tract as applied for and adjacent unleased federal coal. As shown in Figure 2-1, portions of Converse County Road 37 and Wyoming State Highway 59 cross the southern end of the BLM study area for the West Antelope II LBA tract. The 2001 BLM Buffalo RMP update and the 2001 TBNG Land and Resource Management Plan (USDA-FS 2001) deferred a decision on the unsuitability of the Wyoming State Highway 59 and Converse County Road 37 ROWs and associated buffer zones until a leasing action occurred. As indicated in Appendix B, BLM has determined that the portions of the West Antelope II LBA tract which include Wyoming State Highway 59 and Campbell County Road 37, their ROWs, and a 100-ft buffer zone on either side of the ROWs must be considered unsuitable for mining under Unsuitability Criterion Number 3 at this time.

One of the exceptions to Unsuitability Criterion 3 allows surface coal mining in the ROW and buffer zone for a public road if the regulatory authority (or the appropriate public road authority designated by the regulatory authority) allows the public road to be relocated or closed after providing public notice and opportunity for a public hearing; and finding in writing that the interests of the affected public and landowners will be protected [30 CFR 761.11(d) and 43 CFR 3461.5(c)(iii)]. At this time, there are no proposals to relocate either Wyoming State Highway 59 or Converse County Road 37, and the exception does not apply.

Although the lands within the Wyoming State Highway 59 and Converse County Road 37 ROWs and associated buffer zones have been determined to be unsuitable for mining, they are included in the BLM study area for the West Antelope II LBA tract. If the portions of the tract that include the Wyoming State Highway 59 ROW and/or Converse County Road 37 are leased, including these lands in the tract would allow recovery of all the mineable coal adjacent to and outside of the highway buffer zones and would comply with the coal leasing regulations, which do not allow leasing in less than 10-acre aliquot parts. If a permit to relocate one or both of the roads is approved at some time in the future, including these lands in the tract would allow recovery of the coal underlying the public road ROWs and associated buffer zones. A stipulation stating that no mining activity may be conducted within the Wyoming State Highway 59 and Converse County Road 37 ROWs and associated 100-foot buffer zones unless a permit to move them is approved will be attached if a lease is issued for this tract. The exclusion of the coal underlying the public road ROWs and associated buffer zones from mining activity by lease stipulation honors the finding of unsuitability for mining under Unsuitability Criterion Number 3 for Wyoming State Highway 59 and Converse County Road 37.

There were no findings of unsuitability for the other criteria listed in the regulations; however, as indicated in Appendix B, several criteria will be further evaluated during the leasing process.

The third coal screening procedure, a multiple land use conflict analysis, must be completed to identify and “eliminate additional coal deposits from further consideration for leasing to protect resource values of a locally important or unique nature not included in the unsuitability criteria”, in accordance with 43 CFR 3420.1-4(e)(3). The 2001 BLM Buffalo RMP update (BLM 2001a) addresses two types of multiple land use conflicts: municipal/residential conflicts and multiple mineral development (coal versus oil and gas) conflicts.

The West Antelope II LBA tract does not lie within or in proximity to an identified buffer zone surrounding an existing community. Therefore, no federal coal lands within the West Antelope II LBA tract have been eliminated from further consideration for leasing due to municipal/residential conflicts.

The 2001 BLM Buffalo RMP update includes two decisions related to multiple mineral development conflicts in Campbell, Converse and Sheridan Counties.

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With respect to oil and gas leasing in coal mining areas, the RMP update determines that oil and gas tracts that would interfere with coal mining operations would not be offered for lease but that, where possible, oil and gas leases will be issued with specific conditions to prevent a development conflict with coal mining operations. With respect to coal leasing in oil and gas fields, the 2001 BLM Buffalo RMP update (BLM 2001a) states that coal leasing in producing oil and gas fields would be deferred unless or until coal development would not interfere with the economic recovery of the oil and gas resources, as determined on a case by case basis.

Both conventional and CBNG wells have been drilled within or around the West Antelope II LBA tract. BLM's evaluation of the potential for conflict with the development of oil and gas resources within the LBA tract is included in the Mineral Resources discussion in Section 3.3 of this EIS. BLM's policy and guidance on conflicts between surface coal mine and CBNG development is to optimize the recovery of both resources and ensure that the public receives a reasonable return, as explained in BLM Instruction Memorandum No. 2006-153 (BLM 2006d).

The fourth coal screening procedure requires consultation with surface owners who meet the criteria defined in the regulations at 43 CFR 3400.0-5 (gg) (1) and (2). Chapter 7 includes a definition of the term "qualified surface owner", based on these regulations. Surface owner consultation was conducted as part of the coal screening analysis published in the 2001 BLM Buffalo RMP update. Private surface owners in the Gillette coal development potential area (including Campbell County and northern Converse County) were provided the opportunity to express their preference for or against surface mining of federal coal under their private surface estate during that screening. At that time, no attempt was made to distinguish qualified surface owners and Appendix D of the 2001 BLM Buffalo RMP update states that "no area should be dropped from further consideration for leasing as a result of responses received from surface owners". Therefore, no federal coal lands within the West Antelope II LBA tract have been eliminated from further consideration for leasing due to qualified surface owner conflicts at this time. The current surface ownership of the LBA tract is discussed in Section 1.1 of this chapter and in Section 3.11. BLM will review the current surface ownership in the tract that is considered for leasing prior to holding a lease sale for the tract. Surface owner consultation must be completed with any private surface owners who are determined to be qualified prior to holding a lease sale for the tract.

In summary, the lands in the ACC coal lease application have been subjected to the four coal planning screens and determined acceptable for further consideration for leasing. Thus, a decision to lease the federal coal lands in this application would be in conformance with the current BLM Buffalo RMP, the BLM Casper RMP, and the TBNG RMP.

1.6 Consultation and Coordination

Initial Involvement

BLM received the West Antelope II coal lease application on April 6, 2005. The application was initially reviewed by the Division of Minerals and Lands at the BLM Wyoming State Office. The BLM ruled that the application and lands involved met the requirements of regulations governing coal leasing on application (43 CFR 3425).

The BLM Wyoming State Director notified the Governor of Wyoming that ACC had filed a lease application with BLM for the West Antelope II LBA tract on April 13, 2005.

The PRRCT reviewed this lease application at a public meeting held on April 27, 2005, in Gillette, Wyoming. ACC presented information about their existing mine and the pending lease application to the PRRCT at that meeting. The PRRCT recommended that the BLM continue to process this application. The major steps in processing an LBA are shown in Appendix C.

The BLM published a Notice of Intent to Prepare an Environmental Impact Statement and Notice of Public Meeting in the *Federal Register* on October 17, 2006. The publication served as public notice that the West Antelope II coal lease application had been received, announced the time and location of a public scoping meeting, and requested public comment on the application. Letters requesting public comment and announcing the time and location of the public scoping meeting were mailed to all parties on the distribution list.

The BLM published a notice of public scoping meeting in the Gillette News-Record and in the Douglas Budget newspapers. The public scoping meeting was held on November 1, 2006 in Douglas, Wyoming. At the public meeting, the applicant orally presented information about their mine and their need for the coal.

Chapter 5 provides a list of other federal, state, and local governmental agencies that were consulted in preparation of this EIS and the distribution list for this EIS.

Issues and Concerns

Issues and concerns that have been expressed by the public and government agencies relating to the potential impacts of leasing the West Antelope II LBA tract, specifically, and to previous coal lease applications in general include:

- potential conflicts between coal mining and existing and proposed conventional oil and coalbed natural gas development;
- potential cumulative impacts of coal leasing decisions combined with other existing and proposed development in the Wyoming Powder River Basin;
- validity and currency of resource data;

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- potential impacts to cultural and paleontological resources;
- potential impacts to Greater sage-grouse and other wildlife;
- potential impacts to listed threatened and endangered species and other species of concern;
- potential impacts to wetland resources;
- potential impacts related to coal loss during transport;
- potential air quality impacts including cumulative impacts to visibility;
- potential surface and groundwater quality and quantity impacts;
- potential impacts of and possible mitigation for nitrogen oxide emissions resulting from blasting of coal and overburden;
- potential human health impacts;
- the need to include reasonably foreseeable actions such as the construction and operation of the DM&E railroad and power plants in the cumulative analysis;
- the need to address coal combustion residues and other by-products from coal-fired power plants;
- the need to address increasing PRB coal production in the cumulative analysis;
- the need to address site-specific greenhouse gas emissions; and
- climate change.

Draft EIS

Parties on the distribution list were sent copies of the Draft EIS, and copies were made available for review at the BLM offices in Casper and Cheyenne, Wyoming.

A notice announcing the availability of the Draft EIS was published in the *Federal Register* by the EPA on February 8, 2008. A 60-day comment period on the Draft EIS commenced with publication of the EPA's notice of availability and ended on April 8, 2008. The BLM published a Notice of Availability/Notice of Public Hearing in the *Federal Register* on March 17, 2008. The BLM's *Federal Register* notice announced the date and time of a public hearing, which was held on March 24, 2008, at 7:00 p.m. at the Best Western Douglas Inn in Douglas, Wyoming. The purpose of the public hearing was to solicit public comments on the Draft EIS and on the fair market value, the maximum economic recovery, and the proposed competitive sale of federal coal from the LBA tract. Four individuals presented statements at the formal public hearing. A complete transcript of the hearing is available at the BLM Casper Field Office for public review. Fourteen comment letters were received by the BLM on the Draft EIS during the 60-day comment period. A summary of the statements that were presented at the formal public hearing and the 14 comment letters that were received on the Draft EIS during the 60-day comment period are published as part of the Final EIS in Appendix J.

Final EIS and Future Involvement

BLM received fourteen written comments on the Draft EIS. These comments are included, with agency responses, as Appendix J of this Final EIS. Availability of

the Final EIS will be published in the *Federal Register* by the BLM and the EPA. After a 30-day availability period, BLM will make a decision to hold or not to hold a competitive lease sale for the federal coal in the West Antelope II LBA tract. The USDA-FS must consent to leasing the federal coal underlying lands that they administer before BLM can make a decision to hold a federal coal lease sale. If any lands administered by the Forest Service are included in the tract that BLM considers for leasing, the USDA-FS will issue a separate ROD consenting to leasing those lands. The decision to consent to leasing the USDA-FS land can be appealed within 45 days from the date the USDA-FS ROD is issued.

A public ROD for the tract will be mailed to parties on the mailing list and others who commented on this EIS during the NEPA process. The public and/or the applicant can appeal the BLM decision to hold or not to hold a competitive sale and issue a lease for the tract. The BLM decision must be appealed within 30 days from the date the Notice of Availability for the Record of Decision is published in the *Federal Register*. The decision can be implemented at that time if no appeal is received. If a competitive lease sale is held, the lease sale will follow the procedures set forth in 43 CFR 3422, 43 CFR 3425, and BLM Handbook H-3420-1 (Competitive Coal Leasing) (BLM 1989).

Department of Justice Consultation

After a competitive coal lease sale, but prior to issuance of a lease, the BLM must solicit the opinion of the Department of Justice on whether the planned lease issuance creates a situation inconsistent with federal antitrust laws. The Department of Justice is allowed 30 days to make this determination. If the Department of Justice has not responded in writing within the 30 days, the BLM can proceed with issuance of the lease.