

1.0 INTRODUCTION

On March 23, 1995, Powder River Coal Company (PRCC) filed an application with the U.S. Department of the Interior-Bureau of Land Management (BLM) for a maintenance coal lease for federal coal reserves located north and west of PRCC's existing North Antelope and Rochelle Mines. This coal lease application, which is referred to as the Powder River Lease-By-Application (LBA) Tract, was assigned case file number WYW136142. On April 14, 1995, Kerr-McGee Coal Corporation (KMCC) filed an application with the BLM for a maintenance coal lease for federal coal reserves located west of and adjacent to KMCC's Jacobs Ranch Mine. This coal lease application, which is referred to as the Thundercloud LBA Tract, was assigned case file number WYW136458. The lands applied for in these two applications are located in southeastern Campbell County, Wyoming. The Thundercloud LBA Tract is located approximately 38 miles southeast of Gillette, Wyoming, approximately 15 miles east of Wright, Wyoming, and approximately 9 miles north of the Powder River LBA Tract (Figure 1-1).

These lease applications were reviewed by the BLM, Wyoming State Office, Division of Mineral and Lands Authorization, and it was determined that the applications and the lands involved met the requirements of the regulations governing coal leasing on application under Title 43 of the Code of Federal Regulations Part 3425.1 (43 CFR 3425.1).

Since these federal coal lands are within the decertified Powder River Federal Coal Region, the applications were also reviewed by the Powder River Regional Coal Team (PRRCT) at their public meeting on April 23, 1996, in Cheyenne, Wyoming. The PRRCT

is a federal/state advisory board established to develop recommendations concerning management of federal coal in the region. Although the Powder River Federal Coal Region was decertified in January 1990, the PRRCT has retained oversight of the federal coal leasing activities in the region. Since decertification, seven successful lease sales have been held in the Wyoming portion of the Powder River Federal Coal Region (Table 1-1). Five additional applications, including the Powder River and Thundercloud applications, are pending or have been rejected (Table 1-2).

At their 1996 meeting, the PRRCT recommended that the BLM process both the Thundercloud and Powder River coal lease applications as LBA's. 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 the National Environmental Policy Act of 1969 (NEPA) by evaluating the environmental impacts of leasing and mining the federal coal.

To evaluate the environmental impacts of leasing and mining the coal, the BLM must prepare an environmental assessment (EA) or an environmental impact statement (EIS) to evaluate the site-specific and cumulative environmental impacts of leasing and developing the federal coal in each application area. The PRRCT recommended that BLM request comments from the public during the scoping process on whether NEPA would best be satisfied by preparing separate NEPA documents for each lease application or by preparing one NEPA document for both lease applications. Scoping for both applications was conducted in July 1996. After reviewing the requirements of NEPA and the scoping comments, the BLM Wyoming State Director, who is also the

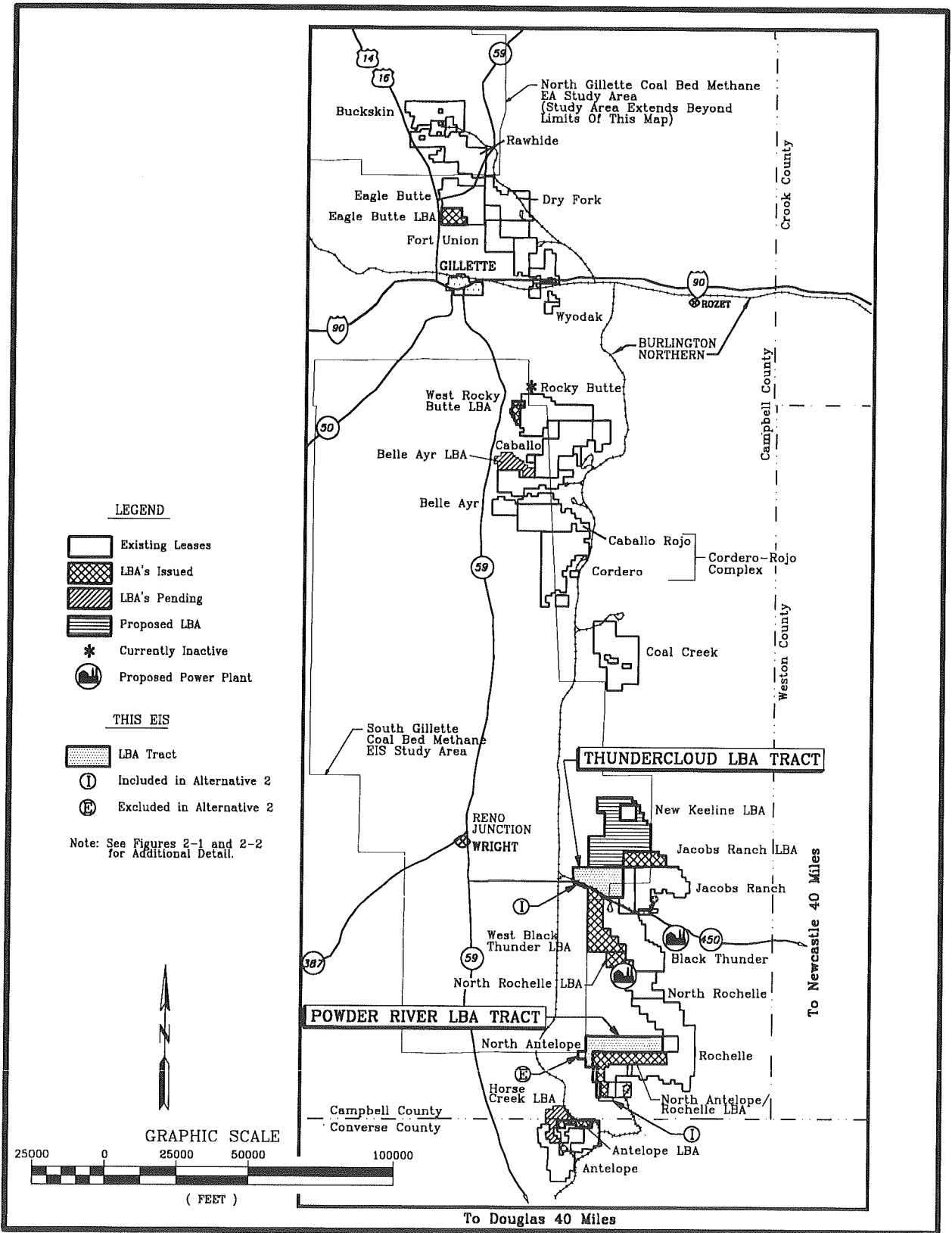


Figure 1-1. General Location Map with Federal Coal Leases.

Table 1-1. Lease-by-Applications (LBA's) Sold in the Wyoming Powder River Basin

LBA LEASE NO. AND APPLICANT	APPLICATION DATE	AS APPLIED FOR ESTIMATED LEASE SIZE & COAL TONNAGE	STATUS	AS OFFERED LEASE SIZE & EST. TONS OF MINEABLE*** COAL	SALE INFORMATION***	AVERAGE COAL QUALITY DATA FROM LEASE SALE NOTICE
JACOBS RANCH WYW117924 Jacobis Ranch Mine Kerr-McGee	10/10/89	1465.16 Acres 123 MM Tons	Sale held 9/26/91-Bid Accepted Lease effective-10/1/92; Unsuccessful IBLA appeal PRBRC*/WOC*/Sierra Club	1708.62 Acres 147,423,560 Tons	1 bid-\$20,114,930 \$11,772.62/acre \$0.136/ton Bid Accepted	Btu/lb=8540, Ash=5.4%, Sulfur=0.47%, Strip Ratio=2.46 BCY**/ton
WEST BLACK THUNDER WYW118907 Black Thunder Mine Thunder Basin Coal Co.	12/22/89	3225 Acres 400 MM Tons	Sale held 8/12/92-Bid Accepted Lease effective-10/1/92	3492.495 Acres 429,048,216 Tons	1 bid-\$71,909,282.69 \$20,589.66/acre \$0.168/ton Bid Accepted	Btu/lb=8839, Ash=4.40%, Sulfur=0.25%, Strip Ratio=2.72 BCY**/ton
NORTH ANTELOPE/ ROCHELLE WYW119554 North Antelope Mine & Rochelle Mine Powder River Coal Co.	3/2/90 two applications	North Antelope: 954 Acres 120 MM Tons Rochelle: 1196 Acres 150 MM Tons	Sale held 9/28/92-Bid Accepted Lease effective-10/1/92	Offered as One Tract: 3064.04 Acres 403,500,000 Tons	1 bid-\$86,987,765 \$28,389.89/acre \$0.216/ton Bid Accepted	N. Antelope: Btu/lb=8804, Ash=4.28%, Sulfur=0.35% Strip Ratio=2.29 BCY**/ton Rochelle: Btu/lb=8700 Ash=4.31%, Sulfur=0.13% Strip Ratio=2.16 BCY**/ton Upper Coal(98% of coal)
WEST ROCKY BUTTE WYW122586 Proposed Rocky Butte Mine Northwestern Resources Co.	12/4/90	390 Acres 50 MM Tons	12/3/92 Sale-Bid rejected 1/7/93 Sale-Bid accepted Unsuccessful IBLA appeal by PRBRC* Lease effective 1/1/93	463,205 Acres 56,700,000 Tons	12/3/92, 1 bid-\$14,200,000 \$30,603.45/acre \$0.258/ton Bid Rejected 1/7/93, 1 bid-\$16,500,000 \$35,621.38/acre \$0.291 cents/ton Bid Accepted	Btu/lb=8354 Ash=4.30%, Sulfur=0.27% Average Overall Strip Ratio=3.75BCY**/ton
EAGLE BUTTE WYW124783 Eagle Butte Mine AMAX Land Co.	7/25/91	915 Acres 150 MM Tons	Sale held 4/5/95-Bid Accepted Lease effective 8/1/95	1059,175 acres 166,400,000 Tons	1 bid-\$18,470,400 \$17,438.48/acre \$0.111/ton Bid Accepted	Upper Coal: Btu/lb=8434 Ash=4.95%, Sulfur=0.54% Lower Coal: Btu/lb=8431 Ash=4.23%, Sulfur=0.22% Strip Ratio=1.99BCY**/ton
ANTELOPE WYW128322 Antelope Mine Antelope Coal Co.	12/29/92	617.2 Acres 60 MM Tons	Sale Held 9/18/96-Bid Rejected Sale Held 12/4/96-Bid Accepted Lease Effective 2/1/97	617.2 Acres (462 Acres Mineable) 60,364,000 Tons (Andersons-31.9MM T) (Canyon-28.4MM T)	9/18/96-1 bid: \$6,645,045.10 \$10,766.44/Acre; \$0.1101/ton Bid Rejected 12/4/96--1 bid: \$9,054,600 \$14,670.45/acre;\$0.150/ton (\$19,590/Mineable Acre); Bid Accepted	Btu/lb=8779 Ash=4.22%, Sulfur= .23% Moist=25.7%, Na=1.21% Strip Ratio Range = 0.5 to 4.1 BCY**/ton
NORTH ROCHELLE WYW127221 North Rochelle Mine Zeigler Coal Co.	7/22/92	1440 Acres 144 MM tons	Sale held 7/29/97, bid rejected Sale held 9/25/97, bid accepted Lease effective 01/01/98	1481.99 Acres 157,610,000 Tons	7/29/97-1 bid-\$26,800,501 \$18,086.86/acre, \$0.17/ton Bid Rejected 9/25/97-1 bid-\$30,576,340 \$20,632/acre-\$0.194/ton Bid Accepted	Btu/lb=8680 Ash=4.91%, Sulfur=0.23% Moisture=27.72% Strip Ratio=2.91 BCY**/ton

TOTAL BONUS: \$253,613,317.69; ESTIMATED TONS OF MINEABLE COAL LEASED: 1,421,045,776; TOTAL ACRES: 11,886,665

**PRBRC= Powder River Basin Resource Council, WOC= Wyoming Outdoor Council, DEIS= Draft Environmental Impact Statement, FEIS= Final Environmental Impact Statement, ROD= Record of Decision

***BCY = Bank Cubic Yards

***Estimated mineable tons of coal, as reported on the sale notice. Mineable tons of coal are assumed to be the same as in place tons of coal unless reported differently in the sale notice. Bonus received per ton is calculated using mineable tons of coal.

Table 1-2. Pending & Rejected Coal Lease-by-Applications (LBA's) in the Wyoming Powder River Basin

LBA LEASE NO. AND APPLICANT	APPLICATION DATE	AS APPLIED FOR ESTIMATED LEASE SIZE, TONNAGE, and LEASE TYPE	STATUS	AS OFFERED LEASE SIZE & EST. TONS OF MINEABLE COAL	SALE INFORMATION	AVERAGE COAL QUALITY DATA FROM LEASE SALE NOTICE
PENDING						
POWDER RIVER WYWI136142 North Antelope Mine & Rochelle Mine Powder River Coal Co.	3/23/95	4023 Acres 515 MM Tons Maintenance	Scoping Meeting 6/27/96 Gillette; DEIS* prepared jointly with Thundercloud, mailed 8/97; Hearing 10/8/97 in Gillette			
THUNDERCLOUD WYWI136458 Jacobs Ranch Mine Kerr-McGee Coal Corp.	4/14/95	3396 Acres 427 MM Tons Maintenance	Scoping Meeting 6/27/96 Gillette; DEIS* prepared jointly with Powder River, mailed 8/97; Hearing 10/8/97 in Gillette			
HORSE CREEK WYWI141435 Antelope Mine Antelope Coal Company	2/14/97	1,471 Acres 177.5 MM Tons Maintenance	PRRCT*** reviewed 4/23/97, recommended that BLM process; Scoping 11/1/97 - 11/30/97 Scoping Meeting 11/13/97 Gillette			
BELLE AYR WYWI141568 Belle Ayr Mine Amax Land Co.	3/20/97	1,579 Acres 200 MM Tons Maintenance	PRRCT*** Reviewed 4/23/97 recommended that BLM process			
TOTAL PENDING: 1.3195 BILLION TONS OF COAL UNDER 10,469.07 ACRES						
REJECTED						
NEW KEELINE WYWI138975 Proposed New Mine Evergreen Enterprises	5/13/96	7,841 Acres 675 MM Tons New Start Mine	PRRCT*** reviewed 4/23/97, recommended that this LBA not be considered for future processing at this time; Wyoming State Director rejected without prejudice 6/13/97; Rejection Decision Appealed 7/14/97			
TOTAL REJECTED: 0.675 BILLION TONS OF COAL UNDER 7,841 ACRES						

*DEIS = Draft Environmental Impact Statement, FEIS = Final Environmental Impact Statement, ROD = Record of Decision

**BCY = Bank Cubic Yards

***PRRCT = Powder River Regional Coal Team

Chairman of the PRRCT, made a decision to prepare one EIS for the two lease applications.

BLM will use the analysis in this EIS to decide whether or not to hold a public, competitive, sealed-bid coal lease sale for each of the two coal tracts and issue federal coal leases. If the sales are held, the bidding at those sales is open to any qualified bidder; it is not limited to the applicants. If the lease sales are held, a lease will be issued to the highest bidder at each sale if a federal sale panel determines that the high bid at that sale 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 are no antitrust violations if a lease is issued to the high bidder at each sale. PRCC and KMCC each previously applied for federal coal under the LBA process, each was the successful high bidder when a competitive lease sale was held, and, in 1992, each was issued a maintenance lease adjacent to these same mines (see Jacobs Ranch and North Antelope/Rochelle LBA's, Figure 1-1 and Table 1-1).

Other agencies, including cooperating agencies on this EIS (the U.S. Forest Service [USFS] and the Office of Surface Mining Reclamation and Enforcement [OSM]), will also use this analysis to make decisions related to leasing and mining the federal coal in these tracts.

Powder River LBA Tract

The Powder River LBA Tract includes approximately 4,023 acres and contains approximately 515 million tons of mineable coal. The Powder River LBA Tract as applied for and the existing federal coal leases in the adjacent North Antelope and Rochelle Mines are shown in Figure 1-2.

If PRCC acquires a federal coal lease for these lands, the coal will be mined, processed, and distributed as part of PRCC's permitted North Antelope Mine, which comprises 7,152 acres and originally contained 359 million tons of mineable coal, and Rochelle Mine, which comprises 10,910 acres and originally contained 817 million tons (652 million tons permitted and 165 million tons unpermitted) of mineable coal.

The Powder River LBA Tract is contiguous with the North Antelope and Rochelle Mines. The area applied for is substantially similar to the adjacent mines 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 the necessary mining permits.

The surface of the Powder River LBA Tract is owned by the State of Wyoming, the United States of America, PRCC, the Bridle Bit Ranch Company, and the Dilts Brothers. The federally owned surface is part of the Thunder Basin National Grassland, administered by the USFS.

As applied for, the Powder River LBA Tract coal resources would be mined as a maintenance tract to extend mine life at the North Antelope Mine and the Rochelle Mine. The mining method would be a combination of truck and shovel and dragline, which are the mining methods currently in use at these two mines.

After mining, the land would be reclaimed for livestock grazing and wildlife use as is the current practice at the North Antelope and Rochelle Mines.

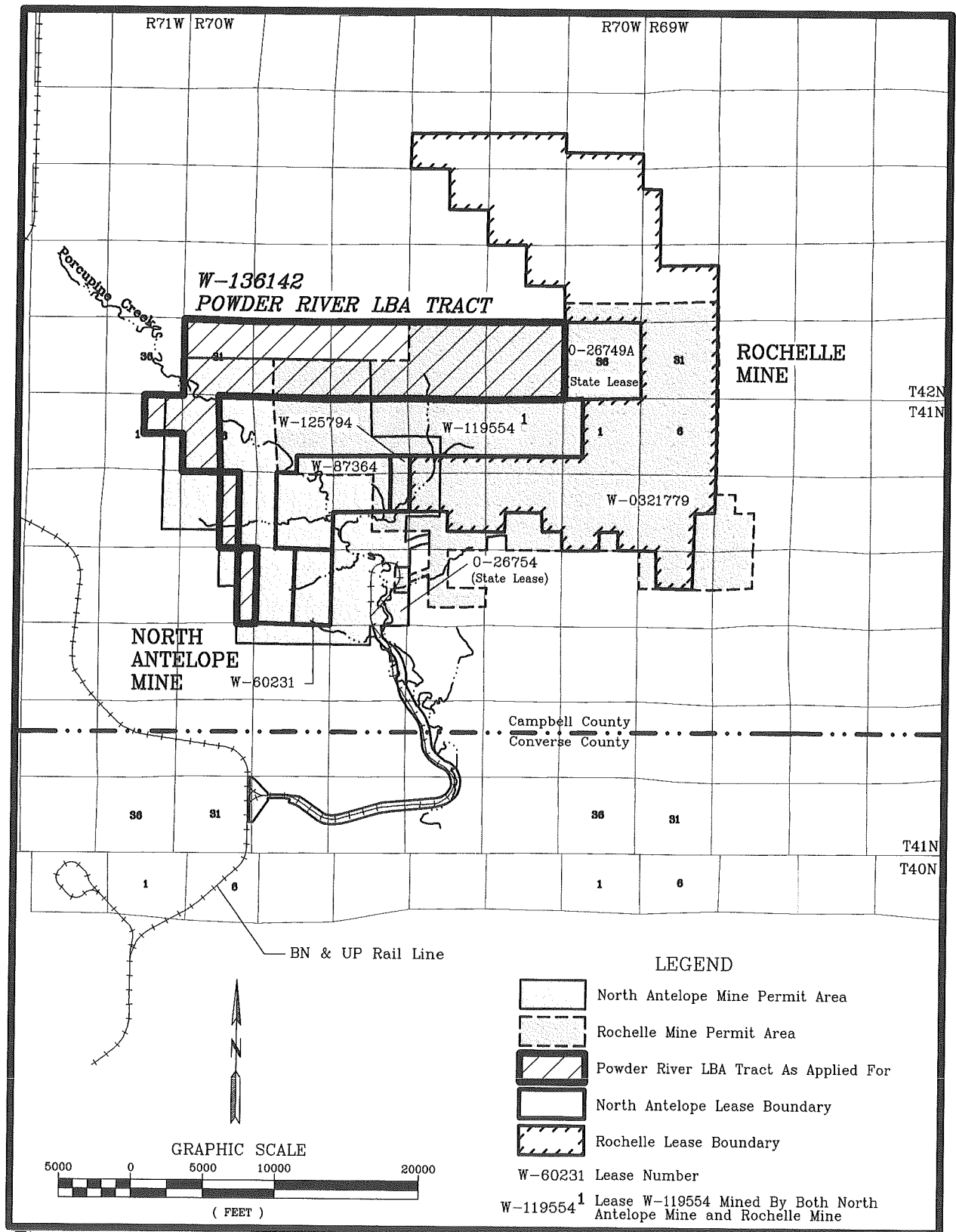


Figure 1-2. North Antelope Mine and Rochelle Mine Coal Leases and the Powder River LBA Tract As Applied For

Thundercloud LBA Tract

The Thundercloud Tract includes approximately 3,396 acres and contains approximately 427 million tons of mineable coal. A 40-acre tract of privately owned coal located inside the tract boundaries containing approximately 5 million tons of mineable coal is excluded from this acreage (and the estimate of mineable coal reserves). This private coal is not included in the tract that would be leased by the federal government, and it is not included in the calculations of federal royalty payments. For the purpose of the impact analysis in this EIS, however, it is assumed that if there is a competitive sale, the successful bidder will obtain the mining rights from the private coal owner and this coal will be mined with the federal coal in the Thundercloud LBA Tract. The Thundercloud LBA Tract as applied for and the existing federal coal leases in the adjacent Jacobs Ranch Mine are shown in Figure 1-3.

The Thundercloud LBA Tract is contiguous with both the Jacobs Ranch Mine and the Black Thunder Mine, operated by the Thunder Basin Coal Company, a subsidiary of ARCO (Figure 1-1). The current Thundercloud LBA Tract is part of a tract that was previously delineated for potential sale in a proposed 1984 federal coal sale that did not take place. The original Thundercloud Tract is described in a 1983 BLM document entitled "Powder River Coal Region Tract Summaries".

The area applied for is substantially similar to the adjacent mines 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 the necessary mining permits. If KMCC acquires the federal coal lease for these lands, the coal would be mined, processed, and distributed

as part of KMCC's permitted Jacobs Ranch Mine, which comprises 9,198 acres and prior to mining contained 538 million tons of leased coal.

Currently, the surface of the Thundercloud LBA Tract is owned by the United States of America, KMCC, Atlantic Richfield, and the Gladys K. Norwood estate. The federally owned land is part of the Thunder Basin National Grassland, administered by the USFS. Current land uses of the area within the tract include grazing by domestic animals and wildlife and oil and gas production.

The proposed addition of the coal in the Thundercloud LBA Tract would allow KMCC to maintain and expand existing contracts and would extend the life of the current mining operations. The Jacobs Ranch Mine is a truck and shovel surface mining operation, and the Thundercloud Tract would be mined using this same mining method if KMCC acquires the tract. The coal would be used primarily for electric power generation, which is the primary use of the coal in the existing mine.

After mining, the land would be reclaimed for livestock grazing and wildlife use as is the current practice at the Jacobs Ranch Mine.

1.1 Purpose and Need for Action

Under the original homestead laws, ranchers and farmers were granted both the surface and mineral rights to their land. The homestead laws were amended in the early 1900's to convey only the surface rights to private parties, while the federal government began to retain the subsurface mineral rights. Since the passage of the Mineral Leasing Act in 1920, the U.S. Department of the Interior (USDI), through its implementing agency the BLM, has been charged with administering a

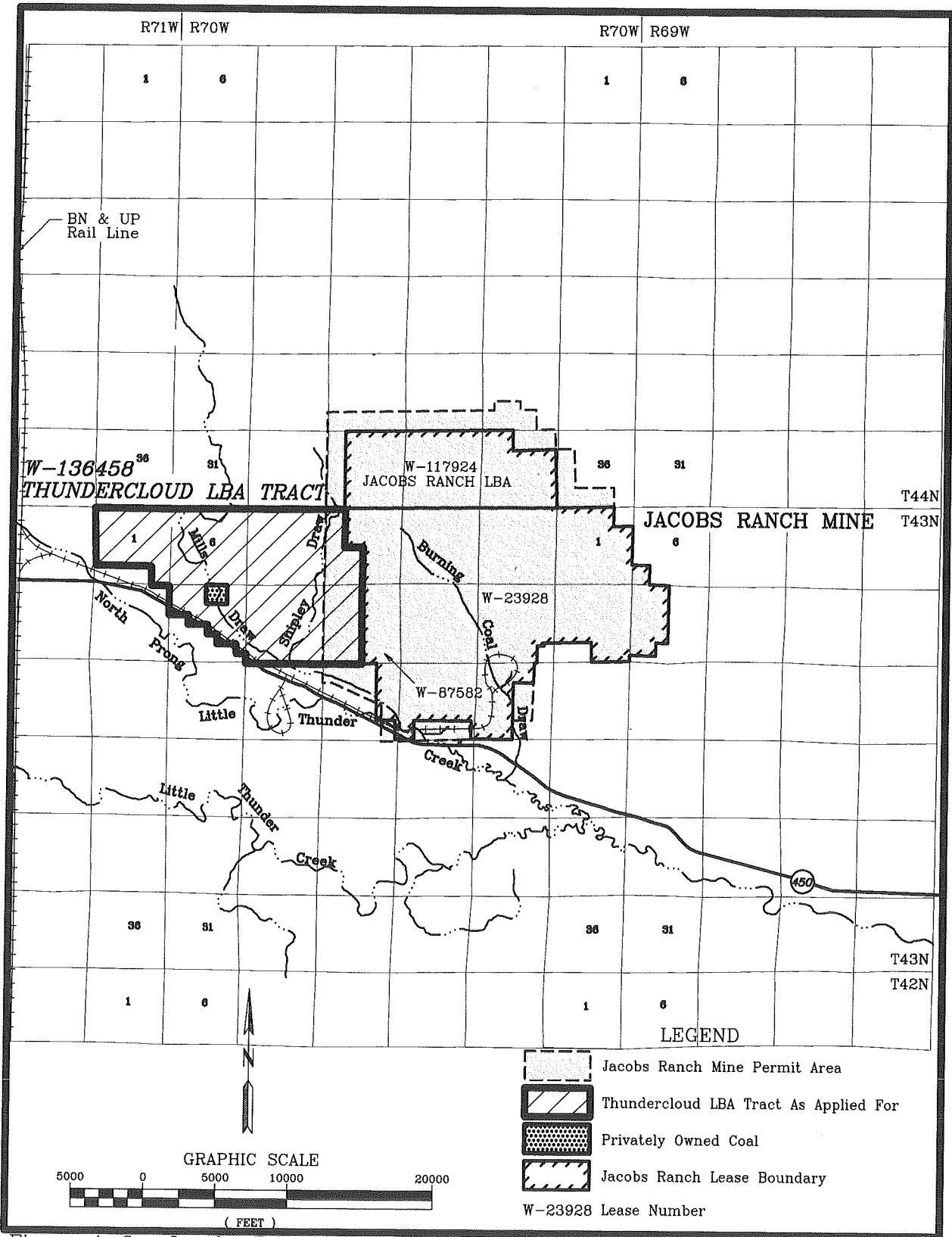


Figure 1-3. Jacobs Ranch Mine Coal Leases and the Thundercloud LBA Tract As Applied For

leasing program that would allow the private sector to mine federally owned coal reserves. 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. In return for receiving a lease, a lessee must make a bonus payment to the federal government when the coal is leased, make annual rental payments to the federal government, and make royalty payments to the federal government when the coal is mined. Federal bonus and royalty payments are split with the state in which the lease is located.

The federal coal leasing program allows for the designation of new production tracts (a lease to open a new mine), bypass tracts (a lease needed to prevent leaving "islands" of unmined coal), and maintenance tracts (a lease needed to continue operations at an existing mine). The leasing program provides for competitive leasing of federal coal to promote the timely and orderly development of publicly owned coal resources.

PRCC currently has 204 million tons of permitted recoverable coal left at the North Antelope Mine and 461 million tons of permitted recoverable coal at the Rochelle Mine. It would take approximately 10 years to mine this combined total of 665 million tons of recoverable coal, if it was mined at the combined permitted rate of 65 million tons per year. However, PRCC's evaluation of this remaining leased reserve has indicated that not all of this permitted recoverable coal is marketable due to problems with the quality of some of the coal. Approximately 310 million tons of the currently leased recoverable coal could not be marketed without blending with higher quality reserves. PRCC intends to combine the

higher quality coal in the Powder River LBA Tract with this lower quality coal to produce a marketable product. Without the additional reserves in the Powder River LBA Tract, PRCC may not be able to sell all of this 310 million tons of currently leased recoverable coal. By blending high quality and low quality coal at the planned combined production rate of 65 million tons per year, PRCC anticipates that the available leased high quality reserves would be exhausted in 2002 or 2003. If additional high quality reserves are not leased and permitted by this time, about 245 million tons of low quality coal that could not be blended to meet customer specifications could be left in the ground.

The Rochelle Mine was originally permitted to supply coal to the proposed WyoCoal Gas Project in Douglas, Wyoming for 40 years at 11.0 million tons per year from federal coal lease WYW-0321779. The northern part of lease WYW-0321779 (see Figure 1-2) was not permitted because the coal in that part of the lease was not marketable at the time due to low calorific values and unattractive overburden-to-coal ratios. The unpermitted reserves are also located a great distance from the existing coal crushing and loading facilities, which reduces the feasibility of mining the coal with the existing Rochelle Mine facilities. As a result, the company envisioned developing a new mine facility in the northern section of the lease with a new railroad loop and loading facilities if a market developed for that coal.

Through the years, coal quality has become an even larger issue than it was in the early 1980's. Today utilities are demanding a high Btu, low sulfur product with tight requirements on sodium. The low Btu, high sodium content of the unpermitted reserves is even less attractive in today's market. For all of these reasons, PRCC made the business

decision to apply for quality marketable reserves closer to the existing infrastructure and hold the currently unmarketable unpermitted coal for future mining.

PRCC applied for the coal reserves in the Powder River LBA Tract so they could negotiate new coal contracts to replace existing contracts. If they acquire the lease, they propose to blend the coal from the LBA tract with lower quality reserves in the existing permit area to fulfill quality requirements in existing and future contracts. In order to mine the lower quality unpermitted portion of lease WYW-0321779 in the future, the company anticipates that they will need to lease additional high quality reserves for the purpose of blending to meet market quality requirements.

It has been projected that the passage of the 1990 Clean Air Act Amendments, with incentives for use of low-sulfur coal, will lead to increased demand for Powder River Basin (PRB) coal, and coal production has steadily increased in the PRB since 1992. If the LBA tracts are leased to the applicants as maintenance tracts, the permit areas for the adjacent mines would have to be amended to include the new lease areas before they can be disturbed. This process takes several years to complete. PRCC and KMCC are applying for federal coal reserves now so that they can negotiate new contracts and then complete the permitting process in time to meet these new contract requirements.

This EIS analyzes the environmental impacts of issuing federal coal leases and mining the federal coal in the PRCC and KMCC lease applications as required by NEPA and associated rules and guidelines. The decision to hold competitive sales and issue leases for the lands in these applications is a prerequisite for mining the Thundercloud LBA Tract and the Powder River LBA Tract

but is not in itself the enabling action that will allow mining, as discussed above. The most detailed analysis occurs after a lease has been issued but prior to mine development, when the lessee files a permit application package with the Land Quality Division (LQD) of the Wyoming Department of Environmental Quality (WDEQ) and OSM for a surface mining permit and approval of the mining plan. Authorities and responsibilities of the BLM and other concerned regulatory agencies are described in the following sections.

1.2 Regulatory Authority and Responsibility

The PRCC and KMCC coal lease applications were submitted and will be processed and evaluated under the following authorities:

- the Mineral Leasing Act of 1920 (MLA), as amended;
- the Multiple-Use Sustained Yield Act of 1960;
- the National Environmental Policy Act of 1969 (NEPA);
- the Federal Coal Leasing Amendments Act of 1976 (FCLAA);
- the Federal Land Policy and Management Act of 1976 (FLPMA); and
- the Surface Mining Control and Reclamation Act of 1977 (SMCRA).

The 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 leases. For the PRCC and KMCC applications, the BLM must decide whether to 1) not offer one or both tracts for sale, 2) modify one or both tract configurations and hold a competitive, sealed-bid lease sale for each tract, 3) hold a competitive sealed-bid lease sale for each tract as applied for, or 4) delay the competitive coal lease sale for one or both tracts. Each of these options must be analyzed for potential environmental impacts.

The USFS is a cooperating agency on this EIS because it manages the federal surface lands in the Thunder Basin National Grassland, and these lease applications include some of those lands. Prior to the BLM making a leasing decision on either tract, the USFS must consent to holding the lease sale.

OSM is also a cooperating agency. After a 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. 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, the USFS 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 mining plan to the Assistant Secretary of the Interior, Land and Minerals Management. Before the mining plan can be approved, the BLM and the USFS must concur with this recommendation.

If the proposed LBA tracts are leased to existing mines, the lessees would be required to revise their coal mining permits prior to mining the coal, following the processes outlined above. As a part of that process, a new mining and reclamation plan would be developed showing how the lands in the LBA tracts would be mined and reclaimed. Specific impacts which would occur during the mining and reclamation of the LBA tracts would be addressed in the mining and reclamation plans, 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. BLM has authority in those emergency situations where WDEQ or OSM

cannot act before environmental harm and damage occurs.

BLM also has the responsibility to consult with and obtain the comments of other state or federal agencies which have jurisdiction by law or special expertise with respect to potential environmental impacts. Appendix A presents other federal and state permitting requirements that would be required to mine these LBA tracts.

1.3 Relationship to BLM Policies, Plans, and Programs

In addition to the federal acts listed under Section 1.2, guidance and regulations for managing and administering public lands, including the federal coal lands in the KMCC and PRCC applications, 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 follow 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.

1.4 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 resource management plan (RMP) for the BLM Buffalo Resource Area (BLM 1985) governs and addresses the leasing of federal coal in this area. *The Medicine Bow National Forest and Thunder Basin National Grassland Land*

and Resource Management Plan (LRMP) (USFS 1985) governs and addresses the management of USFS (public) lands in the area. All management decisions concerning these respective lands must comply with these plans.

Coal land use planning involves four planning screens to determine whether the subject coal is acceptable for further lease consideration. The four coal screens are:

- development potential of the coal lands;
- unsuitability criteria application;
- multiple land use decisions that eliminate federal coal deposits; and
- surface owner consultation.

Only those federal coal lands that pass these screens are given further consideration for leasing.

For the RMP's, only in-place coal with beds at least 5 ft thick, stripping ratios of 15:1 or less, and less than 500 ft of overburden were addressed and carried forward. The lands in these coal lease applications pass this test and were addressed in the Thunder Basin National Grassland LRMP.

The coal leasing unsuitability criteria listed in the federal coal management regulations (43 CFR 3461) have been applied to high to moderate coal potential lands in the Thunder Basin National Grassland. This analysis is contained in Appendix F of the LRMP Final EIS (USFS 1985). Appendix B of this EIS summarizes the unsuitability criteria, describes the findings for the Thunder Basin National Grassland, and presents a validation of these findings for the KMCC and PRCC applications.

As indicated in Appendix B, the lands in the Thundercloud Tract within the BN/C&NW

right-of-way are unsuitable for mining under Unsuitability Criterion Number 2. These lands are included in the LBA tract to allow recovery of all of the mineable coal outside of the railroad right-of-way and to comply with the coal leasing regulations which do not allow leasing of less than 10-acre aliquot parts. A stipulation stating that the portion of the lease within the BN/C&NW right-of-way cannot be mined will be added to the lease when it is issued. The exclusion of the coal underlying the railroad right-of-way from mining activity by lease stipulation honors the finding of unsuitability for mining under Unsuitability Criterion Number 2 for the BN/C&NW right-of-way.

Surface owner consultation was completed during preparation of the 1985 LRMP, and qualified private surface owners¹ with land over federal coal were provided the opportunity to have their views considered by the USFS during land use planning. The lands in this application were addressed in the LRMP and carried forward as acceptable for further lease consideration based on satisfactory surface owner consultations at that time. Based on updated surface ownership provided by KMCC, the surface on the Thundercloud LBA Tract is owned by the United States of America, KMCC, Atlantic Richfield, and the Gladys K. Norwood estate. The federally owned land is part of the Thunder Basin National Grassland, administered by the USFS. Data provided by PRCC indicate the surface on the Powder River LBA Tract is owned by the United States of America, the State of

Wyoming, PRCC, the Bridle Bit Ranch Company, and the Dilts Brothers. Again, the federally owned land is part of the Thunder Basin National Grassland, administered by the USFS. All federal coal lands in both applications were determined acceptable for further lease consideration, with the consent of the surface owners.

As part of the coal planning for the Thunder Basin National Grassland LRMP and Buffalo Resource Area RMP, a multiple land use conflict analysis was 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 3420.1-4e(3). The multiple use conflict evaluation concluded that there were no serious surface resource use conflicts on Thunder Basin National Grassland and that any conflicts which do arise can be mitigated on a case-by-case basis. All of the lands in the application areas were subjected to this multiple use conflict analysis and determined to be acceptable for further lease consideration (USFS 1985).

In summary, all of the lands in the PRCC and KMCC coal lease applications have been subjected to the four coal planning screens and determined acceptable for further lease consideration. Thus, a decision to lease and mine the federal coal lands in these applications would be in conformance with both the BLM Buffalo Resource Area RMP and USFS Thunder Basin National Grassland LRMP.

1.5 Consultation and Coordination

Initial Involvement

The PRCC and KMCC lease applications were initially reviewed by the BLM,

¹ The natural person or persons (or corporation, the majority stock of which is held by a person or persons) who 1) hold legal or equitable title to the land surface, 2) have their principal place of residence on the land or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface mining operations, or receive directly a significant portion of their income, if any, from such farming or ranching operations, and 3) have met the conditions of 1 and 2 for a period of at least 3 years prior to granting of any consent to mining of their lands.

Wyoming State Office, Division of Mineral and Lands Authorization. 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 on May 5, 1995 that PRCC had filed a lease application with BLM for the Powder River LBA Tract. The Governor of Wyoming was notified on August 23, 1995 that KMCC had filed a lease application with BLM for the Thundercloud LBA Tract.

A notice announcing the receipt of both the PRCC and KMCC coal lease applications was published in the *Federal Register* on March 12, 1996. Copies were sent to voting and nonvoting members of the PRRCT, including the governors of Wyoming and Montana, the Northern Cheyenne Tribe, the Crow Tribal Council, the USFS, OSM, United States Fish and Wildlife Service (USFWS), National Park Service, and USGS.

Both lease applications were reviewed by the PRRCT at their April 23, 1996 public meeting in Cheyenne, Wyoming, at which time PRCC and KMCC presented information about their existing mines and pending lease applications to the PRRCT. The PRRCT recommended that BLM process both coal lease applications as lease-by-applications. The major steps in processing an LBA are shown in Appendix C.

The BLM filed a Notice of Scoping in the *Federal Register* on June 20, 1996. The filing served as notice that the KMCC and PRCC coal lease applications had been received and public comment was requested.

A public scoping meeting was held on June 27, 1996 in Gillette, Wyoming. At the

public meeting, both companies orally presented information about their mines and their need for the coal. These presentations were followed by a question and answer period, during which several oral comments were made. BLM received nine written comments during the scoping period. A Notice of Intent to prepare a joint EIS was published in the *Federal Register* on December 9, 1996. Public comments were again requested in this notice, but no additional comments were received.

Chapter 5.0 provides a list of other federal, state, and local governmental agencies that were consulted in preparation of this EIS (Table 5-1) and the distribution list for this FEIS (Table 5-3).

Issues and Concerns

Issues and concerns expressed by the public and government agencies relating to the KMCC and PRCC coal lease applications included:

- cumulative impacts on air quality;
- cumulative impacts on wildlife;
- impacts on endangered species;
- impacts on raptors;
- wetland impacts;
- water quality impacts and effects on fisheries, migratory birds, and threatened or endangered species;
- short- and long-term impacts on fish and wildlife;
- impacts to surface- and groundwater quantity and quality;

- acreage disturbed vs. acreage re-claimed;
- impacts on recreational use and wildlife-related recreation;
- impacts on Native American cultural resources;
- impacts on existing oil and gas wells and gas-gathering systems;
- potential overlapping impacts of coal bed methane development and surface coal mining; and
- loss of natural resources.

Draft EIS

Parties on the distribution list were sent copies of the DEIS, and copies were available for review at the BLM offices in Casper and Cheyenne. A notice announcing the availability of the DEIS was published in the *Federal Register* by the Environmental Protection Agency (EPA) on August 22, 1997. The BLM published a Notice of Availability/Notice of Public Hearing in the *Federal Register* on August 29, 1997. The comment period on the DEIS commenced with publication of the Notice of Availability and ended on October 28, 1997. The BLM *Federal Register* notice announced the date and time of the public hearing and solicited public comments on the DEIS and on the fair market value, the maximum economic recovery, and the proposed separate competitive sales of coal from the two LBA tracts. A formal public hearing was held at 7:00 p.m. on October 8, 1997 at the Holiday Inn in Gillette, Wyoming. All comments received on the DEIS are included, with responses, in this FEIS (Appendix H).

Final EIS and Future Involvement

Availability of the FEIS has been published in the *Federal Register* by the BLM and the EPA. After a 30-day availability period, BLM will make separate decisions to hold or not to hold a competitive lease sale and issue a lease for the federal coal for each tract. A separate public Record of Decision (ROD) for each tract will be mailed to parties on the mailing list and others who commented on these LBA's during the NEPA process. The USFS must consent or not consent to the surface use of the USFS lands in each LBA tract for coal mining before BLM can sign either ROD. Both the public and the applicant can protest the USFS decision (to consent or not to consent) and the BLM decision (to hold a competitive sale and issue a lease for each tract).

The USFS decision to consent or not to consent must be appealed within 45 days after it is signed by the Regional Forester and published in the Denver Post. The decision can be implemented 5 days following the appeal period if no appeal is received. If an appeal of the USFS decision is received, 45 days are afforded to resolve the appeal; and 15 days following the resolution, the decision can be implemented.

The BLM decision to hold a competitive sale and issue a lease or not hold a competitive sale and issue a lease must be appealed within 30 days after the BLM decision is signed. 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).

Attorney General Consultation

After the competitive coal lease sales, but prior to issuance of the leases, the BLM will solicit the opinion of the Attorney General on whether the planned lease issuances create a situation inconsistent with federal anti-trust laws. The Attorney General is allowed 30 days to make this determination. If the Attorney General has not responded in writing within the 30 days, the BLM can proceed with issuance of the leases.