

**ENVIRONMENTAL ASSESSMENT FOR MINOR REVISION
COAL AND URANIUM PROGRAM
MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY**

COMPANY NAME: Signal Peak Energy

DATE: March 18, 2010

OPERATING PERMIT#: 93017

MR# 10-17-01

LOCATION: Bull Mountains Mine, T6N, R26E, Sections 12 and 13.

Type and Purpose of Action:

The operator is proposing the addition of up to 4% coke fly ash from the Yellowstone Energy Limited Partnership (YELP) co-generation plant to waste from the coal processing plant. The purpose of adding the fly ash is to facilitate drying and compaction of the waste placed in the approved waste disposal area (WDA). A Beneficial Use Determination for use of the fly ash has been approved by the Solid Waste Program of the Montana Department of Environmental Quality.

Storage and handling of the fly ash will minimize exposure of this material to the environment. The material will be trucked to the mine site from Billings and stored in closed containers, minimizing exposure to the atmosphere. The fly ash will be piped from the trucks into in a 150 ton silo adjacent to the coal preparation plant. The silo is located over the enclosed WDA conveyor which will deliver the coal and waste mix to the WDA.

Potential Impacts and Mitigation Measures:

The results of TCLP and other, more stringent (lower detection level) analytical methods of the coke fly ash do not suggest likely groundwater contamination resulting from the use of the material at the requested ration of 1:25 (fly ash to coal waste). Monitoring of major ions and trace metals in groundwater from alluvial wells (BMP16 and BMP33) downgradient of the WDA, as well as a downgradient overburden well (BMP52), will be required through final bond release. Changes in water quality will be evaluated and mitigation required if Montana groundwater quality standards are exceeded, material damage occurs, or the operator fails to minimize impacts to the hydrologic balance resulting from use of the ash.

Alternative Actions:

Require the operator to restrict coal waste additives to lime or other tested and approved additives rather than fly ash. However, lime and other additives tested do not consistently meet drying and compaction requirements for the waste delivered to the WDA.

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