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**Jan 25, 2013**

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**Jim Ruby, Executive Secretary  
Environmental Quality Council**

Administrator  
Land Quality Division  
Dept of Environmental Quality  
Herschler Building  
122 W. 25th St.  
Cheyenne, WY 82002

RE: Saddleback Hills Underground Coal Mine Permit Amendment TFN 5 6/090

Thank you for the opportunity to comment on the amendment to the Saddleback Hills Underground Coal Mine Permit issued to Arch of Wyoming (AOW). Our ranch property borders the permitted area and we have maintained a good relationship with AOW during their limited operations at the mine thus far, but we have concerns that impacts within the permit area are not being fully considered.

The permitted area for this mine, also encompasses a Coal-To-Liquid (CTL) facility which has been under construction for more than two years now. That project, referenced in the Industrial Siting Division of DEQ as Permit 07-01 DEQ/ISC in the name of Medicine Bow Fuel & Power (MBFP), is owned by DKRW Advanced Fuels. Arch Coal, the parent company to AOW, owns 24% of DKRW. So, there is little question that AOW and DKRW/MBFP are corporate partners and the mines and CTL -- both located within this permit area and both having started construction -- have to be considered in their entirety.

The amendment you are reviewing will add six sections of land to the existing coal mine permit, but there is no way you can consider the amendment without assessing how it impacts the permit area as a whole. Dewatering six more sections of landscape for underground mining is highly significant, especially when added to the land area that was previously permitted for similar dewatering. That water impact alone would be deserving of careful study and mitigation planning, but if you consider that the CTL operation will use a well field that will pump as much as 1,000 gallons per minute of *additional* water from underground sources, the need for a cumulative assessment becomes critical.

I was unable to review the seven volumes of information pertaining to this amendment when I inquired at the County Clerk's office, because they could not be immediately located, so I confess that I have not reviewed the details they contain. Nor have I seen the volumes that detail the original mine permit. But if that information does not include a cumulative assessment of the water impacts for both the mine AND CTL operations within the permit boundaries and proposed expansion, then such an assessment must be completed before considering this amendment.

Another critical concern that impacts water and the entire region tremendously is the 1,000-person employee camp, complete with recreation and medical facilities, which MBFP plans to build "*at or near the project site*". The amount of potable water needed for this new community -- which will be larger than any town within 50 miles -- has not been publicly evaluated, nor is the source of that water known.

The significance of planning for a highly-combustible, intricate CTL plant and its ancillary facilities within the boundaries of a coal mine cannot be underestimated. Does the mine blasting schedule account for this refinery in the back yard? Unless the mine plan includes a map of and operations plan for CTL related needs such as: a natural gas pipeline; electrical power lines; fiber optics cable; outgoing pipelines and storage for CO<sub>2</sub> and gasoline; water well field and storage system; potable water, sewage and sanitation systems for 1000 people; and by-product and CTL waste storage areas (sulfur, slag, propane, butane, coal ash, mercury) then LQD must insist that these details be evaluated.

One other area of concern relates to coal storage. Both this public notice and a new project timeline from MBFP indicate that the underground mine operation will begin in 2013. Presumably the surface mine operations will also be progressing, since this is all part of the planning for the underground mine. The latest project timeline calls for the CTL plant to be in operation in 2017, and that may be optimistic since they've experienced many construction delays to date. So where will four years worth of coal (or more) be stockpiled before the plant is ready to utilize it? Or is the surface mine coal still going to be hauled to AOW's facilities near Hanna since improvements were done to Hwy 72 and a second overpass built near Hanna to accommodate this?

We understand the argument could be made that the intertwined partnerships of Arch and DKRW could be severed and the coal be mined for another purpose. If that indeed becomes a reality, then the coal permit would not have to plan for the CTL. But in that case, conflicting details within DEQ and its associates would have to be publicly corrected. For instance:

a) further construction on the CTL facility within the mine boundary would be terminated and the ISC permit rescinded;

b) the water well permits granted to MBFP for the industrial plant would be terminated by the State Engineer's Office;

c) the Air Quality Permit AP-5873 issued to MBFP "*to construct an underground coal mine and industrial gasification and liquefaction (IGL) plant*" at this site would have to be cancelled and a new air permit for the Saddleback Hills Mine procured by AOW.

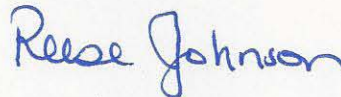
Since MBFP has recently contracted with a Chinese company to engineer and build the plant and released a new project timeline showing site work continuing, there is no evidence to suggest that AOW has plans to separate from its partnered CTL interest within the mine plan area -- contrary to the notion put forth by the US Army Corp of Engineers. Therefore, LQD has the responsibility to insure the coal mine operations have planned for and assessed ALL impacts within the permit site.

One step in a thorough assessment would be an Environmental Impact Statement (EIS) as required when impacting the federal lands involved. The only EIS related to the project site is an outdated 1999 record produced by the BLM that assessed just a coal mining operation. This cannot be considered adequate given the CTL plant that is underway and the many associated impacts added with that operation. Neither the mines nor the CTL should be allowed to advance further with their construction until a proper, NEPA-required analysis is done that reflects all proposed activity within the permit area. This is especially important since the owner of the CTL, Medicine Bow Fuel & Power, is recognized within several permits or supporting documents at DEQ as planning to construct one of the coal mines. A copy of these comments will be submitted to the Rawlins BLM Field Office asking for assurance that the cumulative impacts be given proper study and the public involvement that is required and reasonable.

It really is time for all divisions of DEQ to have a complete and thorough review of the many permits and related public records that pertain to this area that is specifically described in the legal notice. To pretend that Arch and DKRW do not have intertwined projects that need to be coordinated and considered in their entirety is really an indefensible position -- particularly since both the mines and CTL have construction operations underway right now. AOW has fostered relationships within our region and been a good neighbor, but unfortunately all of that could be eroded by their association with an ever-changing CTL project that has done no community outreach and continues to fall short on details and planning.

Thank you for considering these comments.

Sincerely,



Reese Johnson



Willing John Johnson

cc: Rawlins BLM Field Office