

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

COMPANY NAME: Signal Peak Energy, LLC

DATE: November 9, 2010

OPERATING PERMIT #: 93017

MR#: 09-17-21

LOCATION: Bull Mountains Mine No. 1 (T6N, R26E, Sections 12 and 13)

Type and Purpose of Action:

The proposed minor revision to the permit includes changes the permanent coal waste disposal area (WDA). Proposed changes include: increase the size of the WDA, elimination of a rock under drain, clarification of the operations plan for the WDA, inclusion of temporary storage of coal waste within the waste dump area, additional soil stockpile locations, additional disturbance for the construction of a fueling facility and an office trailer. Changes related to this revision would increase mine related disturbance of the WDA from approximately 170 acres to 250 acres. The following list is an elaboration of the proposed actions.

1. If approved, the size of the WDA would extend to the top of the drainage divides of the currently approved area. This would allow for additional storage of waste, allow for more natural looking topography within the storage area, and eliminate the need for permanent surface water diversions around the final fill area.
2. The elimination of a rock under drain would help simplify operations not required by regulations given the environmental conditions in which the WDA operates.
3. Changes to the operations narrative in the permit would add clarification and commitments to various operational performance standards.
4. The inclusion of narrative to allow temporary storage of waste would create flexibility needed to deal with compaction issues during inclement weather, variations in the moisture content of the waste, and variations in the amount waste handled on a day-by-day basis.
5. Additional soil stockpiles would help the efficiency of the operation by reducing haul distances.
6. Potential construction of a fueling station and moving in a portable office trailer would both increase efficiency.

Potential Impacts and Mitigation Measures:

Proposed changes to the plan would help mitigate potential impacts of the currently approved plan. The following is a list the potential positive impacts of actions proposed in the minor revision to the permit.

1. The proposed allowance of additional waste storage within the drainage basin currently approved would help alleviate the amount of disturbance associated with future WDA storage areas. Filling the disposal site to the top of the drainage basin would complement the post-mine drainage pattern and overall post-mine topography because diversion ditches would no longer be needed and a more natural looking topography would be constructed. A more stable landscape would be created if surface water run-off was not concentrated in the previously approved diversion ditches.
2. The previously approved rock under drain creates a pathway where-by air could flow into the WDA. Air within the coal waste increases the potential for spontaneous combustion. The potential for a fire within the coal waste stored in the WDA would decrease with the elimination of the rock under drain. Additionally, the need for the under drains is minimal as there are no springs or other surface water sources that would need to be drained.
3. Additional clarification of operations and commitment to standards would allow for more affective regulation of the operation.
4. The approval of temporary storage of waste within the WDA would allow operations more flexibility to better compact the fill and thus increase mass stability of the pile and decrease the potential for fire.

Potential negative impacts, above those documented in the original EIS and supplemental EA's, would result from the increased disturbance. The impacts to soils and vegetation would be minimized through reclamation of the area once the WDA is no longer active. Potential impacts of the increased disturbance on the water and air resources would be minimized through proper operations during construction of the WDA: for example; erosion control practices like seeding of soil stockpiles and watering of roads within the construction area.

Alternative Actions:

No action alternatives were considered.

Prepared by: Peter Mahrt

Title: Mine Engineer