

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: 2010 Coal Exploration Program Proposed Implementation Date: April, 2010

Proponent: Cloud Peak Energy Resources LLC (CPE) - Spring Creek Mine

Type and Purpose of Action: CPE 2010 coal exploration program drilling twin boreholes on 22 sites (Big Horn County) on private fee land

A pre-drilling Class III Cultural Resource Inventory of the 2010 Exploration Drilling Program was completed by GCM Services, Inc. in March 2010.

Location: T8S, R38E, Sections 1, 12, 13; T8S, R39E, Sections 1, 2, 4, 5, 8, 9, 10, 11, 12, 14, 15, 16, 17 County: Bighorn

The proposed prospecting activity will be conducted pursuant to SMP 79012 . SPE advertised the proposed activity in The Sheridan Press (Sheridan County, Wyoming) for 4 consecutive weeks (Jan 30, February 6, 13, 20 , 2010) that included all the locations for exploration drilling and vicinity using the township-section system. A 30-day public comment period followed the last date of publication.

N = Not present or No Impact will occur.

Y = Impacts may occur (explain under Potential Impacts).

IMPACTS ON THE PHYSICAL ENVIRONMENT	
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
1. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?	[N] This work will not affect the physical characteristics of the soil. Unusual geologic features were not observed. Minor surface disturbance will occur at each drill site (approximately 12 acres or 0.5 acres per site); boreholes will be properly abandoned and the sites will be reclaimed, including soiling and seeding with the approved seed mix.
2. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of water quality standards, drinking water maximum contaminant levels, or degradation of water quality?	[N] Scattered domestic wells, stock wells and springs are in the general area. No impacts to these sources are predicted and no significant surface water resources (creeks, rivers) are close to the drill sites. Special measures (control of drill cuttings) or the relocation of drill sites are stipulated for holes close to ephemeral tributaries. Each borehole will be immediately reclaimed pursuant to Department standards after it is logged. Reclamation is required to prevent impacts to the aquifer system. No impacts to the groundwater system (confined or unconfined) are expected as each borehole is advanced, geophysically logged or cored.
3. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?	[N] Air quality will not be affected by drilling operations.
4. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?	[N] Access is primarily by existing trails and roads with occasional incidental cross-country travel. No permanent alteration is expected. No rare plants or cover types were noted . Each proposed site is easily accessible and minimal impact to vegetation and cover is expected.
5. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?	[N] The area is used by the normal range of wildlife for this setting. Some raptors were observed, but no nesting sites identified near the proposed activities. No active prairie dog towns in the vicinity of drilling sites. Wildlife, including deer and antelope are common in the area; this work will not affect their range or activity.
6. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands?	[N] No threatened or endangered species or habitats are within the scope of the project. No projected impacts to wetlands.

Species of special concern?	
7. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] A cultural resource survey was completed by GCM Services Inc. (Class III Cultural Resource Inventory of the 2010 Exploration Drilling Program on the Spring Creek Coal Mine, Big Horn County, Montana) in March 2010. Results of this work indicate that the proposed drilling will have no effect on the cultural resources discussed in the report.
8. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light?	[N] The sites are not visible from public roads. Any noise will be confined to the respective drill site.
9. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project?	[N] No other activity is expected near a given drill site. Each site is remote and isolated and the proposed drilling activity will not strain indigenous resources associated with the respective drill sites.
10. IMPACTS ON OTHER ENVIRONMENTAL RESOURCES: Are there other studies, plans or projects on this tract?	[N]
IMPACTS ON THE HUMAN POPULATION	
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
11. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	[N]
12. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[N] The affected lands are primarily used for cattle grazing which have been addressed via access agreements with surface owners.
13. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so estimated number	[Y] This project will temporarily increase employment in the area while drilling and drill-hole logging occurs. Approximately 10 to 20 people will be required to complete the work over a period of several months.
14. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?	[N]
15. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?	[N] All existing roads that lead to each proposed drill site are not paved and are remote. No significant increase in traffic is expected.
16. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County,	[N]

City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	
17. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract?	[N] This area and vicinity is not a wilderness or recreational area.
18. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?	[N] All proposed exploration drill sites are remote and not located near housing or population centers.
19. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[N]
20. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N]
21. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:	

22. Alternatives Considered: Proposed Action and No Action

23. Regulatory Impact on Private Property: None identified from the proposed action.

24. Public Involvement, Agencies, Groups or Individuals contacted: U.S. Department of the Interior (Bureau of Land Management) and private surface owner's permission via required access agreements between operator and private owners.

25. Other Governmental Agencies with Jurisdiction, List of Permits Needed: U. S. Department of the Interior, Bureau of Land Management exploration license.

26. Magnitude and Significance of Potential Impacts: Potential impacts should be minimal or non-existent.

Recommendation for Further Environmental Analysis:

EIS More Detailed EA No Further Analysis

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Title

Signature

3/26/2010
Date