

**U.S. Department of the Interior
Bureau of Land Management
Little Snake Field Office
455 Emerson St.
Craig, Colorado 81625**

DECISION RECORD

PROJECT NAME: Twentymile Coal, LLC COC54608 Lease Modification

ENVIRONMENTAL ASSESSMENT NUMBER: DOI-BLM-CO-2014-0044-EA

DECISION

It is my decision to implement the Proposed Action in DOI-BLM-CO-2014-0044-EA, authorizing the modification of coal lease COC54608 by adding 310 acres of federal coal resources. The coal lease modification contains an estimated 340,000 tons of recoverable coal.

COMPLIANCE WITH LAWS & CONFORMANCE WITH THE LAND USE PLAN

This decision is in compliance with the Endangered Species Act, and the National Historic Preservation Act. It is also in conformance with the 2011 Little Snake Record of Decision and Approved Resource Management Plan.

ENVIRONMENTAL ANALYSIS AND FINDING OF NO SIGNIFICANT IMPACT

The Proposed Action was analyzed in DOI-BLM-CO-2014-0044-EA and it was found to have no significant impacts, thus an EIS is not required.

PUBLIC INVOLVEMENT

External scoping was conducted by posting information about this project on the LSFO's online National Environmental Policy Act (NEPA) register web site, http://www.blm.gov/co/st/en/BLM_Information/nepa/lso/2014_register.html on June 30, 2014. A public comment period on the EA took place from March 2 – April 1, 2015. Two comments were received within the comment period; two comments were received on April 2, 2015. These comments and responses to the comments are tabulated in Appendix B of DOI-BLM-CO-2014-0044-EA.

RATIONALE

The proposed 310 acre coal lease modification would make 340,000 tons of additional federal coal reserves available for coal mining, and would allow Twentymile Coal to continue to compete for coal sales in an open, diverse supply and demand market. Twentymile Coal's Foidel Creek Mine has been selling coal in this market for 32 years. A rejection of the lease modification would not cease currently approved mining operations. If the BLM rejected the lease modification, the mine would cease operations only after the current mine reserves were depleted. The inability of Twentymile Coal to sell in the coal market will not cause electric generators to stop burning coal. Utility companies will operate existing coal-burning facilities until either cost or regulatory requirements make them ineffective, or until they are replaced by an alternative electric generator.

The effect of rejecting the Twentymile Coal 310 acre lease modification would be that the existing mine would cease operations after the current reserves are depleted and Twentymile Coal would not be competitive in the national coal market to meet the future coal demand in the U.S. which is expected to last until at least 2035. Other national coal producers have the capacity to produce coal and replace the production from the existing Foidel Creek Mine.

Other factors, listed below, were considered in the decision to modify lease COC54608:

- The BLM coal leasing program encourages the development of domestic coal reserves and the reduction of the United States' dependence on foreign sources of energy. BLM recognizes that the extraction of coal is currently necessary in order to meet the nation's energy needs. A primary goal of the National Energy Policy is to add energy supplies from diverse sources including domestic oil, gas, and coal. Private development of federal coal reserves is integral to the BLM coal leasing program under the authorities of the Mineral Leasing Act of 1920, the Federal Land Policy and Management Act of 1976 (FLPMA) and the Federal Coal Leasing Amendments Act of 1976 (FCLAA).
- Twentymile Coal, LLC applied for the 310 acre lease modification to extend the life of the Foidel Creek Mine by acquiring access to a continuing supply of low sulfur compliance coal that will be sold to power plants for generating electricity. Continued leasing of low sulfur, high BTU coal enables coal-fired power plants to meet Clean Air Act requirements without constructing new power plants or revamping existing plants. Generally, the expenses associated with constructing new power plants, retrofitting or revamping existing plants, or substituting alternative fuels would increase energy costs to customers and consumers.
- The leasing and subsequent mining of federal coal reserves provide the United States, the State of Colorado, and Routt County with income in the form of lease bonus payments, lease royalty payments, and tax payments. Production of federal coal also provides the public with a supply of cost-efficient, low sulfur coal for power generation.
- The potential for regulation of greenhouse gas emissions as an air pollutant is recognized in this decision. Should such regulation be put in place, there may be an effect on coal demand depending on how the regulatory actions affect the demand for electric power and the mix of methods used to produce electricity. Effects to coal demand would be reflected through the coal market, coal pricing, and supply. If demand decreases, it is expected that less efficient coal producers, or those with reserves having less desired coal characteristics, may lose customers. Based on review of past performance, Twentymile Coal has competed very well in the national coal market.
- Section 7 consultation under the Endangered Species Act (ESA) is being completed for this action. The BLM determined that the Proposed Action "may affect, but is not likely to adversely affect" the yellow-billed cuckoo and the lineage greenback cutthroat trout. In addition, the Proposed Action is not likely to destroy or adversely modify proposed critical habitat for the yellow billed cuckoo. In the draft Biological Opinion (BO), the FWS concurred with these determinations. A "may affect, likely to adversely affect" determination was found for the four Colorado River Fish. However, in the FWS's draft BO, it is the Service's biological opinion that

the Proposed Action is not likely to jeopardize the continued existence of the four endangered fish. In addition, the Proposed Action is not likely to destroy or adversely modify any of the critical habitats designated for the four endangered fish.

Section 7(d) of the ESA prohibits federal agencies and applicants from making any irreversible or irretrievable commitment of resources which could foreclose the formulation and implementation of reasonable and prudent alternatives that could avoid jeopardy to listed species or destruction or adverse modification of critical habitat. Since a no jeopardy decision is expected from the FWS, and the project would not destroy or adversely modify critical habitat, no reasonable or prudent alternatives would be needed or developed for this action.

I have reviewed the EA (DOI-BLM-CO-N010-2014-0044-EA) including the explanation and resolution of any potentially significant environmental impacts. It is my decision to approve the Peabody Energy Twentymile Coal, LLC 310 acre lease modification. I have determined that the proposed action will not have any significant impacts on the human environment and that an EIS is not required. I have determined that the proposed project is in conformance with the approved land use plan. Analysis of the Proposed Action has concluded that there are no significant negative impacts and that it meets Colorado Standards for Public Land Health. It is my decision to implement the project with the mitigation measures identified below.

MITIGATION MEASURES: None

COMPLIANCE:

Periodic compliance inspections will be performed over the life of this project to insure that all lease terms and conditions and stipulations are being implemented as required. The BLM mining engineer will conduct Inspection and Enforcement examinations at least quarterly. The Colorado Division of Reclamation, Mining and Safety conducts monthly surface inspections to ensure permit compliance.

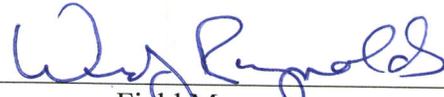
ADMINISTRATIVE REMEDIES

Administrative remedies may be available to those who believe they will be adversely affected by this decision. Appeals may be made to the Office of Hearings and Appeals, Office of the Secretary, U.S. Department of Interior, Board of Land Appeals (Board) in strict compliance with the regulations in 43 CFR Part 4. Notices of appeal must be filed in this office within 30 days after publication of this decision. If a notice of appeal does not include a statement of reasons, such statement must be filed with this office and the Board within 30 days after the notice of appeal is filed. The notice of appeal and any statement of reasons, written arguments, or briefs must also be served upon the Regional Solicitor, 755 Parfet Street, Suite 151, Lakewood, CO 80215. Appeal and stay procedures are outlined in Form 1842-1.

The effective date of this decision (and the date initiating the appeal period) will be the date this notice of decision is posted on BLM's internet website.

It is my decision to approve the modification of existing coal lease COC54608 in the Peabody Twentymile Coal, LLC lease by application.

SIGNATURE OF AUTHORIZED OFFICIAL:

A handwritten signature in blue ink, appearing to read "Wesley Reynolds", written over a horizontal line.

Field Manager

DATE SIGNED:

12/31/15