

**MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY COAL AND URANIUM PROGRAM
CHECKLIST ENVIRONMENTAL ASSESSMENT
FOR COAL PROSPECTING PERMIT**

PERMITTEE: Decker Coal Company

SITE: East and West Decker Mines

PERMIT ID: Prospecting Permit X2013340
Short Form Amendment 1

CITY/TOWN: Decker

COUNTY: Big Horn

DATE: February 27, 2015

LOCATION:

T8S, R40E: Sections 27, 28 and 32

T8S, R41E: Sections 31, 32, 33 and 34

T9S, R40E: Sections 1, 2, 5, 7, 8, 17, 18, 19, 20, 23, 24, 26, 29 and 30

T9S, R41E: Sections 3, 4, 5, 6, 7, 8, 9 and 10

PROPERTY OWNERSHIP:

Federal State Private County Tribal

TYPE AND PURPOSE OF ACTION:

The Application for Prospecting permit amendment was submitted to the Department of Environmental Quality on December 17, 2014 by Decker Coal Company (DCC). The prospecting plan includes rotary drilling of twin boreholes at each proposed drill site. Firstly, a pilot hole would be drilled and geophysically logged in order to determine core points and core would be recovered after the second hole is drilled to the projected core point.

Reclamation Plan:

This work and reclamation would be done pursuant to Sub-Chapter 10 of the Strip and Underground Mine and Reclamation Act: Prospecting (ARM 17.24.1001 and ARM 17.24.1005). Reclamation is described in the Application and adheres to all applicable regulations. Excavation is not expected; however, if it were needed it would be kept to a minimum (e.g. mud pits). All surface disturbances would be reclaimed and seeded as described in the reclamation plan portion of the Application. Drill cuttings would be spread over the ground surface to less than one-half inch in thickness and all boreholes would be abandoned pursuant to ARM 17.24.1005.

IMPACTS ON THE PHYSICAL ENVIRONMENT	
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
1. GEOLOGY AND SOIL	[N] Field inspection of the DCC proposed prospecting area by DEQ in

IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
<p>QUALITY, STABILITY AND MOISTURE: Are soils present which are fragile, erosive, susceptible to compaction, or unstable? Are there unusual or unstable geologic features? Are there special reclamation considerations?</p>	<p>August of 2012 indicated that the area consists primarily of flat to gently rolling hills. No unusual or unstable geologic features were observed by DEQ during the field inspections. Fragile or susceptible soils were not observed during the inspection.</p>
<p>2. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality?</p>	<p>[N] Field inspections of the proposed drill sites indicated that Deer Creek and the Tongue River Reservoir and their associated drainages run in the vicinity of the proposed drill locations. DEQ confirmed that the drill sites are located at least 100 feet from any drainage, in upland areas, and in areas where drill cuttings or drilling fluid would not enter or impact stream channels.</p> <p>Surface water is the primary source of water in the area. Surface runoff in response to precipitation events and snow melt is the primary source of surface water. Typically, these are short temporal events and have a low potential for being impacted by the prospecting activities; especially, as drilling activities would also be short in duration as well. There would be no diversion of surface water at the sites.</p> <p>There is always the inherent risk of aquifer cross contamination while drilling. However, DEQ believes that the potential for cross contamination is minimal as drilling methods would be used.</p>
<p>3. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?</p>	<p>[N] Air quality in the area is primarily impacted by mining operations from the Decker Mine and the Spring Creek Mine. It is anticipated that the short-term prospecting operations would have minimal additional impact on the local air quality. Dust would be produced by vehicle travel and activity related to the drilling and abandonment operations. It is expected that dust formation would be minimized by the limited amount of vehicle (drill rig, water truck, support vehicles, etc.) traffic.</p>
<p>4. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be significantly impacted? Are any rare plants or cover types present?</p>	<p>[N] Native grassland and sagebrush are the dominant vegetation types in the area with stands of juniper and ponderosa pines. The small disturbance area of the drill sites would not result in a significant disturbance to the greater vegetative community. <i>Astragalus barrii</i>, a plant species potentially at risk for Montana and its global distribution, has been previously found in the greater Decker Mine area. However, the small and dispersed disturbance area is unlikely to impact this species.</p>
<p>5. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife,</p>	<p>[N] Diverse topography and vegetative communities in the area provide for a wide variety of wildlife. Big game species common within the area include mule deer and antelope. Common predators include coyote, red fox, raccoon, badger and striped skunk. A variety of small mammal and avian species are expected to inhabit the area.</p>

IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
birds or fish?	
<p>6. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Species of special concern?</p>	<p>[N] Currently the Black-Footed Ferret is Federally listed as an endangered species, and the majority of Eastern Montana is considered suitable habitat. No black-footed ferrets have been documented within the immediate area of the Spring Creek Mine. No drill sites are located in wetlands.</p>
<p>7. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>[N] During the site inspection conducted in August 2012 no historical, archaeological or paleontological resources were noted near the proposed observed drill sites.</p>
<p>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?</p>	<p>[N] The project area is not visible from populated or scenic areas as verified by DEQ during inspection of the proposed drilling sites in August 2012. The nearest community, Decker, Montana, is located approximately 5 miles south of the project area. Some localized noise would be associated with drilling activities, but would not be excessive. Prospecting activities would be conducted during daylight hours and artificial lighting would not be required.</p>
<p>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?</p>	<p>[N] Project work would not use any resources which are considered limited in the area. This work would not place any demands upon the resources of land, water or air.</p>
<p>10. IMPACTS ON OTHER ENVIRONMENTAL RESOURCES: Are there other activities nearby that will affect the project?</p>	<p>[N] The project area is remote and used for mainly ranching and wildlife habitat. Nearby mining activities include coal mining and coal bed methane production. Neither of these mining activities would be affected by the prospecting.</p>

IMPACTS ON THE HUMAN POPULATION

RESOURCE	POTENTIAL IMPACTS AND MITIGATION MEASURES

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RESOURCE	POTENTIAL IMPACTS AND MITIGATION MEASURES
<p>11. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?</p>	<p>[N] The prospecting area is remote and no additional human health and safety risks are expected; there would be minimal health and safety risks associated with the actual operation of the prospecting equipment and other vehicles. No harmful chemicals or materials would be used during the prospecting activities.</p>
<p>12. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>[N] The prospecting area is remote and with the exception of livestock grazing and the active Decker and Spring Creek Mines, there are no additional industrial or commercial activities near the proposed prospecting area.</p>
<p>13. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>[N] The project would not result in any additional local jobs nor would it result in the elimination of any jobs. Drilling would require approximately 3 - 5 workers. Besides the workers operating the drill rig, other support jobs would include operation of heavy equipment (e.g. semi tractor trailers, water truck), and geological and geophysical logging of each borehole. Upon completion of the drilling activities employment would return to pre-project levels.</p>
<p>14. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>[N] The project would not create tax revenues, except for taxes directly related to the employment of the individuals associated with the prospecting activities.</p>
<p>15. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc.) be needed?</p>	<p>[N] Proposed work would not add substantial traffic to existing roads and no public services will be required. Traffic to and from the proposed site would include three to five vehicles each day to transport workers and support equipment. The project work would be self sufficient and no public services would be required.</p>
<p>16. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?</p>	<p>[Y] There is a BLM prospecting permit in effect for the drilling.</p>
<p>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?</p>	<p>[N] Wilderness, recreational areas, public parks or historic sites are not nearby or accessed through the proposed prospecting area. Work in the proposed prospecting area would not adversely affect any publicly owned park or places included in the national register of historic sites.</p>
<p>18. DENSITY AND</p>	<p>[N]. Field inspection by DEQ confirmed that very few buildings or manmade</p>

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<p>DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p>	<p>structures are near or within the proposed prospecting area. Additional housing would not be required; drilling personnel will lodge in Sheridan, WY.</p>
<p>19. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>[N] Disruption of lifestyles is not expected since there is minimal human activity within or near the proposed prospecting area.</p>
<p>20. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>[N] Field inspection by DEQ confirmed that the area is remote and the proposed work will not affect or shift any unique quality of the area.</p>
<p>21. PRIVATE PROPERTY IMPACTS: Are we regulating the use of private property under a regulatory statute adopted pursuant to the police power of the state? (Property management, grants of financial assistance, and the exercise of the power of eminent domain are not within this category.) If not, no further analysis is required.</p>	<p>[N] The proposed project area consists of private, state, and federal lands and mineral rights. DCC has obtained access agreements from each of the private surface and mineral owners, the State of Montana, and from the Bureau of Land Management. Thus, the landowners and mineral owners have agreed to the proposed action.</p>
<p>22. PRIVATE PROPERTY IMPACTS: Does the proposed regulatory action restrict the use of the regulated person's private property? If not, no further analysis is required.</p>	<p>[N]</p>
<p>23. PRIVATE PROPERTY IMPACTS: Does the agency have legal discretion to impose or not impose the proposed restriction or discretion as to how the restriction will be imposed? If not, no further analysis is required. If so, the agency must determine if there are alternatives that would reduce, minimize or eliminate the restriction</p>	<p>[Y] The Department has a level of discretion in its permitting decisions.</p>

IMPACTS ON THE HUMAN POPULATION	
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on the use of private property, and analyze such alternatives.	
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:	[N]

25. Alternatives Considered:

- a) No Action: No prospecting activity would be conducted. The mineral owners, as well as a potential mine developer, would not have the additional information on the location, quality, and quantity of the coal resource they would like to develop; therefore, this would probably preclude any development of the coal resource until such information is gathered. The potential use of this coal reserve would not be realized.
- b) Approval: This proposed exploration work would begin under the authority of Prospecting Permit X2013340 and would be subject to requirements of that permit, including, but not limited to, access, drilling, borehole plugging and abandonment, reclamation, and bonding.
- c) Approval with Modification: DEQ found no need to modify the permit from what was presented in the application; therefore, this alternative was not pursued.

26. Public Involvement: The Notice of Application was published for 1 week in the Sheridan Press (April 18, 2013) with a 10-day comment period following the final date of publication. The publication was not required to be in a Montana newspaper as House Bill 92 which amended the public notice requirements to be a newspaper located in Montana becomes effected on October 1, 2013.

27. Other Governmental Agencies with Jurisdiction: BLM

28. Magnitude and Significance of Potential Impacts: None Expected

29. Cumulative Effects: None

Recommendation for Further Environmental Analysis:

- EIS
- More Detailed EA
- No Further Analysis

EA Checklist Prepared By: Bob Smith, Permit Coordinator