## CHECKLIST ENVIRONMENTAL ASSESSMENT

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|---|---|
| **Project Name:** | Coal Mountain Mining (**Bear Creek Project**) (LUL 465-11) |
| **Proposed Implementation Date:** | August 2011 |
| **Proponent:** | Coal Mountain Mining, LP, 3203 3rd Ave. N., Suite 300, Billings, MT 59101<br>Ph: 259-0751 |
| **Location:** | Section 16-T8S-R21E<br>(Common School Trust) |
| **County:** | Carbon |

## I. TYPE AND PURPOSE OF ACTION

The proponent has applied to the DNRC for a Land Use License in order to conduct exploratory drilling for coal (3 core holes) to depths ranging from approximately 290'-620', to seal the core holes with bentonite, and to complete baseline environmental work, mapping, and surveying. All core material would be removed from the area. Motorized vehicles would be allowed to access the drilling sites off of the existing roads provided the most direct route is utilized. Three vehicles would be necessary at each drill site: pick-up truck, water tender, and rubber-tired drilling vehicle. Motorized vehicles would be limited to the existing roads for the environmental work, mapping, and surveying. The State land involved is in Section 16-T8S-R21E (Common School Trust) in Carbon County.

## II. PROJECT DEVELOPMENT

### 1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

*Provide a brief chronology of the scoping and ongoing involvement for this project.*

MMB Petroleum Engineer Trevor Taylor and SLO Land Use Planner Jeff Bollman conducted a field review in June 2011. Scoping was performed by contacting Lessee, The Sunlight Ranch Company, the Montana Natural Heritage Program, and Patrick Rennie, Montana DNRC Archaeologist.

### 2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

A Prospecting Permit from the Montana DEQ would need to be secured.

### 3. ALTERNATIVES CONSIDERED:

No Action Alternative: The proposed Land Use License would not be granted. Current non-motorized recreational use and grazing leasing would continue.

Action Alternative: A Land Use License would be granted to Coal Mountain Mining to conduct exploratory drilling for coal, sealing the core holes, baseline environmental work, mapping, and surveying on State land in Section 16-T8S-R21E. Current non-motorized recreational use and grazing leasing would continue.

## III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

**4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:**
*Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.*

The proposed project area soils are characterized by clay loams, silt, sand, siltstone, and sandstone outcroppings in rough, steep, broken topography. All motorized vehicle use would occur on existing roads and cross country by the most direct route off of an existing road to a proposed drill site. All 3 proposed drill sites are located on an upland, dry ridge where the soil is most stable. Motorized vehicles would be limited to the existing roads for the environmental work, mapping, and surveying and foot travel only utilized to access areas off of the existing roads. All motorized vehicle use would occur only during dry or frozen soil conditions. Minimal soil disturbance would occur as a result these activities, no significant impacts are expected.

**5. WATER QUALITY, QUANTITY AND DISTRIBUTION:**
*Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.*

There are no water features in the proposed project area and all core holes would be sealed with bentonite to prevent any potential ground water contamination. No significant impacts are anticipated.

**6. AIR QUALITY:**
*What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.*

A short duration increase in pollutants and particulates would occur from machinery during proposed drilling activities. Minimal impacts to air quality are expected.

**7. VEGETATION COVER, QUANTITY AND QUALITY:**
*What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.*

Some vegetative disturbance is expected. All motorized vehicle use would occur on the existing two-track that is the only existing route to the proposed 3 drill sites. All proposed drill sites are located on uplands and dry ridges with each proposed drill site located an average of 50' off of an existing road. This would amount to approximately 1/24 of an acre of affected vegetation that would be exposed to three rubber-tired vehicles for ingress and egress to each proposed drill site. Motorized vehicles would be limited to the existing roads for the environmental work, mapping, and surveying and foot travel only to access areas off of the existing roads. All motorized vehicle use would occur only during dry or frozen soil conditions. Minimal vegetative disturbance, less than one acre, would occur as a result these activities, no significant impacts are expected. Mitigation of any impacts on vegetation are as follows: The proponent will repair any soil damage and seed any disturbed areas with native grass seed, the <u>composition of the mix shall be approved by the Southern Land Office prior to application.</u> Proponent will monitor sites and control weeds for a three-year period after drilling.

**8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:**
*Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.*

A variety of big game, small mammals, raptors, songbirds, and grouse use this area. Proposed project activities could disrupt wildlife movement and patterns. Due to the limited area (approximately 1/24 of an acre) exposed to proposed project activities off of existing roads, most nesting and calving activities should not be affected; minimal impacts are anticipated.

**9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:**
*Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.*

A proposed project area search of the Montana Natural Heritage Program database identified three vertebrate animals listed as a species of concern or threatened species: The Greater Sage-Grouse, the Long-Billed Curlew, and the Brewer's Sparrow.

**Greater sage-grouse** are known to exist approximately 1-½ miles to the southeast and 2.22 miles to the east of Section 16-T8S-R21E. Due to the short-term, temporary nature and the minimal amount of vegetative and sage brush disturbance that would occur as a result of the proposed project, no significant impacts are anticipated.

**Long-billed curlew** - Long-billed curlews have been observed three miles south of Section 16. The section contains steep, broken topography, while the long-billed curlew prefers level, rolling or gently sloping grasslands. There may also be some positive correlation between the long-billed curlew and wetlands or open water, neither of which exist on the section. No significant impacts to the long-billed curlew are anticipated.

**Brewer's sparrow** - The Brewer's Sparrows prefers sagebrush habitat which is abundant on the Trust land and surrounding area; although have only been observed as close as three miles to the south of Section 16. Brewer's Sparrows arrive in the Great Plains between mid-April through early June and depart in August-September. The peak nesting period is from mid-May through July. No significant impacts to the brewer's sparrow are anticipated.

**10. HISTORICAL AND ARCHAEOLOGICAL SITES:**
*Identify and determine effects to historical, archaeological or paleontological resources.*

The Proponent enlisted the services of an Ethnoscience, Inc. archaeologist (Jennifer Thomas) to perform a Class III cultural resource inventory on the proposed project area. Identified in the survey was a two-track road in Section 16-T8S-R21E. Due to the diminished integrity and nature of the road and that the proposed project activities would utilize the road as it's been used for decades, minimal impacts are anticipated. The survey identified no cultural resources.

**11. AESTHETICS:**
*Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.*

The proposed project area is located in a sparsely populated area with very few residences. Due to location and short duration of actual proposed project activities, aesthetics should not be adversely affected.

**12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:**
*Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.*

None.

**13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:**
*List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.*

None.

## IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

**14. HUMAN HEALTH AND SAFETY:**
*Identify any health and safety risks posed by the project.*

None.

**15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:**
*Identify how the project would add to or alter these activities.*

No impacts are anticipated.

**16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:**
*Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.*

None.

**17. LOCAL AND STATE TAX BASE AND TAX REVENUES:**
*Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.*

None.

**18. DEMAND FOR GOVERNMENT SERVICES:**
*Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services.*

None.

**19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:**
*List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.*

No known zoning or management plant for this area.

**20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:**
*Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.*

Section 16 of the proposed project area is currently physically accessible from a two-track road traversing through Sunlight Ranch property, but is closed to all motorized access. There is no legal access to the State section due to the section being landlocked by the Sunlight Ranch. Proponent must gain access to Section 16 from Sunlight Ranch prior to conducting any operations on Section 16.

**21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:**
*Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.*

None.

**22. SOCIAL STRUCTURES AND MORES:**
*Identify potential disruption of native or traditional lifestyles or communities.*

None.

**23. CULTURAL UNIQUENESS AND DIVERSITY:**
*How would the action affect any unique quality of the area?*

None.

**24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:**
*Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.*

The proposed action has provided $25 via a Land Use License application fee and would provide one-time rental fee revenue of $450 ($100/hole + $150/environmental work) to the Trust. The existing grazing lease in Section would continue to provide $517.09 annual revenue to the Trust (2011 rates).

| EA Checklist Prepared By: | Name: Trevor E. Taylor | Date: July 11th, 2011 |
|---|---|---|
| | Title: MMB Petroleum Engineer | |

## V. FINDING

### 25. ALTERNATIVE SELECTED:

After reviewing the Environmental Assessment, I have selected the Action Alternative, to issue a Land Use License. I believe this alternative can be implemented in a manner that is consistent with the long-term sustainable natural resource management of the area and generate revenue for the common school trust.

### 26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I conclude all identified potential impacts will be mitigated by utilizing the stipulations listed below and no significant impacts will occur as a result of implementing the selected alternative.

Stipulations:
1. Proponent will repair any soil damage and seed any disturbed areas with native grass seed. Proponent will monitor sites and control weeds for a three-year period after drilling.
2. All necessary permits will be secured.
3. All vehicle traffic must stay on established roads except when using most direct route to drill sites and will be limited to time periods/conditions when use of the road will not create ruts, i.e. periods when the soil moisture content is below 20 percent.
4. All vehicles must be washed, particularly the undercarriage, to assure removal of dirt and plant material and seeds prior to entering the tract.

### 27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ] EIS [ ] More Detailed EA [X] No Further Analysis

| EA Checklist Approved By: | Name: Monte Mason | |
|---|---|---|
| | Title: MMB Bureau Chief | |
| Signature: /s/ Monte Mason | | Date: 7/12/11 |